



**Province of Newfoundland**

**Public Accounts**

**Volume II**

**Consolidated Revenue Fund  
Financial Statements**

**For The Year Ended  
31 March 2000**

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

Department of Finance  
Office of the Minister

December, 2000

The Honourable A.M. House, C.M., M.D., FRCPC  
Lieutenant-Governor of Newfoundland and Labrador

Sir,

I have the honour to present the Public Accounts of the Province of Newfoundland for the financial year ended 31 March 2000.

Respectfully submitted,  
Your Honour's obedient servant,

LLOYD MATTHEWS  
Minister of Finance

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

Treasury Board  
Office of the Minister

December, 2000

The Honourable Lloyd Matthews  
Minister of Finance

Dear Colleague:

I am pleased to provide to you the Public Accounts of the Province of Newfoundland for the financial year ended 31 March 2000 for tabling in the House of Assembly pursuant to the requirements of the *Financial Administration Act*.

Yours sincerely,

Anna Thistle, MHA  
President of Treasury Board

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## INTRODUCTION

The *Financial Administration Act* requires that all revenues over which the Legislature has power of appropriation shall form one Consolidated Revenue Fund. The financial statements of the Consolidated Revenue Fund of the Province of Newfoundland are presented through the publication of the Public Accounts, Volume II.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Board standards of the Canadian Institute of Chartered Accountants, and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General and are audited by the Auditor General, who presents an annual report to the House of Assembly on the results of her audit. Comparisons are made to the Estimates.

The Public Accounts for the year ended 31 March 2000 consists of three other volumes:

**Volume I - Consolidated Summary Financial Statements** presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are owned or controlled by, and accountable to, the Government of Newfoundland and Labrador.

**Volume III - Consolidated Revenue Fund Supplementary Statements and Schedules** presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

**Volume IV- Financial Statements of Crown Corporations, Boards and Authorities** presents a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

### Internet Address

The Public Accounts are available on the Internet at:  
<http://www.gov.nf.ca/ComptrollerGeneral/publications.htm>

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

TREASURY BOARD SECRETARIAT

OFFICE OF THE COMPTROLLER GENERAL

CONFEDERATION BUILDING  
ST. JOHN'S

29 September 2000

## STATEMENT OF RESPONSIBILITY

These summary financial statements of the Consolidated Revenue Fund are prepared in accordance with the requirements of the *Financial Administration Act* based upon information provided by the various Government departments. Where necessary, the information included in these summary financial statements is based upon best estimates and judgement, taking into account materiality of the amounts. The summary financial statements in this volume include a Statement of Financial Position, a Statement of Net Debt, a Statement of Revenue and Expenditure, a Statement of Changes in Financial Position and notes. Other schedules and notes that are included also form an integral part of these statements. Together they present fairly, in all material respects, the financial position of the Province's Consolidated Revenue Fund as at 31 March 2000 and the results of operations for the year then ended.

RONALD A. WILLIAMS, C.A.  
Comptroller General

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**OFFICE OF THE AUDITOR GENERAL**

St. John's, Newfoundland

**AUDITOR'S REPORT**

To the House of Assembly  
Province of Newfoundland

I have audited the statement of financial position of the Consolidated Revenue Fund of the Province of Newfoundland as at 31 March 2000 and the statements of net debt, revenue and expenditure and changes in financial position for the year then ended. These financial statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Consolidated Revenue Fund as at 31 March 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

The accompanying financial statements have been prepared to present the results of the Consolidated Revenue Fund in relation to its budget for the year ended 31 March 2000. Significant financial activities of Government occur outside the Consolidated Revenue Fund. Most of these activities together with those of the Consolidated Revenue Fund are included in the consolidated summary financial statements of the Province. For this reason, the consolidated summary financial statements provide a more comprehensive accounting of the financial position and results of Government operations. A separate Auditor's Report is provided on the consolidated summary financial statements for the year ended 31 March 2000.

ELIZABETH MARSHALL, C.A  
Auditor General

St. John's, Newfoundland  
29 September 2000

## PROVINCE OF NEWFOUNDLAND

### Statement of Financial Position As at 31 March 2000 with comparative figures for 1999

	2000	1999
	(\$000)	(\$000)
<b>ASSETS</b>		
<b>Current Assets:</b>		
Temporary investments at cost - note 2 . . . . .	225,206	303,916
Government of Canada - claims in process - note 3 . . . . .	21,045	26,805
Sch. A   Accounts and taxes receivable . . . . .	230,454	242,165
Less: Allowance for doubtful accounts . . . . .	85,564	81,704
	144,890	160,461
Sch. B   Loans, advances and mortgages receivable . . . . .	25,569	24,739
Less: Allowance for doubtful accounts . . . . .	24,654	23,152
	915	1,587
Inventories . . . . .	-	-
Prepaid expenses . . . . .	1,028	3,390
Total Current Assets . . . . .	393,084	496,159
<b>Long-Term Assets:</b>		
Sch. B   Loans, advances and mortgages receivable . . . . .	193,516	201,968
Less: Allowance for doubtful accounts . . . . .	137,581	137,488
	55,935	64,480
Sch. C   Investments at cost . . . . .	85,174	83,457
Less: Allowances for investment writedowns . . . . .	10,430	5,430
	74,744	78,027
Sch. D   Tangible capital assets . . . . .	-	-
Unamortized unrealized foreign exchange losses - note 4 . . . . .	168,397	249,966
Total Long-Term Assets . . . . .	299,076	392,473
Total Assets . . . . .	692,160	888,632
<b>NET DEBT</b>		
Net Debt . . . . .	8,553,459	8,452,583
Total Assets and Net Debt . . . . .	9,245,619	9,341,215

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland.

The accompanying notes and supporting schedules form an integral part of the financial statements.

## PROVINCE OF NEWFOUNDLAND

### Statement of Financial Position (Continued)

As at 31 March 2000

with comparative figures for 1999

	2000	1999
	(\$000)	(\$000)
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Deferred revenue - note 5 . . . . .	56,642	97,886
Sch. E Other current liabilities . . . . .	467,059	558,252
Sch. F Debenture and other debt . . . . .	609,034	485,755
Less: Sinking fund assets - note 6 . . . . .	86,192	40,070
	522,842	445,685
Total Current Liabilities . . . . .	1,046,543	1,101,823
<b>Long-Term Liabilities:</b>		
Sch. E Other long-term liabilities . . . . .	345,700	352,394
Sch. F Debenture and other debt		
General . . . . .	4,713,066	4,670,848
Government of Canada and Agencies . . . . .	634,278	598,996
Other . . . . .	247,494	245,824
	5,594,838	5,515,668
Less: Sinking fund assets - note 6 . . . . .	1,050,132	980,592
	4,544,706	4,535,076
Unfunded pension liability - note 8 . . . . .	3,308,670	3,351,922
Total Long-Term Liabilities . . . . .	8,199,076	8,239,392
Total Liabilities . . . . .	9,245,619	9,341,215

## PROVINCE OF NEWFOUNDLAND

### Statement of Net Debt For the year ended 31 March 2000 with comparative figures for 1999

	2000 (\$000)	1999 (\$000)
Net debt - previously reported . . . . .	8,452,583	7,889,582
Add (Deduct):		
Deferred long-term charges - note 17(a) . . . . .	-	213,921
Teachers' pension plan changes - note 17(b) . . . . .	-	( 5,882)
Pension plan changes . . . . .	-	154,400
Adjusted net debt - beginning of year . . . . .	8,452,583	8,252,021
Add:		
Net expenditure over revenue . . . . .	100,876	200,562
Net debt - end of year . . . . .	8,553,459	8,452,583

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland.

See accompanying notes to the financial statements.

