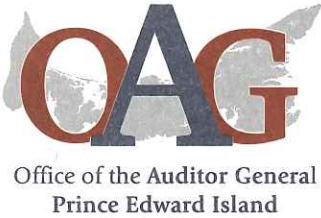


Long-Term Fiscal Sustainability



Office of the Auditor General
Prince Edward Island

November 2024



Prince Edward Island

Office of the
Auditor General

PO Box 2000, Charlottetown PE
Canada C1A 7N8

Île-du-Prince-Édouard

Bureau du
vérificateur général

C.P. 2000, Charlottetown PE
Canada C1A 7N8

Honourable Speaker and
Members of the Legislative Assembly
Province of Prince Edward Island

I have the honour of presenting this Report – **Long-Term Fiscal Sustainability** to the
Legislative Assembly.

Respectfully submitted,

Darren Noonan, CPA, CA
Auditor General

Charlottetown, Prince Edward Island
November 26, 2024

Table of Contents

1.	Auditor General’s Comments	1
2.	Executive Summary	2
3.	Purpose and Scope	2
4.	What is Long-term Fiscal Sustainability and Why is it Important?.....	3
5.	Indicators Used to Measure Fiscal Sustainability	3
6.	Risks to Long-term Fiscal Sustainability.....	6
7.	Best Practice for Reporting on Long-term Fiscal Sustainability	12
8.	Fiscal Sustainability Reporting in PEI	14
	Appendix A: Organizations Used as a Source	16
	Appendix B: Types of Federal Transfers	17
	Appendix C: Fiscal Sustainability Reporting in Other Jurisdictions	18
	Appendix D: PEI Indicators of Financial Condition	19

1. AUDITOR GENERAL'S COMMENTS



Long-term fiscal planning is critical for a government to ensure it can provide services and meet its long-term commitments in the future. The ability to provide services and meet financial obligations into the future is known as fiscal sustainability, and it is important that this information be available to the public.

Many jurisdictions report on long-term fiscal sustainability. Ontario has a legislated requirement to report on its long-term fiscal sustainability, and Alberta recently announced that it will be issuing a long-term financial plan by the end of 2024.

There are many risks affecting the long-term fiscal sustainability of the Province of Prince Edward Island:

- aging population;
- rising health care costs;
- effects of climate change;
- cost of maintaining and renewing infrastructure; and
- reliance on federal transfers.

Many of the current issues facing Islanders: lack of housing, lack of access to medical doctors, long surgical and emergency room wait times, over-crowded classrooms, labour shortages, etc., are partly due to poor long-term planning.

This report outlines why long-term fiscal sustainability is important and should be reported to the public on a regular basis. I hope this report starts the discussion on long-term fiscal sustainability and leads to public reporting on the Province's long-term fiscal sustainability.

2. EXECUTIVE SUMMARY

Long-term fiscal sustainability is the ability of an entity to meet financial commitments and provide services, both now and in the future. In its annual budget release, the Government of Prince Edward Island reports projected finances over the next three years. However, long-term planning is required to assess whether a government's current fiscal policy is sustainable.

There are many risks that can impact the financial health of a government and these risks are expected to increase in the decades ahead; therefore, there has been growing recognition of the importance of a long-term fiscal outlook. A common risk to advanced economies is the aging of the population. As the population ages, a greater percentage of people move out of the workforce and into retirement, resulting in slower economic growth. Slower economic growth will put downward pressure on government revenue while at the same time, an aging population will put upward pressure on government programs and services, such as health care.

Other significant risks to government finances include:

- Climate change – financial costs related to prevention and recovery could be significant due to the unpredictability of future changes in weather patterns.
- Infrastructure costs – the 8.4 percent increase to net debt in 2023-2024 was mostly a result of investments in tangible capital assets.
- Reliance on federal transfers – for the 2023-2024 fiscal year, 38.7 percent of PEI's total revenues were from federal transfers, which was the highest percentage of all provinces.
- Net debt has increased by 26 percent over the last 10 years, and was \$2.65 billion as at March 31, 2024.

Monitoring long-term fiscal sustainability helps government respond to fiscal pressures in a gradual manner. Public reporting on long-term fiscal sustainability is important to inform both legislatures and the public of the Province's future financial condition.

3. PURPOSE AND SCOPE

This report is not an audit report, an evaluation of the completeness or accuracy of government reporting, or an assessment of internal monitoring and risk management processes related to fiscal sustainability.

The purpose of this report is to inform legislators and the public of the importance of long-term fiscal sustainability. In this report, we discuss:

- fiscal sustainability and why it is important;
- indicators used to measure fiscal sustainability;

- risks to long-term fiscal sustainability;
- best practices for reporting on long-term fiscal sustainability; and
- fiscal sustainability reporting in PEI.

Many organizations provide information which can be used to inform legislators when making long-term sustainability decisions. Some of these organizations provide sustainability reporting, while others provide relevant financial information and standards. **Appendix A** provides a list of organizations used as sources when compiling this report, including their mandate.

4. WHAT IS LONG-TERM FISCAL SUSTAINABILITY AND WHY IS IT IMPORTANT?

1. According to the Office of the Auditor General of Canada, long-term fiscal sustainability is a government’s capacity to finance its activities and debt obligations in the future, without imposing an unfair burden on future generations.
2. Anticipated long-term risks that will be discussed in this report are expected to significantly impact both the government’s ability to generate revenues and control service delivery costs in the future.
3. Monitoring these anticipated risks is important so government can react and make gradual changes that will help achieve financial stability into the future.

