

FISCAL UPDATE

Second Quarter Forecast
2019-2020



Second Quarter Forecast

The Second Quarter Forecast for 2019-2020 indicates a surplus of \$706,400.

Highlights:

Total revenue is forecast to decrease by \$4.3 million, primarily due to:

- Finance revenue has increased \$9.8 million primarily from higher sales taxes and corporate income taxes.
- Government revenue is up \$6.3 million due to a workers compensation refund.
- Island Investment Development Inc. profit has decreased \$3.6 million due to a reduction in Provincial Nominee Program deposit defaults.
- Transportation, Infrastructure and Energy revenue being down \$20.6 million as a result of delays to projects funded through the Investing in Canada Infrastructure Plan and the New Build Canada Fund. This is fully off-set by a reduction in Expenditures under the same plans and results in no net impact on our surplus.

Total expenditure is forecast to decrease by \$3.2 million including:

- Social Development and Housing expenditures are up \$15.2 million related to social programs, housing services and child protection services.
- Innovation PEI expenditures have increased \$4.7 million related to the Aerospace Tax Incentive program.
- As noted, Transportation, Infrastructure and Energy's expenditures are down \$20.6 million primarily due to project delays.
- Health PEI expenditures have increased \$3.6 million as a result of collective agreement negotiations.
- Finance expenditures are down by \$2.6 million due to salary savings from vacancies and a one time adjustment to materials and supplies.
- Interest savings of \$2 million due to an upgraded credit rating from DBRS, and generally lower than expected interest rates.

A number of collective agreement negotiations have been settled during the year. The impact of these settlements are shown separately on the Expenditures Summary.

BUDGET SUMMARY

	2019-2020 Budget Estimate	2019-2020 2nd Quarter Pressure Points	2019-2020 Revised Budget
	\$	\$	\$
REVENUE			
Provincial Own Sources.....	1,214,440,400	8,358,600	1,222,799,000
Federal Sources.....	859,903,000	(10,516,000)	849,387,000
Net Consolidated Surplus of Government Business Enterprises.....	74,339,300	(3,839,800)	70,499,500
Consolidated Agencies.....	52,302,300	1,680,700	53,983,000
Total Revenue.....	2,200,985,000	(4,316,500)	2,196,668,500
PROGRAM EXPENDITURES			
Program Expenditures.....	1,939,126,800	(1,220,400)	1,937,906,400
Consolidated Agencies.....	46,466,100	-	46,466,100
SURPLUS BEFORE INTEREST AND AMORTIZATION.....	215,392,100	(3,096,100)	212,296,000
INTEREST AND AMORTIZATION			
Interest Charges on Debt.....	128,018,200	(2,011,700)	126,006,500
Amortization of Tangible Capital Assets.....	85,583,100	-	85,583,100
Total Interest and Amortization.....	213,601,300	(2,011,700)	211,589,600
CONSOLIDATED SURPLUS	1,790,800	(1,084,400)	706,400

REVENUE SUMMARY BY DEPARTMENT

	2019-2020 Budget Estimate	2019-2020 2nd Quarter Pressure Points	2019-2020 Revised Budget
	\$	\$	\$
CURRENT REVENUE			
Agriculture and Land.....	8,715,700	300,000	9,015,700
Economic Growth, Tourism and Culture	1,068,800	-	1,068,800
Innovation PEI.....	1,818,700	-	1,818,700
Tourism PEI.....	6,545,500	-	6,545,500
Education and Lifelong Learning	48,975,900	728,000	49,703,900
Environment, Water and Climate Change	10,972,900	1,395,700	12,368,600
Executive Council.....	522,400	28,000	550,400
Finance.....	1,755,038,900	9,753,900	1,764,792,800
Fisheries and Communities.....	382,900	-	382,900
Health and Wellness.....	2,789,100	(170,000)	2,619,100
Health PEI.....	34,288,700	5,988,500	40,277,200
Justice and Public Safety.....	46,188,500	442,000	46,630,500
Social Development and Housing.....	22,102,700	-	22,102,700
Transportation, Infrastructure and Energy.....	134,173,000	(20,623,500)	113,549,500
P.E.I. Public Service Commission.....	759,700	-	759,700
TOTAL CURRENT REVENUE.....	2,074,343,400	(2,157,400)	2,072,186,000
Net Consolidated Surplus of Government Business Entities.....	74,339,300	(3,839,800)	70,499,500
Consolidated Agencies.....	52,302,300	1,680,700	53,983,000
TOTAL OPERATING REVENUE.....	2,200,985,000	(4,316,500)	2,196,668,500