## PROVINCE OF NEWFOUNDLAND

### Statement of Revenue and Expenditure For the year ended 31 March 2000 with comparative figures for 1999

	Actuals 2000 (\$000)	Original Estimates 2000 (\$000)	Actuals 1999 (\$000)
<b>REVENUE:</b>			
Provincial			
Tax Revenue			
Sales .....	455,534	461,590	437,676
Personal income .....	604,971	568,900	545,057
Gasoline .....	129,222	122,500	122,513
Corporate income .....	83,626	52,000	83,128
Other .....	214,099	192,550	197,127
Non-tax revenue .....	291,820	276,606	278,585
Government of Canada			
Equalization .....	1,059,247	1,012,000	1,179,027
Canada Health and Social Transfer .....	291,520	279,600	281,249
Sales tax transitional assistance .....	63,000	63,000	127,080
Other .....	1,754	1,754	41,754
Related revenue .....	431,199	501,847	354,710
Total Revenue .....	<u>3,625,992</u>	<u>3,532,347</u>	<u>3,647,906</u>
<b>EXPENDITURE:</b>			
Salaries .....	280,935	266,524	258,048
Employee benefits .....	36,426	97,489	39,266
Pension costs .....	( 4,742)	-	( 11,109)
Transportation and communications .....	37,447	33,210	31,720
Supplies .....	50,043	43,991	42,414
Professional services .....	55,127	56,307	54,489
Purchased services .....	239,088	242,761	194,429
Property, furnishings and equipment .....	38,710	21,030	36,255
Loans, advances and investments .....	42	9,050	43
Allowances and assistance .....	316,080	318,222	339,179
Grants and subsidies .....	1,862,523	1,836,083	1,862,775
Debt expenses .....	760,646	589,399	926,365
Information technology .....	24,754	21,587	24,669
Bad debt expenses .....	29,789	-	49,925
Total Expenditure .....	<u>3,726,868</u>	<u>3,535,653</u>	<u>3,848,468</u>
Contingency Reserve - note 10 .....		(30,000)	
Net expenditure over revenue .....	<u>(100,876)</u>	<u>(33,306)</u>	<u>(200,562)</u>
Surplus (Deficit) on current account .....	64,899	99,847	(22,445)
Surplus (Deficit) on capital account .....	<u>(165,775)</u>	<u>(103,153)</u>	<u>(178,117)</u>
Contingency Reserve - note 10 .....		(30,000)	
	<u>(100,876)</u>	<u>(33,306)</u>	<u>(200,562)</u>

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland.

See accompanying notes to the financial statements.

## PROVINCE OF NEWFOUNDLAND

### Statement of Changes in Financial Position For the year ended 31 March 2000 with comparative figures for 1999

	2000 (\$000)	1999 (\$000)
Funds provided from (applied to):		
Operations		
Net expenditure over revenue .....	( 100,876)	( 200,562)
Add (deduct) non-cash items:		
Amortization of foreign exchange losses (gains) .....	( 42,008)	64,476
Pension costs .....	162,748	162,320
Valuation allowances .....	5,234	22,008
Sinking fund earnings .....	( 71,608)	( 68,324)
Other .....	31,430	( 713)
April writebacks .....	( 71,914)	116,079
	( 86,994)	95,284
Financing		
Debt issued .....	400,000	700,000
Debt retirement .....	( 70,753)	( 304,241)
Special purpose funds/Contractors' holdback funds .....	384	1,191
Deferred revenue .....	( 41,244)	( 126,034)
Treasury bills redeemed .....	( 2,134,076)	( 1,715,616)
Treasury bills purchased .....	2,133,832	1,715,422
Sinking fund contributions .....	( 47,025)	( 42,489)
Retirement of pension liabilities .....	( 206,000)	( 196,000)
	35,118	32,233
Investing		
Loan repayments .....	9,845	11,060
Loan advances .....	( 19,799)	( 17,280)
Other .....	-	-
	( 9,954)	( 6,220)
Net cash provided (applied) .....	( 61,830)	121,297
Cash and temporary investments, beginning of year .....	255,883	134,586
Cash and temporary investments, end of year .....	194,053	255,883

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland.

See accompanying notes to the financial statements.

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## PROVINCE OF NEWFOUNDLAND

### Notes to the Financial Statements For the year ended 31 March 2000

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#### 1. Summary of Significant Accounting Policies

##### (a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of the Consolidated Revenue Fund. Pursuant to the Financial Administration Act of the Province all public monies are accounted for through the Fund.

##### (b) Basis of Accounting

###### (i) Method

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenditures being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

###### (ii) Presentation

The Province follows the expenditure basis of accounting for the preparation of its financial statements.

The Province presents its financial statements using the "net debt" approach. The Province's net debt consists of total liabilities less financial assets.

###### (iii) Revenues

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, Canada Health and Social Transfer and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years revenues when known.

Other revenues are recorded on an accrual basis.

###### (iv) Expenditures

Expenditures are recorded on an accrual basis.

Pension related costs are determined as the cost of benefits accrued and interest on the unfunded liability, as well as amortization of experience gains and losses.

###### (v) Assets

Temporary investments are recorded at cost or market value, whichever is lower.

Government of Canada - claims in process are recorded as a receivable based on claims outstanding at 31 March and relate mainly to cost-shared agreements.

Accounts and taxes receivable are recorded for all amounts due for work performed and goods or services supplied. Valuation allowances are provided when collection is considered doubtful.

Loans, advances and mortgages receivable are recorded at cost. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenditures by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Inventories are comprised of items held for resale and are recorded at the lower of cost or net realizable value.

Investments are recorded at cost and are written down when there is a loss in value that is other than a temporary decline.

Tangible capital assets held by the Province are valued at cost or estimated cost. Capital asset acquisitions are recorded as expenditures in the year they are acquired.

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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## (vi) Liabilities

Deferred revenue represents amounts received but not earned.

Other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Debenture and other debt, except treasury bills, are recorded at face value. Treasury bills are recorded at net proceeds.

The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

## (vii) Government Transfers

Government transfers are recognized by the Province as revenues or expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

## (viii) Loan Guarantees

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

**2. Temporary Investments**

Temporary investments of \$225.2 million (including accrued interest of \$0.06 million (1999 - \$0.4 million)) consist of investments with financial institutions. Included is \$28.2 million for the CHST Trust Account which was established by the Federal government and is under the control of the Province. These investments are on call or have maturity dates ranging from 03 April 2000 to 27 April 2000 at interest rates which vary from 5.25% to 5.33%.

**3. Government of Canada - Claims in Process**

Consists of:

	2000	199
	(\$000)	(\$000)
Claims receivable at 31 March not received in April . . . . .	11,501	11,160
Receipts in April . . . . .	9,544	15,645
Total . . . . .	<u>21,045</u>	<u>26,805</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**4. Unamortized Unrealized Foreign Exchange Gains and Losses**

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2000. See Schedule F. Details of the effect of these translations at year end are outlined in the table below.

	(\$mil)
Unrealized foreign exchange gain (loss):	
Debt . . . . .	( 314.8)
Sinking funds . . . . .	28.1
Net . . . . .	( 286.7)
Total accumulated amortization . . . . .	118.3
Net unamortized unrealized foreign exchange gain (loss) - 31 March 2000 . . . . .	( 168.4)
Net unamortized unrealized foreign exchange gain (loss) - 31 March 1999 . . . . .	(250.0)

The net amortization expense is \$42.0 million which represents a credit adjustment (31 March 1999 - \$64.5 million-debit adjustment).

**5. Deferred Revenue**

Deferred revenue consists of \$30.8 million for Harmonized Sales Tax transitional assistance and \$25.8 million for CHST supplementary funding. These amounts are being recognized over the periods earned.

**6. Sinking Fund**

The value of the sinking funds as recorded in the Newfoundland Government Sinking Fund financial statements is reflected in these financial statements.

The Sinking Fund Assets consist of:

	31 March 2000	31 March 1999
	(\$000)	(\$000)
Investments at cost . . . . .	945,549	883,445
Add: Amortization of bond discount . . . . .	106,530	106,172
Investments at amortized costs . . . . .	1,052,079	989,617
Add: Cash and receivables less accounts payable . . . . .	84,245	31,045
Net Sinking Fund Assets - translated at 31 March . . . . .	<u>1,136,324</u>	<u>1,020,662</u>

The net sinking fund assets balance of 1,020.7 million Canadian dollars as at 31 March 1999 includes 114.7 million U.S. dollars translated to 173.1 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of 1,136.3 million Canadian dollars as at 31 March 2000 includes 132.8 million U.S. dollars translated to 192.5 million Canadian dollars in accordance with current practice.

The Province does not anticipate conversion of the U.S. dollars to Canadian dollars as the U.S. funds will be used to retire U.S. debt.

**7. Provision for Guaranteed Debt**

An amount of \$1.6 million (31 March 1999-\$14.4 million) has been recorded as a provision for possible losses on guaranteed debt. See Schedule E.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**8. Unfunded Pension Liability****Defined Benefits**

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. The plans do not provide for inflation protection. As at 31 March 2000, the plans provided benefits to 15,093 pensioners.