5. INDICATORS USED TO MEASURE FISCAL SUSTAINABILITY

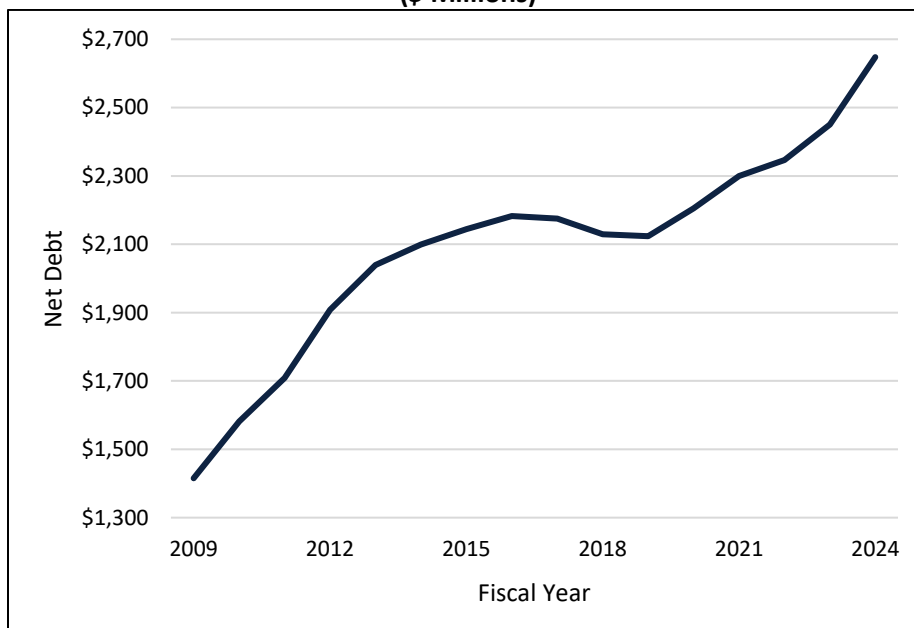
4. There are several indicators that can be used to measure fiscal sustainability. Those discussed in this report will include:
 - net debt;
 - net debt to GDP; and
 - the fiscal gap.

NET DEBT IN PEI

5. An important and widely accepted measure of the financial condition of government is net debt: the difference between liabilities and financial assets. Net debt provides a measure of the amount of future revenues that will be required to pay for past expenditures. There are several ways a government’s net debt can grow, including:
 - incurring a deficit, when expenditures exceed revenues in a given year; and
 - financing investments in tangible capital assets.

6. Net debt continues to rise in PEI and sits at its highest level since 2009, as shown in **Exhibit 1**. As at March 31, 2024, the net debt of the Province was \$2.65 billion, and according to the *2024-2025 Prince Edward Island Estimates of Revenue and Expenditures*, net debt is forecasted to reach \$3.50 billion by the end of fiscal 2026-27.

EXHIBIT 1
PROVINCE OF PRINCE EDWARD ISLAND
NET DEBT
ACTUAL 2009-2024
(\$ Millions)



Source: Prince Edward Island Public Accounts

7. The *Prince Edward Island Capital Estimates 2025-2026*, that were recently released, show planned capital spending of approximately \$1.65 billion over the next 5 years. Typically, this spending is covered through increasing the Province’s net debt, which would result in net debt of approximately \$4.07 billion by fiscal 2029-2030. This projection will result in an increase in the Province’s net debt of \$1.86 billion, or almost 84% in the 10 year period since 2020.
8. Escalating net debt puts a tremendous burden on future generations to repay the debt. In addition, interest costs will increase with the rising debt levels, taking money away from programs and services that could be offered by the Province.
9. Net debt per person in 2024 is estimated to be \$15,242. Based on net debt projections and population estimates, this amount will be \$18,806 per person at the end of fiscal 2026-27¹.

¹ The budgeted net debt as of fiscal 2026-2027 from the 2024-2025 Prince Edward Island Estimates of Revenues and Expenditures and the population estimate as of 2027 from the Projected Population for All Ages data from Statistics Canada were used to calculate this amount.

