



# Department of Finance

## *Third Quarter Forecast 2016-2017*

Hon. Allen Roach  
Minister of Finance  
March 2017

## 2016-2017 Fiscal Update

### Third Quarter Forecast

The Third Quarter Forecast indicates that the Deficit is expected to be \$17.9 million, an \$8.3 million increase to the Budgeted Deficit of \$9.6M. The higher deficit is a result of reductions in the harmonized sales tax revenue offset by increases in personal and corporate income tax, Federal Disaster Relief Funding and surpluses of Crown Corporations, which were offset by expenditure increases in:

#### **Economic Development and Tourism**

Increases in tax rebates of \$3.9 million. These rebates reflect higher taxes paid by businesses in the Aerospace and Food Manufacturing sectors.

#### **Family and Human Services**

The \$6.2 million over-expenditure is a result of higher payments for Disability Support and Social Assistance, as well as increased demand for Child and Family Services programs.

#### **Health PEI**

The increase in health costs of \$16.2 million are primarily as a result of increased expenditures for in-province medical services, out-of-province health services and high-cost drugs.

#### **Transportation, Infrastructure and Energy**

The total increase in expenditures is \$6.9 million; \$1.8 million of the increase is a result of increases in infrastructure programs partially offset by an increase in revenue of \$1.2 million. Additional expenditures will also be incurred for winter contracts of \$2.2 million and purchases of land and buildings.

#### **Workforce and Advanced Learning**

The \$6.9 million over expenditure in Labour Market Agreement Funds is offset by a corresponding increase in revenue of \$5.9 million.

#### **Legislative Assembly**

The \$154,900 over-expenditure was a result of increased spending on the Plebiscite on Democratic Reform and the review undertaken by the Electoral Boundaries Commission.

## BUDGET SUMMARY

	2016-2017 Budget Estimate	2016-2017 3rd Quarter Forecast	2016-2017 Revised Budget
	\$	\$	\$
<b>REVENUE</b>			
Provincial Own Sources.....	987,464,300	(16,746,000)	970,718,300
Federal Sources.....	657,939,800	16,753,100	674,692,900
Net Consolidated Surplus of Crown Corporations.....	54,188,500	22,200,100	76,388,600
Revenue for Capital Assets.....	10,649,900	261,600	10,911,500
<b>Total Revenue.....</b>	<b>1,710,242,500</b>	<b>22,468,800</b>	<b>1,732,711,300</b>
<b>PROGRAM EXPENDITURES</b>			
Program Expenditures.....	1,524,522,800	30,876,000	1,555,398,800
<b>SURPLUS BEFORE INTEREST AND AMORTIZATION.....</b>	<b>185,719,700</b>	<b>(8,407,200)</b>	<b>177,312,500</b>
<b>INTEREST AND AMORTIZATION</b>			
Interest Charges on Debt.....	126,698,100	(2,808,100)	123,890,000
Amortization of Tangible Capital Assets.....	68,600,700	2,724,900	71,325,600
<b>Total Interest and Amortization.....</b>	<b>195,298,800</b>	<b>(83,200)</b>	<b>195,215,600</b>
<b>CONSOLIDATED DEFICIT.....</b>	<b>(9,579,100)</b>	<b>(8,324,000)</b>	<b>(17,903,100)</b>

## REVENUE SUMMARY BY DEPARTMENT

	2016-2017 Budget Estimate	2016-2017 3rd Quarter Forecast	2016-2017 Revised Budget
	\$	\$	\$
<b>CURRENT REVENUE</b>			
Agriculture and Fisheries.....	6,692,700	42,800	6,735,500
Communities, Land and Environment.....	4,764,500	(200,000)	4,564,500
Economic Development and Tourism.....	134,200	-	134,200
Education, Early Learning and Culture.....	5,926,000	-	5,926,000
Executive Council.....	420,400	-	420,400
Family and Human Services.....	12,534,500	120,300	12,654,800
Finance.....	1,503,134,900	(13,067,100)	1,490,067,800
Health and Wellness.....	1,313,700	(263,400)	1,050,300
Justice and Public Safety.....	39,353,800	7,050,000	46,403,800
Transportation, Infrastructure and Energy.....	37,684,000	446,000	38,130,000
Workforce and Advanced Learning.....	32,797,700	5,877,200	38,674,900
P.E.I. Public Service Commission.....	647,700	1,300	649,000
<b>TOTAL CURRENT REVENUE.....</b>	<b>1,645,404,100</b>	<b>7,100</b>	<b>1,645,411,200</b>
Net Consolidated Surplus of Crown Corporations.....	54,188,500	22,200,100	76,388,600
<b>TOTAL OPERATING REVENUE.....</b>	<b>1,699,592,600</b>	<b>22,207,200</b>	<b>1,721,799,800</b>
<b>REVENUE FOR CAPITAL ASSETS</b>			
Education, Early Learning and Culture.....	2,500,000	-	2,500,000
Health PEI.....	3,424,900	261,600	3,686,500
Transportation, Infrastructure and Energy.....	4,725,000	-	4,725,000
<b>TOTAL REVENUE FOR CAPITAL ASSETS.....</b>	<b>10,649,900</b>	<b>261,600</b>	<b>10,911,500</b>
<b>TOTAL REVENUE.....</b>	<b>1,710,242,500</b>	<b>22,468,800</b>	<b>1,732,711,300</b>