In 1980, the Province of Newfoundland Pooled Pension Fund was established by the Pensions Funding Act, with the Minister of Finance as Trustee. This Fund administers all financial activity of these four plans, including the collection of all contributions and the payment of pensions and the investment of funds. The Province guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

The following outlines the contribution and benefit formulae for each of the plans:

**Contribution and Benefit Formulae****Public Service Pension Plan**

Employee contributions are 7.35% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP earnings for each year since 1967.

**Teachers' Pension Plan**

Employee contributions are 8.5% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP earnings for each year since 1967.

**Uniformed Services Pension Plan**

Employee contributions are 8.5% of pensionable salary, less a formulated amount representing contributions to the CPP. Grandfathered members contribute an additional 3.5% of salary. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP earnings since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

**Members of the House of Assembly Pension Plan**

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 1 April 1998, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. The accrued benefit is reduced by a formulated amount representing CPP earnings for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**Actuarial Valuations**

The actuarial valuations were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

**Expected interest rates**

The expected average interest rate for the Public Service Pension Plan is 8.0% until 2004 and 7.5% thereafter. The expected rate for the Teachers' Pension Plan is 8.0% until 2006 and 7.5% thereafter. The expected rate for the Uniformed Services Pension Plan is 8.5% for the first four years after the valuation date, 8% for the next five years, and 7.5% thereafter. The expected rate for the Members of the House of Assembly Pension Plan is 7.5% projected on a long term basis.

**Expected inflation rates**

The expected inflation rate for the Public Service Pension Plan is 2.5% for the first two years after the valuation date, and 3% for the next five years and 3.5% thereafter. The expected rate for the Teachers' Pension Plan is 2.0% for the first four years and 3.5% thereafter. The expected rate for the Uniformed Services Pension Plan is 2.5% for the first four years after the valuation date, 3% for the next five years and 3.5% thereafter. The expected rate for the Members of the House of Assembly Pension Plan is 3.5% projected on a long term basis.

The latest actuarial valuations for the Province's pension plans are dated as listed in the following table:

Plan	Valuation Date
Public Service Pension Plan	31 December 1997
Teachers' Pension Plan	31 August 1997
Uniformed Services Pension Plan	1 January 1997
Members of the House of Assembly Pension Plan	31 December 1996

**Pension Liability**

Details of the pension liability are outlined in the table below. The estimated accrued benefits and the value of the plan assets reported below have been extrapolated to 31 March 2000. For the Teachers' Pension Plan, any unfunded liability arising in the plan after 31 August 1990 will be shared equally between the employer and the employee.

Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses) 2000	Net Unfunded Liability 2000	Net Unfunded Liability 1999	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service Pension Plan	2,445.8	1,372.1	383.8	1,457.5	1,449.0	8.5
Teachers' Pension Plan	2,330.5	759.8	42.4	1,613.1	1,674.5	(61.4)
Uniformed Services Pension	199.5	-	( 5.2)	194.3	186.3	8.0
MHA Pension Plan	48.1	-	( 4.3)	43.8	42.2	1.6
<b>Total</b>	<b>\$5,023.9</b>	<b>\$2,131.9</b>	<b>\$416.7</b>	<b>\$3,308.7</b>	<b>\$3,352.0</b>	<b>(\$43.3)</b>

Pension Fund Assets are valued at market.

The Net Unfunded Liability at 31 March 1999 has been restated from \$3,357.8 million - a net decrease of \$5.8 million for the Teachers' Pension Plan. This change consists of an increase of \$22.6 million due to a correction in the assumptions related to plan amendments and a decrease of \$28.4 million due to a correction in the assumptions related to experience gains as a result of a new valuation.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**Pension Expense**

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Plan	Province's Share of Pension Benefits Earned for the Period	Pension Interest Expense on the Unfunded Liability	Province's Current Period Pension Contributions	Current Period Amortization of Experience Changes	Unfunded Portion of Current Period Pension Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service Pension Plan	0.4	85.6	( 54.9)	( 22.6)	8.5
Teachers' Pension Plan	16.9	123.1	( 199.0)	( 2.4)	(61.4)
Uniformed Services Pension	1.4	15.1	( 8.9)	0.4	8.0
MHA Pension Plan	0.7	3.4	( 2.9)	0.4	1.6
<b>Total</b>	<b>\$19.4</b>	<b>\$227.2</b>	<b>(\$265.7)</b>	<b>(\$24.2)</b>	<b>(\$43.3)</b>

Pension interest expense is included with interest as debt expenses in the financial statement.

**Experience Gains or Losses**

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with pension costs in the financial statements.

**Other Pension Plans****Government Money Purchase Pension Plan**

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 20,144 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the Canada Trust Financial Service and at 31 March 2000 assets had a market value of \$108.7 million.

**9. Debt-Related Risk**

The Province, in consultation with its fiscal agents, monitors financial markets (interest and foreign currency rates), in consideration of its existing debt servicing costs and mix of domestic and foreign currency debt. Opportunities to reduce debt servicing costs, while keeping debt-related risk to an acceptable level, are duly considered by the Province.

**10. Contingency Reserve**

The appropriations provided for a contingency for unforeseen expenditures arising during the year and where revenues actually received fall below projections. Pursuant to the provisions of the Supply Act, \$29.9 million of the amount provided was transferred to various departments.

**11. Current and Capital Account**

Classification of revenue and expenditure between current account items and capital account items follow the classifications as per the Estimates.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**12. Amounts Capitalized**

Funds advanced to crown agencies may be in the form of investments in such agencies or as loans or advances. Payments and receipts related to principal portions of these loans, advances and investments are capitalized on the Statement of Financial Position. Depending upon the relevant legislation and/or particular circumstances under which a crown agency is established, the profits generated by their operations may be: (a) turned over to the Province and recorded as revenue; (b) used to repay loans and advances made to the agency by the Province; or (c) retained by the agency.

Amounts capitalized for 31 March 2000 amounted to \$9.9 million (31 March 1999 - \$6.2 million). See Schedule J.

**13. Contingent Liabilities****(a) Guarantees**

Guarantees made by the Province amounted to \$1.6 billion (31 March 1999 - \$1.6 billion). In addition, the Province guaranteed the interest thereon. See Schedule G - Contingent Liabilities.

**(b) Legal Actions**

(i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government's care.

(ii) A Statement of Claim has been served on the Province in its role as the regulator of mortgagor brokers and investment companies.

(iii) A number of claims have been filed against the Province related to general damages and personal claims pursuant to actions initiated by the Province.

(iv) Government is suing Canadian National Railway with regard to the financing of the Newfoundland Dockyard. Canadian National Railway has counterclaimed.

(v) Various individuals have been infected through the national blood system. A national settlement has been agreed upon by the Federal, Provincial and Territorial governments and by the legal counsel for these individuals and has been cleared through the court approval process.

**(c) PUT Agreement**

In 1993 the Province amended an agreement (the "PUT" Agreement) with a consortium of banks which are involved in financing an extensive Environmental Capital Expenditure Program for the paper mill in Corner Brook. The mill is owned by Corner Brook Pulp and Paper Limited (the Company). This agreement provides that in the event of default on loan payments by the Company, the Province or its nominee will purchase from the banks, if required, the power generating station which is owned by the Company and is located at Deer Lake. The price to be paid shall be the amount by which the lesser of the loan outstanding on the date on which the Divestiture Period commences and \$50 million exceeds the Environmental Compliance Deficiency, if any.

In any event, the Province's obligation under this agreement will cease on the earlier of 31 December 2001 and the date on which the loan is repaid in full.

**14. Commitments**

Commitments to outside organizations in respect of contracts entered into before 31 March 2000 amount to \$83.2 million of which \$4.4 million is for lease payments, \$43.8 million for capital projects and \$35.0 million for government's service agreement with xwave Solutions Limited that will expire on 31 March 2002.

These commitments will become expenditures of the Consolidated Revenue Fund when the terms of the contracts are met. Payment in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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**15. Trust Assets and Balance of Funds**

Trust funds are presented as a self-balancing, separate component. Additional information is provided in Schedule I - Trust Accounts.

**16. Measurement Uncertainty**

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. Some examples of where measurement uncertainty exists are the accrual of pension obligations, the allowance for guaranteed debt and provision for debt repayment.

**17. Accounting Changes**

Accounting changes have been applied retroactively. As a result, the 31 March 1999 figures presented for comparative purposes have been restated from those previously reported.