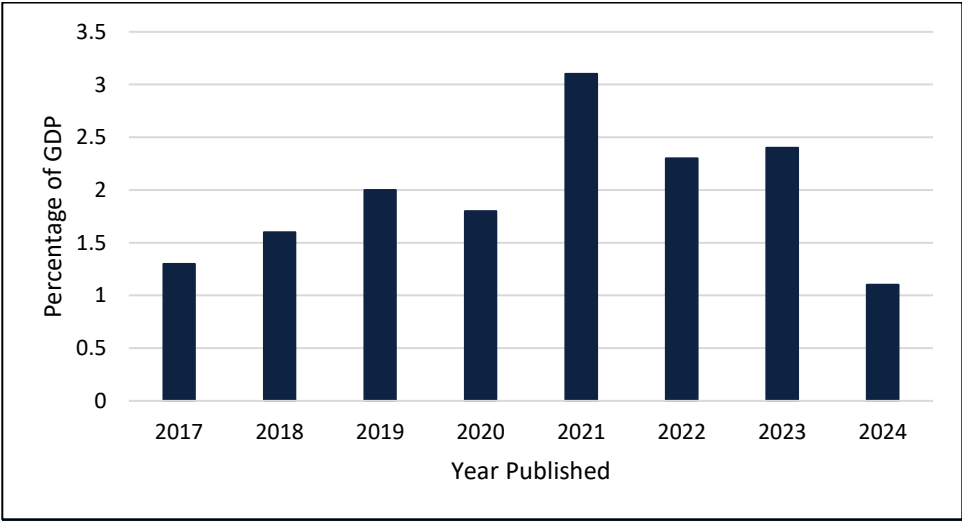
NET DEBT TO GDP

- 10. Gross Domestic Product (GDP) is the value of all goods and services produced domestically in a given period of time. GDP is considered a measure of the size of an economy and can affect a government’s ability to generate revenue.
- 11. According to the most recent data from the Parliamentary Budget Office (PBO), based on 2024 figures with a GDP of \$10.4 billion, PEI would require permanent tax increases, or spending reductions, amounting to 1.1 percent of GDP, or \$114.4 million to stabilize government net debt.

FISCAL GAP

- 12. Another way to assess long-term fiscal sustainability is by quantifying it using the fiscal gap. The fiscal gap is an estimate of the extent to which government’s expenditures and debt obligations exceeds its revenues over a stated time period. In order to reduce the fiscal gap, there must be a change in policy that results in either increased revenues, decreased program spending, or a combination of both. The fiscal gap is expressed as a percentage of GDP.
- 13. Since 2010, the PBO has published an annual report on the fiscal sustainability of the Government of Canada. The PBO assesses the sustainability of government finances over a term of 75 years. In 2017, the PBO expanded its analysis to provide a fiscal assessment of each province, including each province’s fiscal gap. **Exhibit 2** shows PEI’s fiscal gap from 2017 to 2024 as calculated by the PBO and published in its annual fiscal sustainability reports.

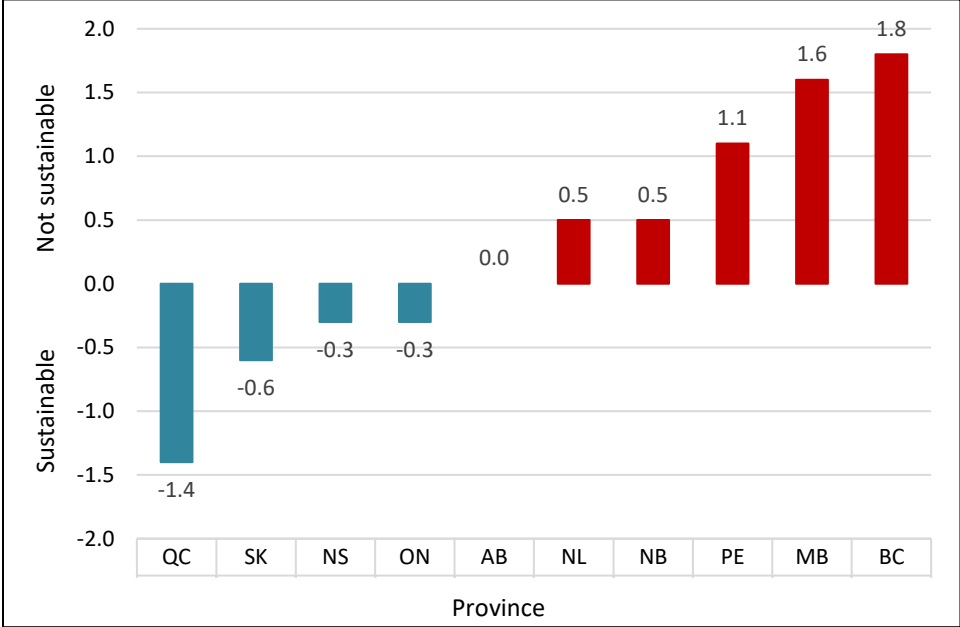
**EXHIBIT 2
PROVINCE OF PRINCE EDWARD ISLAND
FISCAL GAP
ACTUAL 2017 TO 2024**



Source: PBO Fiscal Sustainability Reports

14. In its latest fiscal sustainability report dated August 2024, the PBO rated PEI as financially unsustainable. **Exhibit 3** shows the fiscal gap of all Canadian provinces. In this exhibit, a positive fiscal gap (red) indicates that a province is not sustainable, as net debt is projected to increase as a percentage of GDP, and a negative fiscal gap (blue) indicates a province is sustainable. As shown in this exhibit, PEI has the third highest fiscal gap in the country, behind only Manitoba and British Columbia.

**EXHIBIT 3
CANADIAN PROVINCES
FISCAL GAP ESTIMATES
2024**



Source: Office of the Parliamentary Budget Officer, Fiscal Sustainability Report 2024. The Parliamentary Budget Officer concludes that the current fiscal policy is not sustainable for NL, NB, PE, MB and BC.