## EXPENDITURE SUMMARY BY DEPARTMENT

	2016-2017 Budget Estimate	2016-2017 3rd Quarter Forecast	2016-2017 Revised Budget
	\$	\$	\$
<b>CURRENT</b>			
Agriculture and Fisheries.....	32,965,200	(1,119,200)	31,846,000
Communities, Land and Environment.....	20,728,600	100,000	20,828,600
Economic Development and Tourism.....	1,137,800	(100,000)	1,037,800
Innovation PEI.....	32,203,100	3,867,400	36,070,500
Tourism PEI.....	13,609,100	-	13,609,100
Education, Early Learning and Culture.....	250,979,300		250,979,300
Island Regulatory and Appeals Commission.....	1,200,300	-	1,200,300
Executive Council.....	7,244,300	(371,800)	6,872,500
Family and Human Services.....	96,808,400	6,226,100	103,034,500
Finance.....	73,852,200	(1,916,700)	71,935,500
Council of Atlantic Premiers.....	188,400	-	188,400
Employee Benefits.....	60,138,400	(2,347,300)	57,791,100
General Government.....	10,300,000	(1,193,000)	9,107,000
Health and Wellness.....	12,547,600	(744,100)	11,803,500
Health PEI.....	604,664,100	16,198,100	620,862,200
Justice and Public Safety.....	52,541,700	425,000	52,966,700
Transportation, Infrastructure and Energy.....	111,688,600	4,903,400	116,592,000
Interministerial Women's Secretariat.....	438,600	-	438,600
Workforce and Advanced Learning.....	120,690,000	6,877,200	127,567,200
Employment Development Agency.....	5,231,500	-	5,231,500
Auditor General.....	2,028,800	-	2,028,800
Legislative Assembly.....	5,992,100	154,900	6,147,000
P.E.I. Public Service Commission.....	7,344,700	(84,000)	7,260,700
<b>PROGRAM EXPENDITURE.....</b>	<b>1,524,522,800</b>	<b>30,876,000</b>	<b>1,555,398,800</b>
Interest Charges on Debt.....	126,698,100	(2,808,100)	123,890,000
Amortization of Tangible Capital Assets.....	68,600,700	2,724,900	71,325,600
<b>TOTAL EXPENDITURE.....</b>	<b>1,719,821,600</b>	<b>30,792,800</b>	<b>1,750,614,400</b>

## SUMMARY OF BUDGETED SURPLUS (DEFICIT) OF CROWN CORPORATIONS

	2016-2017 Budget Estimate	2016-2017 3rd Quarter Forecast	2016-2017 Revised Budget
	\$	\$	\$
<b>Government Business Enterprises</b>			
Charlottetown Area Development Corporation.....	96,300		96,300
Island Investment Development Inc.....	13,390,000	10,349,700	23,739,700
Island Waste Management Corporation.....	(64,400)	198,000	133,600
Prince Edward Island Energy Corporation.....	7,988,000	(818,800)	7,169,200
Prince Edward Island Liquor Control Commission.....	20,785,600	-	20,785,600
Prince Edward Island Lotteries Commission.....	12,211,000	1,500,000	13,711,000
<b>Total Government Business Enterprises.....</b>	<b>54,406,500</b>	<b>11,228,900</b>	<b>65,635,400</b>
<b>Other Consolidated Agencies</b>			
Finance PEI.....	(336,000)	2,616,200	2,280,200
P.E.I. Aquaculture and Fisheries Research Initiative Inc.....	-	-	-
Prince Edward Island Agricultural Insurance Corporation.....	100,000	8,100,000	8,200,000
Prince Edward Island Grain Elevators Corporation.....	-	(45,000)	(45,000)
Prince Edward Island Self-Insurance and Risk Management Fund.....	200,000	300,000	500,000
Summerside Regional Development Corporation .....	(182,000)	-	(182,000)
<b>Total Other Consolidated Agencies.....</b>	<b>(218,000)</b>	<b>10,971,200</b>	<b>10,753,200</b>
<b>NET CONSOLIDATED SURPLUS OF CROWN CORPORATIONS.....</b>	<b>54,188,500</b>	<b>22,200,100</b>	<b>76,388,600</b>