(a) The prior year has been restated by \$236.6 million for deferred long-term charges as a result of a change in accounting treatment for the long-term portion of certain liabilities. This has resulted in an increase in expenditure over revenue of \$22.7 million and an increase in net debt of \$236.6 million for 31 March 1999.

(b) The prior year has been restated by \$5.8 million for a Teachers' Pension Plan change. This change consists of a \$28.4 million decrease in experience gains and a \$22.6 million increase in the unfunded liability due to a correction in assumptions related to a new valuation. This has resulted in a decrease in net debt of \$5.8 million for 31 March 1999.

**18. Subsequent Events**

On 1 April 2000, the Medical Care Insurance Act, 1999 was enacted which disbanded the Newfoundland Medical Care Commission and transferred the assets, liabilities and operations of the Commission to the Department of Health and Community Services.

**19. Additional Notes**

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

**20. Original Estimates**

The original estimates shown for comparison purposes were prepared on the modified cash basis.

Schedule A

**PROVINCE OF NEWFOUNDLAND**

**Accounts and Taxes Receivable**  
**As at 31 March 2000**  
**with comparative figures for 1999**

	2000	1999
	(\$000)	(\$000)
Accounts Receivable:		
Crown agencies working capital and unremitted profits . . . . .	29,153	32,323
Social assistance overpayments . . . . .	26,996	26,887
Court fines . . . . .	18,309	20,520
Rent and royalties/permits to occupy . . . . .	7,659	2,921
Accident claims recoveries . . . . .	6,230	7,175
Due from other corporations . . . . .	5,570	-
Miscellaneous/other receivables . . . . .	4,026	3,168
Student loans . . . . .	3,904	431
Due from Government of Canada re CHST . . . . .	3,262	2,087
Fees and licences . . . . .	1,261	1,563
Newfoundland and Labrador Housing Corporation . . . . .	1,062	2,036
Workplace, Health, Safety and Compensation Commission . . . . .	1,050	862
Reciprocal billings - hospital services . . . . .	840	687
Province of Newfoundland Pooled Pension Fund . . . . .	727	916
Travel advances . . . . .	691	681
Board and lodging . . . . .	654	654
Due from municipalities . . . . .	631	787
Atlantic Lottery Corporation Incorporated . . . . .	268	7,367
Insurance claims receivable . . . . .	23	2,531
Due from Government of Canada re equalization . . . . .	-	7,507
Total Accounts Receivable . . . . .	<u>112,316</u>	<u>121,103</u>
Taxes Receivable:		
Sales tax . . . . .	54,980	56,151
School tax . . . . .	35,080	35,794
Gasoline tax . . . . .	11,197	11,799
Health and post secondary education tax . . . . .	8,775	6,922
Tobacco tax . . . . .	5,720	5,275
Mining and mineral rights tax . . . . .	1,453	3,723
Insurance companies tax . . . . .	695	659
Mineral holding tax . . . . .	196	-
Utilities tax . . . . .	42	739
Financial corporation capital tax . . . . .	-	-
Total Taxes Receivable . . . . .	<u>118,138</u>	<u>121,062</u>
Total Accounts and Taxes Receivable . . . . .	<u><u>230,454</u></u>	<u><u>242,165</u></u>

**NOTE****1. Allowance for Doubtful Accounts**

The allowance for doubtful accounts for 31 March 2000 is \$85.6 million (31 March 1999 - \$81.7 million).

## PROVINCE OF NEWFOUNDLAND

### Loans, Advances and Mortgages Receivable

As at 31 March 2000

with comparative figures for 1999

	2000	1999
	(\$000)	(\$000)
Crown Agencies:		
Lending institutions:		
Enterprise Newfoundland and Labrador Corporation - note 1 . . . . .	126,631	134,468
Newfoundland and Labrador Film Development Corporation . . . . .	1,050	-
Newfoundland Industrial Development Corporation - note 2 . . . . .	31,046	31,346
Teachers' Educational Loan Fund . . . . .	5	5
Teachers' Housing Loan Fund . . . . .	2	2
	158,734	165,821
Building Corporations:		
Hotel Buildings Limited - note 3 . . . . .	26,043	26,043
	26,043	26,043
Total Crown Agencies . . . . .	184,777	191,864
Commercial Loans:		
Atlantic Fisheries Limited . . . . .	980	980
Corner Brook Pulp and Paper Limited . . . . .	4,331	4,331
Cote's Mechanical Limited . . . . .	200	200
Deluney, William and McCarthy, Leslie . . . . .	439	439
Doyle, James & Sons Ltd. . . . .	771	771
Easteel Industries Limited . . . . .	3,658	3,658
Eastern Ocean Products Limited . . . . .	163	163
George Sexton Limited . . . . .	50	50
Great Northern Seafoods Limited . . . . .	70	70
Heritage Woodworks Limited . . . . .	17	30
Hughes, Vincent . . . . .	50	51
Island Seafoods Products Limited . . . . .	250	250
Kavanagh, Terrence . . . . .	59	59
Keats, Eric . . . . .	102	102
Melindy, John . . . . .	191	191
Newco IV Corporation . . . . .	6,867	7,867
Newfound Harvesting Limited . . . . .	3,084	3,084
Newman, Raymond . . . . .	162	162
Northeast Coast Sealers Co-op Society Limited . . . . .	969	969
O'Rourke, Rupert . . . . .	337	337
Petten, Byron . . . . .	160	160
Pittman, Thomas . . . . .	93	93
Private Training Corporation . . . . .	150	-
Ryder, Gerald and Street, Walter . . . . .	357	357
S.C.B. Fisheries Limited . . . . .	6,501	5,000
Saunders, Ralph . . . . .	61	61
Seaward, Alphonsus . . . . .	99	99
Short, William . . . . .	262	262
Stanford, Reginald . . . . .	236	236
Sweet, Roy . . . . .	49	49

## LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

	2000	1999
	(\$000)	(\$000)
Trimm, Calvin and Shinnicks, Richard . . . . .	174	174
Vokey's Shipyard Limited . . . . .	100	100
Whelan, Ormond . . . . .	853	853
White's Fisheries Limited . . . . .	50	50
Wilson, Ronald and Curtis, Kevin . . . . .	299	299
Young, James . . . . .	99	99
Total Commercial Loans . . . . .	<u>32,293</u>	<u>31,656</u>
Other Organizations:		
Gros Morne Mortgages . . . . .	56	56
Health Care Corporation of St. John's . . . . .	-	1,038
Municipalities . . . . .	1,959	2,093
Total Other Organizations . . . . .	<u>2,015</u>	<u>3,187</u>
Total Loans, Advances and Mortgages Receivable . . . . .	<u>219,085</u>	<u>226,707</u>
Current portion . . . . .	25,569	24,739
Long-term portion . . . . .	<u>193,516</u>	<u>201,968</u>
	<u>219,085</u>	<u>226,707</u>

## NOTES

1. **Enterprise Newfoundland and Labrador**

Funds are advanced to Enterprise Newfoundland and Labrador Corporation for the purpose of making loans and equity investments to enable them to carry out their mandate. Principal and interest repayments received are refunded to the Province and the principal amounts are applied toward the funds advanced.

2. **Newfoundland Industrial Development Corporation**

Funds are advanced to Newfoundland Industrial Development Corporation for the purpose of providing long-term financing to industrial and resource based companies. The Province holds non-interest bearing notes with no fixed terms of repayment or maturity dates. Any balance available out of net profits or equity redemptions is to be paid to the Province at such intervals and in a manner that the Minister of Finance may direct.

3. **Hotel Buildings Limited**

Funds were advanced to Hotel Buildings Limited for the purpose of financing the construction of various hotels. As the Corporation has disposed of its hotel properties, future income from hotel operations will no longer accrue. Therefore, it is not anticipated that funds will become available to repay the Province. A provision has been provided for the full amount.

4. **Other Loans, Advances and Mortgages Receivable**

Commercial loans and loans to other organizations represent the balance of the loans, advances and mortgages receivable. These loans consist of direct loans and issues under guarantee. Interest rates range from 5.6% to 14% and are repayable over terms not exceeding twenty-five years.

5. **Interest Receivable**

The balances include interest receivable to year-end of \$16.1 million (31 March 1999 - \$16.1 million) where applicable. It consists of interest due and unpaid, late interest charges and accrued interest.

6. **Allowance for Doubtful Accounts**

The allowance for doubtful accounts for 31 March 2000 is \$162.2 million (31 March 1999 - \$160.6 million).