6. RISKS TO LONG-TERM FISCAL SUSTAINABILITY

15. There are a number of risks to government finances which are expected to intensify over the next few decades. These risks increase the importance of planning for long-term fiscal sustainability at a provincial level. In this report, we discuss the following risks to PEI’s long-term fiscal sustainability:

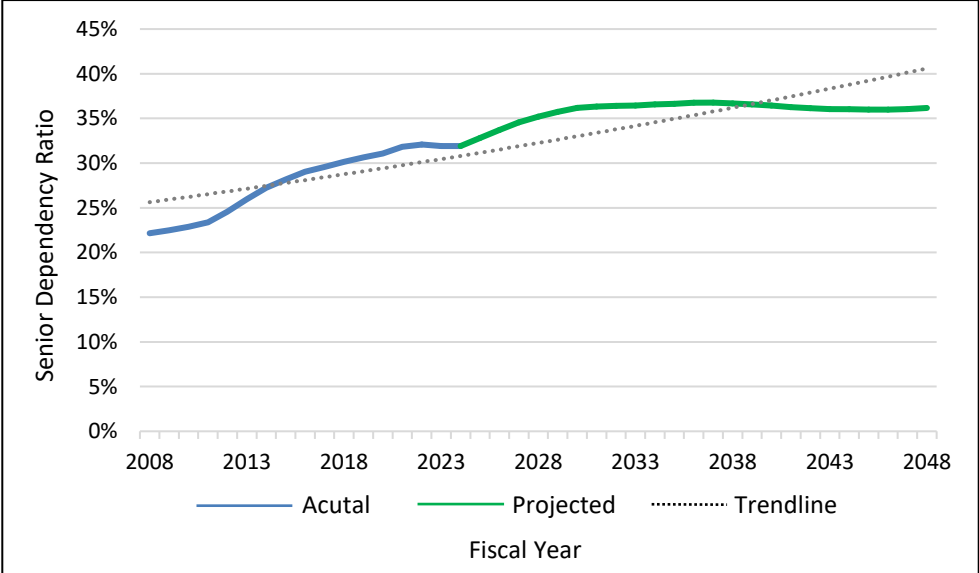
- aging population;
- rising health care costs;
- effects of climate change;
- the cost of maintaining and renewing infrastructure; and
- reliance on federal transfers.

AGING POPULATION

- 16. PEI’s population is currently growing at the second highest rate among all Canadian provinces. Significant increases in life expectancy, coupled with a decline in fertility rates, have caused an increase in the average age of the population. The senior population continues to be the fastest growing age group in the province.

- 17. The senior dependency ratio is the proportion of individuals 65 years and older relative to the working age population of 15 to 64 years. The senior dependency ratio in PEI has grown from 22 percent in 2008 to 32 percent in 2023, and is projected to increase to 36 percent by 2048. In the long-term, the Atlantic provinces are projected to have a senior dependency ratio well above the national average, as more people move out of the work force and into retirement. **Exhibit 4** presents PEI’s historical and projected increase in the senior dependency ratio. This demographic shift is expected to reduce the labour force, which in turn will slow down economic growth and impact the government’s ability to generate revenue.

**EXHIBIT 4
 PROVINCE OF PRINCE EDWARD ISLAND
 SENIOR DEPENDENCY RATIO
 ACTUAL TO 2023 AND PROJECTIONS TO 2048**



Source: Compiled from Statistics Canada data published in 2024.

RISING HEALTH CARE COSTS

18. As the population of PEI ages, health care spending pressures are expected to intensify. According to the *National Health Expenditure Trends, 2023*, published by the Canadian Institute for Health Information, the average health care spending for someone aged 65 and older is more than four times what it is for someone between the ages of 1 and 64. In PEI, the average health care spending for someone age 65 and older is 6 times the amount for that of individuals under the age of 65.
19. The PBO projects that health care spending in PEI will increase by 6.2 percent of GDP over the long-term, which is the largest expected increase of all provinces. The two factors contributing to this expected increase are:
 - PEI spending more on senior health care on a per-person basis than any other province; and
 - PEI is expected to be affected by an aging population more than most provinces.

CLIMATE CHANGE

20. Climate change is a risk to fiscal sustainability, but is difficult to measure due to the unknown impact of future changes in weather patterns. A changing climate impacts coastal hazards, such as coastal erosion and coastal flooding, post-tropical storms, heat waves, heavy precipitation, and inland flooding, all of which come with significant financial costs related to prevention and recovery. For instance, the Province estimates the total response and recovery costs related to Post-Tropical Storm Fiona, which affected the province in the fall of 2022, to be approximately \$128 million.
21. In addition, PEI has an ambitious climate target to achieve net zero² carbon emissions by 2040, which will put further pressure on government budgets. Over the past few years, the Province has delivered climate programs, including energy efficient equipment rebates, a free heat pump program, electric vehicle incentives, and the active transportation fund through the Office of Net Zero and Energy and Efficiency sections of the Department of Environment, Energy and Climate Action. Spending in these programs has increased from \$30.8 million for fiscal 2021-22 to \$107.1 million for fiscal 2023-24.