EXPENDITURE SUMMARY BY DEPARTMENT

	2019-2020 Budget Estimate	2019-2020 Budget Transfers	2019-2020 Updated Budget Estimate	2019-2020 2nd Quarter Pressure Points	2019-2020 Revised Budget
	\$			\$	\$
CURRENT					
Agriculture and Land.....	36,977,100	505,700	37,482,800	(1,700,000)	35,782,800
Economic Growth, Tourism and Culture	8,418,700	119,600	8,538,300	-	8,538,300
Innovation PEI.....	43,739,400	102,100	43,841,500	4,736,400	48,577,900
Tourism PEI.....	21,203,500	184,200	21,387,700	-	21,387,700
Education and Lifelong Learning	418,826,600	-	418,826,600	1,641,000	420,467,600
Island Regulatory and Appeals Commission.....	1,400,300	-	1,400,300	-	1,400,300
Environment, Water and Climate Change.....	33,884,600	183,000	34,067,600	(225,000)	33,842,600
Executive Council.....	9,409,000	214,600	9,623,600	28,000	9,651,600
Finance.....	54,829,500	917,300	55,746,800	(2,566,800)	53,180,000
Interministerial Women's Secretariat.....	661,200	4,700	665,900	-	665,900
Employee Benefits	60,081,800	-	60,081,800	(2,003,800)	58,078,000
General Government	21,881,700	(5,638,000)	16,243,700	(140,000)	16,103,700
Fisheries and Communities.....	39,243,600	183,100	39,426,700	-	39,426,700
Employment Development Agency.....	5,643,500	10,000	5,653,500	-	5,653,500
Health and Wellness.....	35,491,100	175,300	35,666,400	640,700	36,307,100
Health PEI.....	714,693,000	-	714,693,000	3,563,100	718,256,100
Justice and Public Safety.....	59,842,000	710,000	60,552,000	148,000	60,700,000
Social Development and Housing	133,327,400	727,300	134,054,700	15,164,800	149,219,500
Transportation, Infrastructure and Energy.....	220,736,700	1,330,100	222,066,800	(20,623,500)	201,443,300
Auditor General.....	2,264,400	68,400	2,332,800	-	2,332,800
Legislative Assembly.....	8,629,200	26,000	8,655,200	-	8,655,200
P.E.I. Public Service Commission.....	7,942,500	176,600	8,119,100	116,700	8,235,800
PROGRAM EXPENDITURE.....	1,939,126,800	-	1,939,126,800	(1,220,400)	1,937,906,400
Consolidated Agencies.....	46,466,100	-	46,466,100	-	46,466,100
Interest Charges on Debt.....	128,018,200	-	128,018,200	(2,011,700)	126,006,500
Amortization of Tangible Capital Assets.....	85,583,100	-	85,583,100	-	85,583,100
TOTAL EXPENDITURE.....	2,199,194,200	-	2,199,194,200	(3,232,100)	2,195,962,100

* Collective Agreements were settled throughout the year. As per the Financial Administration Act (FAA) Sec. 37.2, estimates were housed in General Government. This transfer allocates the amount to each department.

NET CONSOLIDATED SURPLUS OF GOVERNMENT BUSINESS ENTERPRISES

	2019-2020 Budget Estimate	2019-2020 2nd Quarter Pressure Points	2019-2020 Revised Budget
	\$	\$	\$
Government Business Enterprises			
Charlottetown Area Development Corporation.....	532,600	-	532,600
Island Investment Development Inc.....	29,882,700	(3,642,200)	26,240,500
Island Waste Management Corporation.....	(278,500)	17,300	(261,200)
Prince Edward Island Cannabis Management Corporation.....	310,000	-	310,000
Prince Edward Island Energy Corporation.....	7,507,500	(214,900)	7,292,600
Prince Edward Island Liquor Control Commission.....	21,685,000	-	21,685,000
Prince Edward Island Lotteries Commission.....	14,700,000	-	14,700,000
Total Government Business Enterprises.....	74,339,300	(3,839,800)	70,499,500
NET CONSOLIDATED SURPLUS OF GOVERNMENT BUSINESS ENTERPRISES	74,339,300	(3,839,800)	70,499,500

NET CONSOLIDATED SURPLUS OF CONSOLIDATED AGENCIES

	2019-2020 Budget Estimate	2019-2020 2nd Quarter Pressure Points	2019-2020 Revised Budget
	\$	\$	\$
Consolidated Agencies			
Finance PEL.....	3,605,500	680,700	4,286,200
Prince Edward Island Agricultural Insurance Corporation.....	-	1,000,000	1,000,000
Prince Edward Island Grain Elevators Corporation.....	251,700	-	251,700
Prince Edward Island Self-Insurance and Risk Management Fund.....	1,315,000	-	1,315,000
Summerside Regional Development Corporation	664,000	-	664,000
Total Other Consolidated Agencies.....	5,836,200	1,680,700	7,516,900
NET CONSOLIDATED SURPLUS OF CONSOLIDATED AGENCIES.....	5,836,200	1,680,700	7,516,900