## PROVINCE OF NEWFOUNDLAND

### Investments

**As at 31 March 2000**

**with comparative figures for 1999**

Description of Investment	Net Additions	Balance 31 March 2000		1999
		No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
<b>Preferred Shares:</b>				
Atlantic Ocean Farms Limited				
Class "A", redeemable - note 6 . . . . .	-	289,655	290	290
Mineral Resources Corporation				
Class "B" - notes 1, 6 . . . . .	-	640,143	640	640
Newfoundland Bonding & Composites Limited - notes 2, 6 . . . . .	5,000	95,000	9,500	4,500
Total Preferred Shares Investments . . . . .	<u>5,000</u>		<u>10,430</u>	<u>5,430</u>
<b>Common Shares:</b>				
ACF Equity Atlantic Inc. . . . .	717	1,673,000	1,673	956
Atlantic Lottery Corporation Inc. . . . .	-	1	-	-
Dominion Jubilee Corporation Ltd. . . . .	-	200,000	-	-
Enterprise Network Inc. - note 3 . . . . .	-	1	-	-
Hotel Buildings Limited . . . . .	-	3	3	3
Inter-Provincial Lottery Corporation . . . . .	-	1	-	-
Marble Mountain Development Corporation . . . . .	-	500	-	-
Marble Mountain Management Corporation . . . . .	-	500	-	-
Newco IV Corporation . . . . .	-	85	-	-
Newfoundland and Labrador Education Investment Corporation . . . . .	-	3	-	-
Newfoundland and Labrador Film Development Corporation . . . . .	-	600	-	-
Newfoundland and Labrador Hydro Electric Corporation . . . . .	-	22,503,942	10,187	10,187
Newfoundland and Labrador Heritage Corporation . . . . .	-	1	-	-
Newfoundland Government Fund Limited . . . . .	-	2	-	-
Newfoundland Hardwoods Limited . . . . .	-	253	26	26
Newfoundland Ocean Enterprises Limited . . . . .	-	3	3	3
Special Celebrations Corporation of Newfoundland and Labrador . . . . .	-	500	-	-
Total Common Shares Investments . . . . .	<u>717</u>		<u>11,892</u>	<u>11,175</u>

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 INVESTMENTS (continued)
 

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Description of Investment	Net Additions	Balance 31 March 2000		1999
		No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
<b>Other:</b>				
Newfoundland and Labrador Housing Corporation - note 4 . . . . .	( 4,000)	-	62,852	66,852
Newfoundland Farm Products Corporation - note 5 . . . . .	-	-	-	-
Total Other Investments . . . . .	<u>( 4,000)</u>		<u>62,852</u>	<u>66,852</u>
Total Investments . . . . .	<u>1,717</u>		<u>85,174</u>	<u>83,457</u>

See accompanying notes.

## NOTES TO SCHEDULE OF INVESTMENTS

**As at 31 March 2000**

1. **Mineral Resources Corporation**  
Cliff Resources Corporation changed its corporate name to Mineral Resources Corporation.
2. **Newfoundland Bonding & Composites Limited**  
The Province has purchased 95,000 preference shares of Newfoundland Bonding and Composites Limited, costing \$9.5 million, to be redeemed at a nominal valued based on a pre-determined number of person years of employment to be created. A provision has been set up for the full amount of the investment.
3. **The Enterprise Network Inc.**  
In October 1997, the Corporation closed its telecentres and effectively ceased operations. Subsequently, in September 1998, Cabinet authorized the Minister of Industry, Trade and Technology to dissolve the Enterprise Network Inc. as a corporate entity.
4. **Newfoundland and Labrador Housing Corporation**  
This investment represents accumulated capital advances made by the Province to the Corporation. These advances are utilized by the Corporation to develop housing projects, land assemblies, etc.; consequently, the Province's investment is represented by certain physical assets which are held by the Corporation. The adjustment of \$4.0 million reflects financing for the Corporation's current account grant which was transferred from its provincial equity account, as directed by Government.
5. **Newfoundland Farm Products Corporation**  
The Corporation recorded a deficit of \$12.2 million at year end resulting in a nil balance for the Province's equity capital.
6. **Allowance for Investment Write-downs**  
The allowance for investment write-downs for 31 March 2000 is \$10.4 million (31 March 1999 - \$5.4 million).

Schedule D

**PROVINCE OF NEWFOUNDLAND****Tangible Capital Assets  
As at 31 March 2000**

Category	Estimated Useful Life (years)	Estimated Original Cost			Accumulated Amortization			Net Book Value 31 March 2000
		Balance 31 March 1999 (\$mil)	Additions Net of Disposals (\$mil)	Balance 31 March 2000 (\$mil)	Balance 31 March 1999 (\$mil)	Amort. Net of Disposals 2000 (\$mil)	Balance 31 March 2000 (\$mil)	
Buildings	40	457.1	(.1)	457.0	233.3	10.2	243.5	213.5
Marine vessels & aircraft	15-50	83.2	0.7	83.9	24.2	2.4	26.6	57.3
Equipment & machinery	6-20	34.1	3.4	37.5	19.1	2.4	21.5	16.0
Infrastructure	1-40	2,396.2	(24.1)	2,372.1	2,357.1	(11.5)	2,345.6	26.5
Computer software	7	32.1	0.2	32.3	24.4	2.2	26.6	5.7
<b>Total</b>		<b>3,002.7</b>	<b>(19.9)</b>	<b>2,982.8</b>	<b>2,658.1</b>	<b>5.7</b>	<b>2,663.8</b>	<b>319.0</b>

Additions Net of Disposals consist of additions of \$10.8 million and disposals of \$30.7 million.

See accompanying notes.

## NOTES TO SCHEDULE OF TANGIBLE CAPITAL ASSETS

**As at 31 March 2000****1. Capital Assets**

Capital assets are reported as expenditures in the year the assets are acquired. This schedule is provided to inform users of the capital assets on hand and available for use by the Province. Capital assets having an estimated individual historic cost in excess of \$100 thousand are included. The historic cost of the assets is estimated in most cases, and amortization is calculated on a straight line basis over the following useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	30 years
Aircrafts	15 - 50 years
Equipment & machinery	
Earth moving equipment	6 - 20 years
Snow removal equipment	12 and 15 years
Other equipment	15 and 20 years
Infrastructure	
Roads and bridges	1 year
Airstrips	20 years
Ferry terminals	40 years
Marine facilities	40 years
Marine cranes	20 years
Oil storage facilities	40 years
Computer software	7 years

**2. Valuations**

Government is in the process of accumulating information on all of its tangible capital assets. As each class is completed, cost and amortization information will be presented in this schedule. Cost information on acquired land will not be included because of the impracticality of compiling the necessary data.

**3. Historical or Cultural Assets**

Certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of buildings such as Government House, Commissariat House and the Colonial Building and works of art, with an estimated cost of approximately \$3.8 million.

**4. Cost Shared**

Capital expenditures for airstrips and certain expenditures for road construction have been cost shared by the Federal Government. Expenditures shown in this schedule are recorded at the gross value and have not been reduced by these revenues.

**5. In Progress**

Government has a number of projects under construction or development which are not included on this schedule. A total of \$96.4 million has been spent on these projects, with further spending of \$44.5 million expected to be spent.

Schedule E

**PROVINCE OF NEWFOUNDLAND****Current and Long Term Liabilities****As at 31 March 2000****with comparative figures for 1999**

	2000		1999	
	Current	Long Term	Current	Long Term
	(\$000)	(\$000)	(\$000)	(\$000)
Accrued interest . . . . .	203,503	-	197,681	-
Accounts payable write-backs . . . . .	74,859	-	152,874	-
Salaries and benefits . . . . .	64,817	51,198	60,188	46,239
Bank overdraft - Consolidated Revenue Fund . . . . .	31,097	-	47,598	-
Due to municipalities . . . . .	25,770	188,348	25,329	177,765
Due to Crown Agencies . . . . .	21,275	-	22,873	-
Accounts payable - other . . . . .	15,580	7,019	12,452	4,867
Provision for debt repayment . . . . .	7,129	48,269	10,458	69,495
Contractors' holdbacks . . . . .	4,790	-	2,511	-
Reciprocal billing - hospital services payable . . . . .	4,594	-	3,177	-
Due to Government of Canada . . . . .	4,268	-	-	-
Long-term leases . . . . .	3,606	21,532	3,517	25,007
Taxes payable . . . . .	2,299	-	1,402	-
Special purpose funds - note 1 . . . . .	1,901	-	3,798	-
Provision for guaranteed debt . . . . .	1,571	-	14,394	-
Health Care Centres - lease/purchase . . . . .	-	29,334	-	29,021
	<u>467,059</u>	<u>345,700</u>	<u>558,252</u>	<u>352,394</u>

**NOTES****1. Special Purpose Funds**

Included in this schedule are funds totalling \$1.9 million considered to be special purpose funds whereby payments are made for these purposes pursuant to Section 22(a) of the Financial Administration Act.