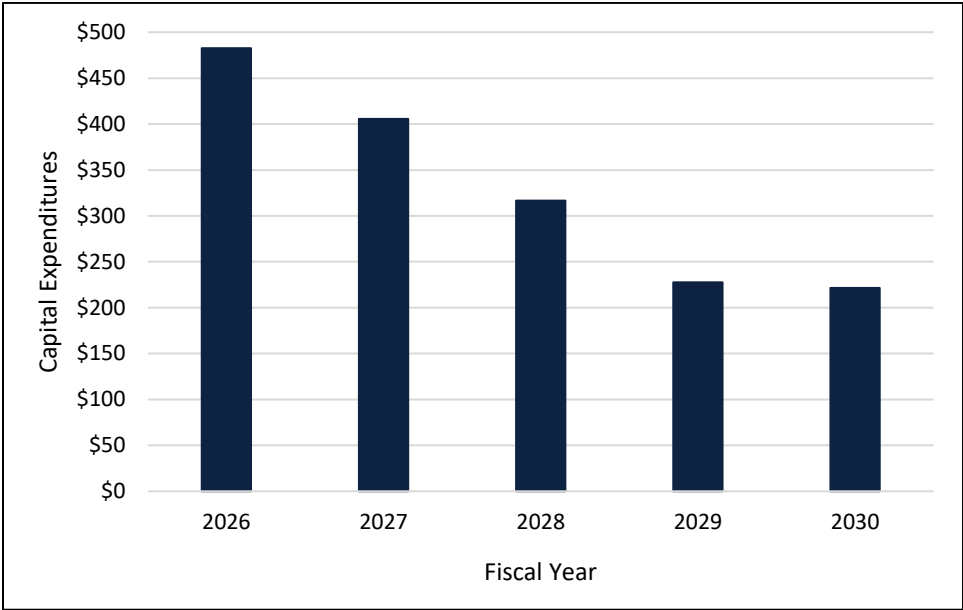
COSTS OF MAINTAINING AND RENEWING INFRASTRUCTURE

22. Investment in tangible capital assets, including maintaining and renewing capital infrastructure, has been a key contributor to increasing net debt levels for the Province.

² The term net zero refers to the difference between the amount of greenhouse gas emissions produced by human activity and the amount removed from the atmosphere through natural and technical methods.

23. As at March 31, 2024, the Province reported tangible capital assets with a net book value of \$1.7 billion dollars. Tangible capital assets include, but are not limited to land, buildings, roads and bridges, motor vehicles, and equipment. Besides land, all of these tangible capital assets have a limited useful life. The *Prince Edward Island Capital Estimates 2025-2026* includes estimated capital spending of \$1.65 billion over the next 5 years. **Exhibit 5** presents the annual budgeted capital additions from 2026 to 2030.

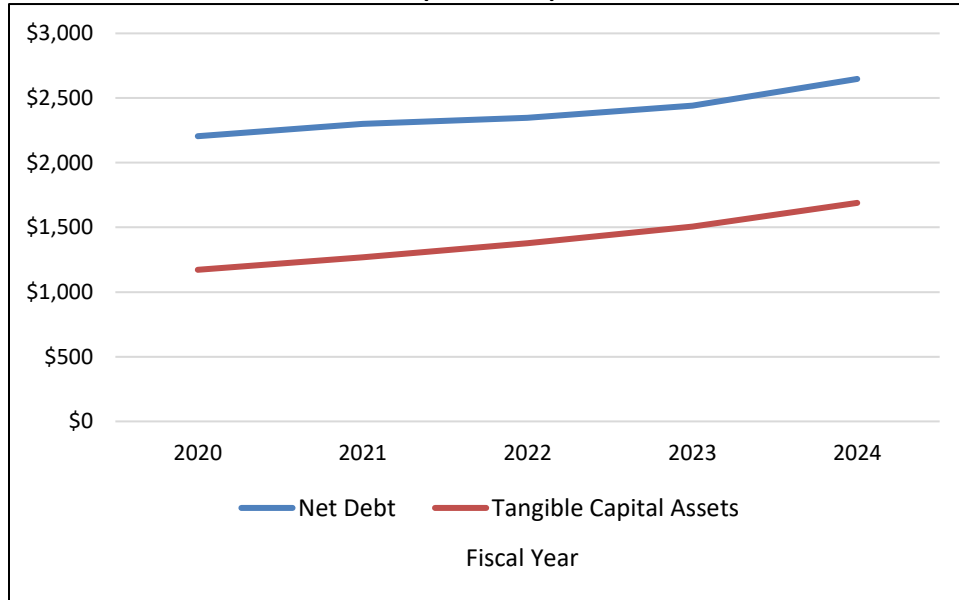
EXHIBIT 5
PROVINCE OF PRINCE EDWARD ISLAND
CAPITAL EXPENDITURES PER FIVE-YEAR CAPITAL PLAN
2026-2030
(\$ Millions)



Source: 2025-2026 Province of Prince Edward Island Capital Estimates

24. It should be noted that while **Exhibit 5** does show a decrease in the capital budget after 2025, these numbers are estimates, and may not accurately reflect what will actually be spent on investment in tangible capital assets moving forward in later years.
25. Net debt is significantly affected by funding for investment in tangible capital assets. **Exhibit 6** shows a comparison of the five-year trends of net debt and tangible capital assets.

EXHIBIT 6
PROVINCE OF PRINCE EDWARD ISLAND
FIVE YEAR TREND – NET DEBT AND TANGIBLE CAPITAL ASSETS
2020-2024
(\$ Millions)



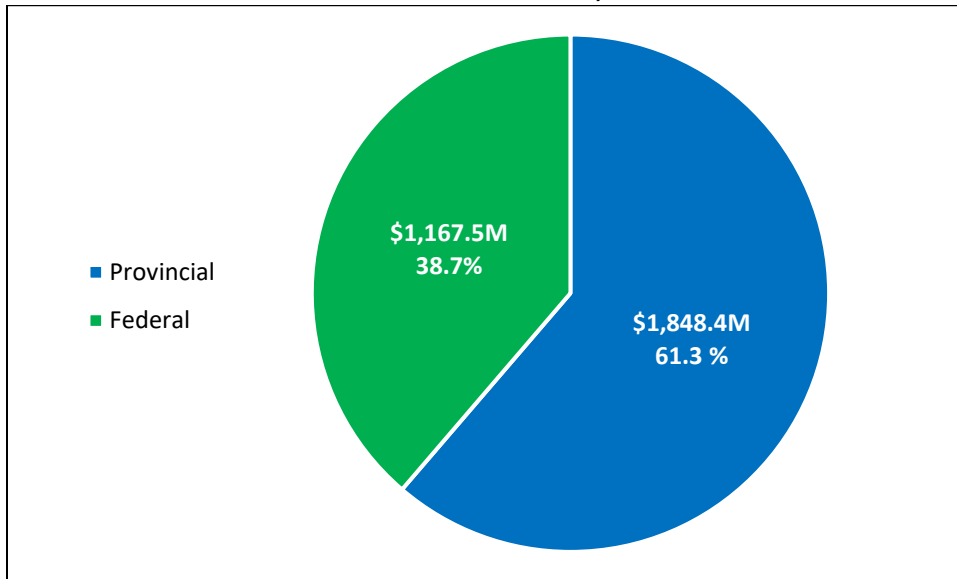
Source: Public Accounts of the Province of Prince Edward Island, Consolidated Financial Statements, for the year ended March 31, 2024

RELIANCE ON FEDERAL TRANSFERS

26. In Canada, the federal and provincial governments have different roles and responsibilities. The federal government oversees national and international matters, such as banking, national defence, criminal law, foreign affairs, and employment insurance. The provinces are responsible for health care, education, infrastructure, and social programs, which are partially funded by federal government transfers.

27. Federal transfers to provinces include 3 major transfers: the Canadian Health Transfer, the Canada Social Transfer, and the Equalization Program (see **Appendix B** for descriptions of these transfers). For the year ending March 31, 2024, the Province of Prince Edward Island received approximately \$1.2 billion dollars through these transfers. This represented 38.7 percent of the Province’s total revenue, as shown in **Exhibit 7**.

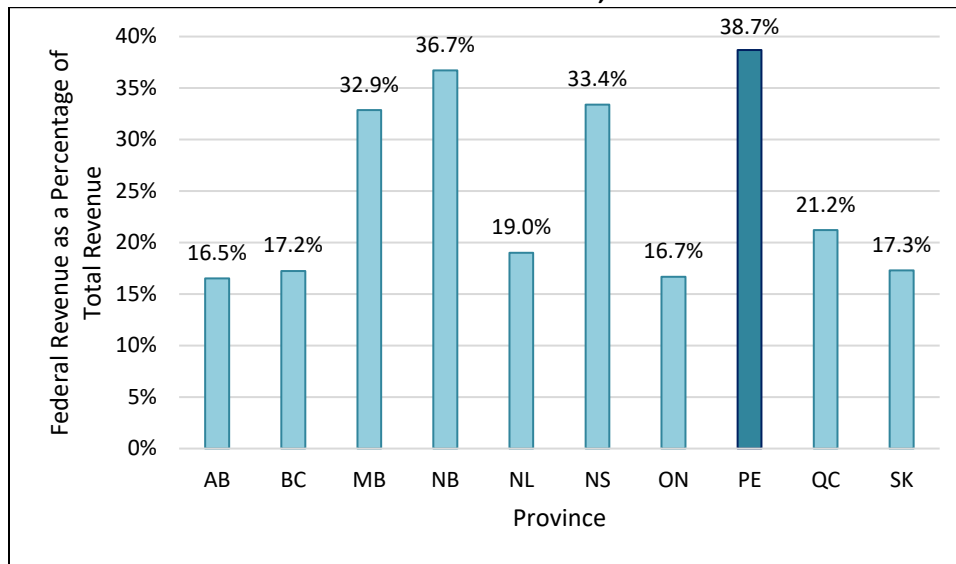
EXHIBIT 7
PROVINCE OF PRINCE EDWARD ISLAND
PROVINCIAL AND FEDERAL REVENUE AS A PERCENTAGE OF TOTAL REVENUES
YEAR ENDED MARCH 31, 2024



Source: Public Accounts of the Province of Prince Edward Island, Consolidated Financial Statements, for the year ended March 31, 2024

28. Although a large portion of the Province’s revenues come from the federal government, the Province is still ultimately responsible for the delivery of its programs and services. Changes in transfers from the federal government will ultimately affect the Province’s ability to provide these programs and services in the future, and makes PEI vulnerable to any potential fluctuations in federal transfers. As shown in **Exhibit 8**, Prince Edward Island received the highest percentage of federal transfers of all provinces in fiscal 2023-2024.

**EXHIBIT 8
CANADIAN PROVINCES
FEDERAL REVENUE AS A PERCENTAGE OF TOTAL REVENUES
YEAR ENDED MARCH 31, 2024**



Source: 2024 Financial Statements of all Canadian Provinces.