**2. Comparatives**

The 1999 figures have been restated to be consistent with the 2000 presentation.

## PROVINCE OF NEWFOUNDLAND

### Debenture and Other Debt As at 31 March 2000 with comparative figures for 1999

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding		Notes	
						2000	1999		
					(000)	(\$000)	(\$000)	(\$000)	
General Debentures:									
J9	20 Oct. 1994	20 Oct. 1999	4.8	(4,700,000 Y)	-	-	59,814		4
S3	05 Nov. 1985	05 Nov. 2000	5.375	(150,000 S.F.)	-	130,710	152,550		4
5W	15 Apr. 1991	15 Apr. 2001	10.5		-	2,108	3,254		3,5
EC3	25 Jul. 1986	25 Jul. 2001	7.5		34,556	66,407	66,407		6
S8	27 Aug. 1997	27 Aug. 2002	3.25	(150,000 S.F.)	-	130,710	152,550		4
5K	19 Oct. 1982	19 Oct. 2002	14.75		43,547	50,000	50,000		7
5L	06 Apr. 1983	06 Apr. 2003	12.875		100,981	125,000	125,000		7
S7	23 Jul. 1991	23 Jul. 2003	7	(150,000 S.F.)	25,984	130,710	152,550		4
EC6	12 May. 1993	12 May. 2003	8.75		24,379	150,000	150,000		4,8
5Z	05 Feb. 1996	05 Aug. 2004	9.55		-	98,895	98,895		3
5N	15 Oct. 1984	15 Oct. 2004	13.5		66,969	100,000	100,000		7
5Q	04 Mar. 1986	04 Mar. 2006	11		56,137	100,000	100,000		9
EC4	08 Apr. 1987	08 Apr. 2007	9		7,166	15,447	15,447		6,10
5S	01 Oct. 1987	01 Oct. 2007	10.79		18,717	42,300	42,300		3
AF	15 Oct. 1987	15 Oct. 2007	11.625	(100,000 U.S.)	63,833	144,940	150,870		3
6E	12 Dec. 1987	12 Dec. 2007	5.9		-	150,000	150,000		3
5T	23 Feb. 1988	23 Feb. 2008	11.25		42,482	100,000	100,000		3
5R	25 Feb. 1987	25 Feb. 2010	9.375		48,974	100,000	100,000		3
5U	15 Feb. 1989	15 Feb. 2012	11		45,896	125,000	125,000		3
5V	22 Nov. 1989	22 Nov. 2014	10.125		36,221	150,000	150,000		3
AG	01 Jun. 1989	01 Jun. 2019	9	(150,000 U.S.)	53,689	217,410	226,305		11
AH	01 Jun. 1990	01 Jun. 2020	9.875	(150,000 U.S.)	15,042	217,410	226,305		3
AJ	29 Nov. 1990	01 Dec. 2020	10	(150,000 U.S.)	14,303	217,410	226,305		3
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	146,746		3
AK	17 Oct. 1991	15 Oct. 2021	9	(200,000 U.S.)	16,007	289,880	301,740		3
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000 U.S.)	13,235	289,880	301,740		3
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000 U.S.)	16,358	289,880	301,740		3
6B	07 Jul. 1995	07 Jul. 2025	9.15		3,630	100,000	100,000		3
6C	05 Feb. 1996	05 Feb. 2026	8.45		5,177	150,000	150,000		3
NPPF-1	01 Jul. 1998	01 Jul. 2005	8		-	5,143	5,793		16
6G	07 Oct. 1998	07 Oct. 2008	5.70		-	250,000	250,000		3
6F	17 Apr. 1998	17 Apr. 2028	6.15		4,852	450,000	450,000		3
6J	03 Nov. 1999	03 Nov. 2009	6.70		-	200,000	-		3
6H	27 Jul. 1999	17 Oct. 2029	6.5		-	200,000	-		3
Total: General Debentures					758,135	4,937,132	4,731,311		
Other:									
J10	21 Oct. 1994	21 Oct. 2001	4.95	(2,300,000 Y)	-	32,333	29,270		4
J11	21 Oct. 1994	21 Oct. 2001	Floating	(23,500 U.S.)	-	34,061	35,454		4,12
6D	16 Jul. 1996	31 Oct. 2001	7.6		-	100,000	100,000		4,14
Assumed debt					-	81,100	81,100		17
Treasury bill borrowings					-	384,968	385,212		
Total: Other					-	632,462	631,036		

## DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding		
					2000	1999	
					(\$000)	(\$000)	(\$000)
Government of Canada and Agencies:							
Canada Pension Plan Investment Fund Debentures - note 13							
3A-164	02 Apr. 1979	02 Apr. 1999	9.98				
to	to	to	to				
3A-174	03 Mar. 1980	03 Mar. 2000	12.74	40,070	-		40,070
3A-175	01 Apr. 1980	01 Apr. 2000	11.61				
to	to	to	to				
3A-185	02 Mar. 1981	02 Mar. 2001	13.46	42,645	42,645		42,645
3A-186	01 Apr. 1981	01 Apr. 2001	13.66				
to	to	to	to				
3A-197	01 Mar. 1982	01 Mar. 2002	17.51	52,973	52,973		52,973
3A-198	01 Apr. 1982	01 Apr. 2002	12.01				
to	to	to	to				
3A-208	01 Mar. 1983	01 Mar. 2003	16.53	47,605	52,104		52,104
3A-209	05 Apr. 1983	05 Apr. 2003	10.92				
to	to	to	to				
3A-218	01 Mar. 1984	01 Mar. 2004	12.14	37,867	50,738		50,738
3A-219	02 Apr. 1984	02 Apr. 2004	12.08				
to	to	to	to				
3A-227	02 Jan. 1985	02 Jan. 2005	14.06	29,760	47,146		47,146
3A-228	01 Apr. 1985	01 Apr. 2005	10.58				
to	to	to	to				
3A-238	03 Mar. 1986	03 Mar. 2006	12.57	27,258	50,570		50,570
3A-239	01 Apr. 1986	01 Apr. 2006	9.04				
to	to	to	to				
3A-249	02 Mar. 1987	02 Mar. 2007	10.17	28,147	59,659		59,659
3A-250	01 Apr. 1987	01 Apr. 2007	9.12				
to	to	to	to				
3A-258	01 Mar. 1988	01 Mar. 2008	11.07	18,113	43,829		43,829
3A-259	05 Apr. 1988	05 Apr. 2008	9.62				
to	to	to	to				
3A-267	01 Dec. 1988	01 Dec. 2008	10.39	14,921	41,635		41,635
3A-268	03 Apr. 1989	03 Apr. 2009	9.15				
to	to	to	to				
3A-277	01 Mar. 1990	01 Mar. 2010	10.31	13,805	45,188		45,188
3A-278	02 Apr. 1990	02 Apr. 2010	10.36				
to	to	to	to				
3A-284	03 Dec. 1990	03 Dec. 2010	11.33	10,777	40,432		40,432
3A-285	02 Apr. 1991	02 Apr. 2011	9.81				
to	to	to	to				
3A-288	02 Jul. 1991	02 Jul. 2011	10.04	9,006	40,858		40,858
3A-289	01 May. 1992	01 May. 2012	9.17				
to	to	to	to				
3A-291	02 Jul. 1992	02 Jul. 2012	9.45	5,205	28,770		28,770

## DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding	
					2000	1999
				(\$000)	(\$000)	(\$000)
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	37	1,827	1,827
3A-293	02 Apr. 1999	02 Apr. 2019	5.89			
to	to	to	to			
3A-303	03 Mar. 2000	03 Mar. 2020	7.02	-	35,282	-
Total: Canada Pension Plan Investment Fund Debentures -				378,189	633,656	638,444
Harbour Lodge - see note 15 . . . . .				-	622	632
Total: Government of Canada and Agencies				378,189	634,278	639,076
Total: Debenture and Other Debt . . . . .				1,136,324	6,203,872	6,001,423
Current portion of Debenture and Other Debt . . . . .					609,034	485,755
Long-term portion of Debenture and Other Debt . . . . .					5,594,838	5,515,668
					6,203,872	6,001,423

See accompanying notes.

## NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT

**As at 31 March 2000****1. Sinking Fund Assets**

See note 6 to the Notes to the Financial Statements.

**2. Debenture and Other Debt****(i) Sinking Funds**

Sinking fund contributions required during the next five years are:

	(\$000)
31 March 2001 .....	51,000
2002 .....	47,700
2003 .....	44,700
2004 .....	43,600
2005 .....	44,400

**(ii) Debenture and Other Debt**

Debenture and other debt which will mature during the next five years and which are not funded by a sinking fund:

Years of Maturity	(\$000)
31 March 2001 .....	131,400
2002 .....	169,300
2003 .....	131,500
2004 .....	900
2005 .....	99,800

The above sinking fund contributions and debt repayments that relate to foreign issues are translated at the 31 March 2000 closing exchange rate.

**3. Non-callable.**

4. Non-callable by the Province, except upon changes in tax status and then as a whole at par.

5. Exchangeable at the bondholder's option on 15 April in each of the years 1994 to 1999, inclusive, for an equal principal amount of 10.95% debentures of the Province due 5 April 2021(5X). To date bondholder's have exchanged \$147.9 million face value of 5W bonds into 5X bonds.

6. Non-callable by the Province, except upon changes in tax status and or law, then as a whole at a premium of 2%.

7. Callable by the Province in whole or in part at par two years prior to maturity or on any subsequent interest payment date. The Province intends to call the 5K bond issue on October 19, 2000.

8. Extendible at the bondholders option to 12 May 2013. The interest rate is 8.75% until 12 May 2003 and thereafter as determined by the Province.

9. Callable by the Province in whole or in part at par in the last three years prior to maturity or on any subsequent interest payment date.

10. May be redeemed at the option of the Province or bondholder on 8 April 2001. Interest rate is 9% until 8 April 2001 and thereafter as determined by the Province.

11. Redeemable at the bondholders option on 1 June 2004 upon not less than thirty days prior written notice.

12. Interest rate is six months U.S. libor rate plus 0.4%.

## NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT (continued)

13. Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the Canada Pension Plan Investment Board Act, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. During 1998/1999 and 1999/2000, maturing borrowings of \$1,827 million and \$35,282 million, respectively, were extended for another twenty year term.
14. This issue is dated 16 July 1996, however, interest is payable annually on 31 October beginning in 1997.
15. This is a loan from the Canada Mortgage and Housing Corporation for the acquisition and construction of the Harbour Lodge. This loan is repayable over a 50 year period in blended annual installments of principal and interest, at an interest rate of 7 7/8%, maturing 1 December 2021.
16. This debenture is repayable in annual blended installments of principal and interest on 1 July in each of the years 1999 to 2005, inclusive. Callable by the Province at any time prior to maturity.
17. This represents bank operating credits of \$70.9 million and \$10.2 million assumed by the Province subsequent to the divestiture of Newfoundland Ocean Enterprises Limited and Newfoundland Farm Products Corporation, respectively. Interest is based upon Bankers Acceptance rates.

## TRANSLATION RATES

Currency	2000	1999
Japanese Yen . . . . .	0.0140578	0.012726277
United States Dollars . . . . .	1.4494	1.5087
Swiss Francs . . . . .	0.8714	1.017

See note 1(b)(v) and note 4 to the Financial Statements.

## SUMMARY OF ISSUES GENERAL DEBENTURES

Currency	Amount	Amount in Canadian Dollars	
		2000	1999
	(000)	(\$000)	(\$000)
Japanese Yen . . . . .	4,700,000	-	59,814
United States Dollars . . . . .	1,150,000	1,666,810	1,735,005
Swiss Francs . . . . .	450,000	392,130	457,650
Canadian Dollars . . . . .		2,878,192	2,478,842
Total		<u>4,937,132</u>	<u>4,731,311</u>

Schedule G

**PROVINCE OF NEWFOUNDLAND****Contingent Liabilities****As at 31 March 2000****with comparative figures for 1999**

	Limit of Guarantee (\$000)	Present Liability	
		2000 (\$000)	1999 (\$000)
Guaranteed Debentures:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Baie Verte . . . . .	36	36	43
Bishop's Falls . . . . .	69	69	78
Botwood . . . . .	8	8	9
Buchans . . . . .	19	19	21
Burin . . . . .	44	44	49
Channel - Port aux Basques . . . . .	34	34	39
Deer Lake . . . . .	19	19	21
Gambo . . . . .	85	85	99
Gander . . . . .	132	132	147
Glenwood . . . . .	84	84	87
Grand Bank . . . . .	18	18	21
Grand Falls - Windsor . . . . .	142	142	158
Happy Valley - Goose Bay . . . . .	244	244	272
Harbour Breton . . . . .	183	183	184
Harbour Grace . . . . .	73	73	74
La Scie . . . . .	27	27	28
Mount Pearl . . . . .	72	72	80
New-Wes-Valley . . . . .	53	53	58
Placentia . . . . .	175	175	189
Springdale . . . . .	29	29	33
Stephenville Crossing . . . . .	19	19	20
Wabana . . . . .	35	35	37
	<u>1,600</u>	<u>1,600</u>	<u>1,747</u>
Crown Corporations:			
Newfoundland and Labrador Hydro Electric			
Corporation - note 2 . . . . .	1,125,242	1,125,242	1,100,000
Newfoundland Liquor Corporation . . . . .	419	419	500
Newfoundland Municipal Financing			
Corporation - note 2 . . . . .	361,559	361,559	372,802
	<u>1,487,220</u>	<u>1,487,220</u>	<u>1,473,302</u>
Guaranteed Bank Loans:			
Municipalities: - note 3			
Anchor Point . . . . .	241	-	38
Birchy Bay . . . . .	22	12	-
Bird Cove . . . . .	68	58	-
Bonavista . . . . .	24	-	91
Botwood . . . . .	-	-	86
Brighton . . . . .	7	-	19

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2000 (\$000)	1999 (\$000)
Guaranteed Bank Loans:			
Municipalities: - note 3			
Buchans .....	-	-	10
Burlington .....	240	-	14
Cape St. George .....	-	-	113
Conception Harbour .....	-	-	76
Conche .....	97	-	-
Cottlesville .....	-	-	63
Cox's Cove .....	-	-	63
Crow Head .....	-	-	23
Eastport .....	-	-	33
Fogo Island Regional Council .....	121	118	111
Garnish .....	50	50	13
Glovertown .....	77	-	-
Grand Falls - Windsor .....	153	109	102
Grand Le Pierre .....	64	62	-
Hampden .....	-	-	43
Happy Valley - Goose Bay .....	-	-	132
Harbour Breton .....	-	-	21
Harbour Grace .....	-	-	75
Heart's Content .....	-	-	16
Little Catalina .....	-	-	12
Long Harbour .....	-	-	37
Main Brook .....	148	133	-
Mainland .....	-	-	29
Marystown .....	-	-	283
Meadows .....	-	-	46
Northern Arm .....	32	3	33
Pilley's Island .....	33	12	4
Port Saunders .....	-	-	202
River of Ponds .....	78	41	38
Roberts Arm .....	130	-	20
Rose Blanche - Harbour Le Cou .....	77	70	31
St. Alban's .....	-	-	16
St. Bernard's .....	-	-	37
St. Lawrence .....	-	-	80
St. Lunaire-Griquet .....	98	98	-
Twillingate .....	-	-	110
West St. Modeste .....	-	-	9
Winterland .....	97	33	-
Witless Bay .....	87	-	-
	<u>1,944</u>	<u>799</u>	<u>2,129</u>
Fisheries: - note 4			
Ackerman, Scott .....	353	353	-
Allingham, Ralph and Wayne .....	89	89	97