7. BEST PRACTICE FOR REPORTING ON LONG-TERM FISCAL SUSTAINABILITY

29. In order for the Province to report effectively on long-term fiscal sustainability, it is important to consider best practices. With growing risks to fiscal sustainability, many organizations have published guidance on long-term fiscal reporting. The Organization for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF) have issued a number of best practice and guidance documents, highlighting the importance of long-term fiscal sustainability reports.
30. In 2002, the OECD published *Best Practices for Budget Transparency*, which recommends that governments prepare a long-term report, at least every five years, to assess the budgetary implications of demographic changes over the next 10 to 40 years. It also recommended that all key assumptions underlying the projections be disclosed in the report, and a range of plausible scenarios should be presented.
31. In July 2013, the International Public Sector Accounting Standards Board (IPSASB) published a *Recommended Practice Guideline: Reporting on the Long-Term Sustainability of an Entity's Finances*. This guideline provides advice on reporting the long-term sustainability of a public sector entity's finances and guidance for the following areas:
- time horizon (length of projection period) and frequency of reporting;
 - current policy, demographic and economic conditions;

- sensitivity analysis and disclosure of key assumptions; and
- legislated requirements.

TIME HORIZON AND FREQUENCY OF REPORTING

32. In selecting a time horizon for the financial projections, the qualitative characteristics of faithful representation, relevance and verifiability need to be balanced. Faithful representation means the information presented is complete, neutral and free from error. Relevant financial information refers to data that is pertinent, applicable, or crucial for a specific purpose, and is capable of making a difference in the decisions made by users.
33. Verifiability means that a knowledgeable and independent individual, using the same methods and assumptions, would get essentially the same result. Governments should consider that as the time horizon grows, the projections can become less accurate, as the assumptions underlying the projections may be less verifiable.
34. Another aspect to consider, is the frequency of reporting. While regular updates are desirable, annual updating may not be realistic for all levels of government given time and cost constraints.

CURRENT POLICY, DEMOGRAPHICS AND ECONOMIC CONDITIONS

35. Projections should be prepared based on current policy assumptions and expectations of future demographic and economic conditions. The projections will allow the government to understand the budgetary impact of existing policies on public finances in the long-term.

SENSITIVITY ANALYSIS AND DISCLOSURE OF KEY ASSUMPTIONS

36. As long-term projections are inherently uncertain, it is important to include a sensitivity analysis that considers alternative demographic and economic assumptions. For example, a sensitivity analysis considering alternative demographic scenarios may consider how a higher population growth rate would impact results. In addition, all key assumptions and methodology used in the projections should be disclosed. Detailed disclosure allows the readers to assess the reasonableness of the financial projections.

LEGISLATED REQUIREMENTS

37. In some jurisdictions, reporting long-term fiscal sustainability is governed by legislation. For example, Ontario's long-term reporting requirements are regulated by the *Fiscal Sustainability, Transparency and Accountability Act, 2019 (Act)*. The Act establishes that within two years after the most recent general election, the Minister shall release a long-range assessment of Ontario's economic and fiscal environment. In addition, the Act requires oversight by the Auditor General of Ontario.

38. Ontario's latest long-term report, published in 2024, provides an assessment of the Province's projected economic and fiscal environment over the next 20 years, which is the time horizon required by legislation. The report identifies demographic and economic trends, and highlights future economic challenges and opportunities.
39. Ontario is currently the only Canadian province that regularly publishes a long-term fiscal sustainability report; however, there has been increased attention to long-term planning in other provinces. Both the Auditors General of British Columbia and Alberta have published reports recommending that their respective provincial governments report on long-term fiscal sustainability. In February 2024, the Premier of Alberta committed to publicly releasing a long-term financial plan by the end of the calendar year. At the time of this report, this plan has not been released.
40. In Canada, the federal Department of Finance has publicly reported on the long-term fiscal sustainability of the federal government annually since 2012. The latest report, titled *2023 Fall Economic Statement*, includes long-term economic and fiscal projections up to 2055-56.
41. Public reporting on long-term fiscal sustainability is important as it allows legislators to make informed decisions and informs the public of what the government is doing to ensure the delivery of programs and services is sustainable. According to the OECD, "the publication of long-term fiscal sustainability reports has become more widespread in recent years". **Appendix C** includes the fiscal sustainability reporting practices of a selection of national and provincial jurisdictions.

8. FISCAL SUSTAINABILITY REPORTING IN PEI

42. The Province of PEI reports on the current financial health of the Province through the annual publication of the Public Accounts. The Public Accounts present the consolidated financial statements of the Province and a Financial Statement Discussion and Analysis (FSDA), which further illustrates the Province's current financial health. The FSDA includes a section on indicators of financial condition, and trends over the last five years which are provided for sustainability, flexibility, and vulnerability. **Appendix D** provides a summary of these indicators for the last five years.
43. Although the FSDA provides insight on current fiscal sustainability, the Government of PEI does not measure or report publicly on the long-term fiscal sustainability of the Province. Currently, the Province reports projected finances over the next three years in its annual budget release. Reporting on a three-year budget cycle does not demonstrate how decisions made today will impact government sustainability over the long-term.

44. On February 22, 2024, the Province released a provincial population framework providing a guide to managing population growth called *Growing Together: A Population Framework for Prince Edward Island*. The purpose of the guide is to inform government decisions related to investing resources to meet the needs of a growing population. The population framework is not a long-term fiscal sustainability plan, but it does consider the risks of an aging and growing population. This framework could be a first step to developing a long-term fiscal sustainability plan.

Recommendation

The Government of Prince Edward Island should regularly report to the public on the Province’s long-term fiscal sustainability.

ORGANIZATIONS USED AS A SOURCE

Organization	Mandate
Office of the Auditor General of Canada	The Office of the Auditor General of Canada (OAG Canada) serves Parliament by providing it with objective, fact-based information and expert advice on government programs and activities, gathered through audits.
Parliamentary Budget Office	The Government of Canada created the Parliamentary Budget Office (PBO) in December 2006. Its mandate is to provide independent analysis on the state of the nation's finances, government estimates and trends in the national economy.
Statistics Canada	Statistics Canada is the national statistical office. The agency ensures Canadians have the key information on Canada's economy, society and environment that they require to function effectively as citizens and decision makers.
Organization for Economic Co-operation and Development	As of 2024, the Organization for Economic Co-operation and Development (OECD) has 38 member countries, one of which being Canada, that span the globe, from North and South America to Europe and Asia-Pacific. The OECD brings together member countries and a range of partners that collaborate on key global issues at national, regional and local levels.
International Monetary Fund	The International Monetary Fund (IMF) is a global organization that works to achieve sustainable growth and prosperity for all of its 190 member countries. It does so by supporting economic policies that promote financial stability and monetary cooperation, which are essential to increase productivity, job creation, and economic well-being. The IMF is governed by and accountable to its member countries.
International Public Sector Accounting Standards Board	The International Public Sector Accounting Standards Board (IPSASB) is an independent standard-setting board that develops International Public Sector Accounting Standards (IPSAS), guidance, and resources for use by public sector entities around the world for general purpose financial reporting.
Canadian Institute for Health Information	The Canadian Institute for Health Information (CIHI) provides comparable and actionable data and information that are used to accelerate improvements in health care, health system performance and population health across Canada.

TYPES OF FEDERAL TRANSFERS**Canada Health Transfer**

The Canada Health Transfer (CHT) provides predictable funding to Provinces and territories to support health care and is the largest federal transfer. The federal government has reduced their risk to rising health care costs by legislatively limiting increases to the Canada Health Transfer to growth in the economy, with a minimum guaranteed increase by at least 3 percent per year. This means that the Province will have to fund any health care costs that exceed growth in the economy.

Canada Social Transfer

The Canada Social Transfer (CST) provides support to three areas of social programming: post-secondary education, social assistance and social services, and early childhood development and early learning and childcare. The legislated annual growth of CST payments of 3 percent is lower, on average, than projected GDP growth. This means Provinces and territories will receive lower CST payments relative to growth in the economy over the long-term.

Equalization Program

Equalization payments are the federal government's solution for addressing fiscal disparities among Provinces. Payments are determined based on the revenues a Province could raise if it were to tax at the national average rate. Provinces with relatively higher per capita income growth, including Prince Edward Island, will see decreases in Equalization payments relative to their GDP.

FISCAL SUSTAINABILITY REPORTING IN OTHER JURISDICTIONS

Jurisdiction	Title of Report	Legislation	Frequency	Time Horizon	Reported Sensitivity Analysis	Disclosed Key Assumptions
Canada (Parliamentary Budget Office)	Fiscal Sustainability Report	Yes	Annually	75 years	Yes	Yes
Ontario, Canada	Ontario's Long-Term Report on the Economy	Yes	Within two years after each provincial election	20 years	Yes	Yes
Australia	Intergenerational Report	Yes	At least every 5 years	40 years	Yes	Yes
New South Wales, Australia	Intergenerational Report	Yes	Every 5 years	40 years	Yes	Yes
Germany	German Stability Programme (2023)	Yes	Annually	Based on Economic Policy Committee projections	Yes	Yes
New Zealand	Long-Term Fiscal Statement	Yes	At least every 4 years	40 years	Yes	Yes
Norway	Long-term Perspectives on the Norwegian Economy	No	Not disclosed	Not disclosed	Yes	Yes
Switzerland	Long-term Sustainability of Public Finances in Switzerland	No	Not disclosed	Not disclosed	Yes	Yes
United Kingdom (Office for Budget Responsibility)	Fiscal Risks and Sustainability	Yes	Annually	50 years	Yes	Yes
United States (Congressional Budget Office)	The Long-Term Budget Outlook	Yes	Annually	30 years	Yes	Yes

Source: Compiled using jurisdictions legislation and most recent long-term fiscal reports - Unaudited.

PEI INDICATORS OF FINANCIAL CONDITION

Indicator of Financial Condition	2020	2021	2022	2023	2024
<i>Sustainability</i>					
Net debt as a percentage of GDP	29.6%	30.8%	27.4%	26.0%	27.6%
Net debt per capita	\$14,153	\$14,443	\$14,476	\$14,603	\$15,242
<i>Flexibility</i>					
Own source revenue as a percentage of GDP	18.0%	18.7%	18.9%	19.0%	19.2%
Program expenses as a percentage of GDP	26.3%	28.9%	27.4%	27.9%	28.6%
Interest costs as a percentage of total revenue	5.8%	5.1%	4.6%	5.0%	5.5%
<i>Vulnerability</i>					
Federal government transfers as a percentage of total revenue	38.8%	41.0%	39.0%	37.9%	38.7%

Source: 2024 Public Accounts Volume I Financial Statement Discussion and Analysis

Office of the Auditor General
80 Grafton Street
Charlottetown, Prince Edward Island C1A 1K7
www.assembly.pe.ca/auditorgeneral