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2000 (\$000)	1999 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Anderson, Kirk - et al . . . . .	40	40	90
Andrews, Winston and Bert . . . . .	305	305	74
Barrett, Derek . . . . .	200	160	-
Barrett, Donald . . . . .	260	216	-
Barrett, Victor & Wayne . . . . .	298	298	-
Batten, Purdie . . . . .	441	252	-
Biles, Bernard and Shawn . . . . .	55	55	64
Bishop, Harold . . . . .	-	-	30
Burton, Glen - et al . . . . .	321	321	357
Burton, Oswald and Ivan . . . . .	122	122	152
Butler, Harold . . . . .	29	29	45
Cassell, David . . . . .	-	-	69
Chambers, Wilfred - et al . . . . .	60	60	76
Coleman, John W. . . . .	41	41	41
Coles, Derek . . . . .	-	-	146
Coles, Kirby - et al . . . . .	298	81	81
Collins, Perry - et al . . . . .	-	-	78
Cumby, Gerald - et al . . . . .	6	6	12
Daley, Andrew . . . . .	408	408	453
Daley, Gary . . . . .	450	450	495
Day, Alex . . . . .	169	169	193
Decker, Barry . . . . .	47	47	60
Decker, William . . . . .	111	111	133
Donovon, James and Michael . . . . .	130	130	152
Drake, Keith & Gertrude . . . . .	96	96	-
Dredge, Stanley - et al . . . . .	25	25	31
Efford, Harold . . . . .	601	158	285
Feltham, Alexander . . . . .	328	328	-
Fennelly, Douglas . . . . .	-	-	74
Fennelly, Thomas . . . . .	382	382	423
Foley, Dennis J. . . . .	134	134	-
Forsey, Maxwell Jr. . . . .	-	-	480
Gallant, Guy . . . . .	575	575	642
Genge, Cecil . . . . .	99	99	-
Genge, Claude - et al . . . . .	39	39	48
Genge, Montrose . . . . .	676	676	752
Genge, Rufus . . . . .	116	116	154
Gibbons, David and Reginald . . . . .	44	44	53
Gill, Bruce . . . . .	113	113	136
Gordon, Redmond & Maxine . . . . .	51	51	-
Gorman, Michael . . . . .	126	126	144
Gosse, George Roy . . . . .	89	89	-
Gould, Angus - et al . . . . .	180	180	53

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2000 (\$000)	1999 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Grandy, Gordon . . . . .	71	71	57
Grandy, Ray and George . . . . .	-	-	-
Greenham, David J. & Billy F. T/A B & D Fishing . . . . .	627	627	-
Hammond, Peter . . . . .	-	-	83
Harnum, Alfred - et al . . . . .	-	-	5
Hart, Edward T. . . . .	1,103	1,070	-
Hart, Lloyd . . . . .	722	722	803
Harvester Enterprises Limited . . . . .	204	204	-
Hickey, Andrew . . . . .	-	-	29
Hickey, John . . . . .	140	140	234
Hickey, John Sr. - et al . . . . .	975	975	1,040
Hiscock, Albert . . . . .	667	667	728
House, Lionel . . . . .	187	187	225
Hussey, Craig . . . . .	973	973	1,030
Hutchings, Frank . . . . .	485	485	529
Jacobs, George - et al . . . . .	483	483	534
Jones, Jeffrey, Carl & Charles Jr. . . . .	90	90	-
Kearney, Francis and Jerome . . . . .	57	57	69
Lewis, John B. . . . .	182	182	-
Leyte, Roy and Melvin . . . . .	369	369	410
Locke, Alton R. . . . .	19	19	19
Loveless, Bruce . . . . .	45	45	57
Loveless, Wallace . . . . .	-	-	48
Mann, Adolph . . . . .	-	-	96
Meade, Edward J. . . . .	39	39	46
Morey, Byron . . . . .	362	362	-
Morey, Lorne . . . . .	313	313	354
Morgan William G. . . . .	1,160	1,160	784
Morgan, Wayne A. . . . .	173	173	203
Morgan, Wayne S. . . . .	506	506	537
Mouland, Harvey and Wallace . . . . .	267	267	350
Newhook, Albert . . . . .	179	179	-
Noble, Rodger . . . . .	-	-	47
Noonan, Maurice and Raymond . . . . .	718	587	185
Normore, Kevin, Leroy & Urias . . . . .	225	225	-
Oldford, Lloyd and Augustus . . . . .	-	-	33
Oldford, Lloyd, Gus & Daniel Murphy . . . . .	50	50	-
Parsons, William (Tony) . . . . .	18	18	55
Patey, Randy . . . . .	405	405	450
Peddle, Larry . . . . .	130	130	191
Penney, Glenn . . . . .	201	201	273
Penney, Harold - et al . . . . .	102	102	137
Penton, Aiden . . . . .	332	332	302

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2000 (\$000)	1999 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Petten, Calvin . . . . .	-	-	48
Petten, Chesley . . . . .	516	516	563
Petten, Dwight . . . . .	230	230	294
Petten, Lester . . . . .	421	421	463
Petten, Neal . . . . .	521	521	-
Petten, Raymond . . . . .	-	-	545
Pike, Alex . . . . .	250	250	362
Plowman, Clayton . . . . .	119	119	-
Plowman, Joseph . . . . .	27	27	54
Porter, James F. & James P. . . . .	65	65	72
Pumphrey, Gerry . . . . .	517	517	490
Ralph, Shawn - et al . . . . .	248	248	260
Reid, Glen W. . . . .	90	90	-
Roberts, Charles and Winslow, Glen . . . . .	334	334	384
Rose, Richard - et al . . . . .	-	-	26
Rowe, Morley . . . . .	422	422	473
Rumboldt, Gary . . . . .	-	-	25
Russell, Aubrey . . . . .	-	-	111
Russell, Ivan . . . . .	672	672	697
Russell, Wayne . . . . .	355	355	402
Russell, William - et al . . . . .	165	165	193
Saunders, George . . . . .	-	-	14
SGR Fisheries Limited . . . . .	1,078	1,078	1,143
Simmonds, Rex . . . . .	898	898	1,008
Snook, Wesley . . . . .	-	-	89
Spurrell, Hayward . . . . .	345	345	395
Sturge, Arthur - et al . . . . .	737	737	826
Sullivan, Gary and Donald . . . . .	-	-	48
Sullivan, Lawrence . . . . .	-	-	24
Tobin, Alonzo - et al . . . . .	102	102	122
Tucker, Noah . . . . .	151	151	-
Vernon Petten Enterprises Ltd. . . . .	808	808	-
Walsh, Jarvis . . . . .	8	8	12
Ward, Cecil . . . . .	118	118	142
Ward, Ford . . . . .	115	115	138
Ward, Roy . . . . .	-	-	48
Warren, Garfield - et al . . . . .	-	-	17
Warren, Maxwell . . . . .	88	88	-
Whalen, Maxwell . . . . .	106	106	213
Whelan, Blaine . . . . .	-	-	22
White, Glenn . . . . .	274	274	304
	<u>30,266</u>	<u>29,169</u>	<u>26,143</u>
Province's Liability	24,137	23,040	20,214

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2000 (\$000)	1999 (\$000)
Guaranteed Bank Loans:			
Corporate:			
A.L. Stuckless and Sons Limited . . . . .	894	894	900
Atlantic Group Limited . . . . .	-	-	400
Canadian Imperial Venture Corporation . . . . .	500	500	-
Carroll's Store and Fisheries Limited . . . . .	-	-	29
Earle Brothers Fisheries Limited . . . . .	-	-	265
Ernst & Young Inc. . . . .	1,500	-	-
Fogo Island Co-Operative Society Limited . . . . .	2,000	-	-
Health Care Corporation of St. John's . . . . .	110,000	100,415	-
Integrated Poultry Limited . . . . .	1,000	583	12,800
Island By-Products Limited . . . . .	300	300	335
Marble Mountain Development Corporation . . . . .	500	408	-
Newfoundland Farm Products Limited . . . . .	1,700	670	-
Newfoundland Ocean Enterprises Limited . . . . .	1,250	-	-
Newfoundland Symphony Orchestra Association . . . . .	37	-	5
P. Janes and Sons Limited . . . . .	800	800	800
S.C.B. Fisheries Limited . . . . .	-	-	1,435
Smith Seafoods Limited . . . . .	100	85	75
Torngat Fish Producers Co-Op Society Limited . . . . .	2,100	-	930
	<u>122,681</u>	<u>104,655</u>	<u>17,974</u>
Other Guarantees:			
Newfoundland Ocean Enterprises Limited . . . . .	42,988	7,000	42,788
	<u>1,680,570</u>	<u>1,624,314</u>	<u>1,558,154</u>

See accompanying notes.

## NOTES TO SCHEDULE OF CONTINGENT LIABILITIES

**As at 31 March 2000****1. Definitions**

The headings used in this Schedule are defined as follows:

**Limit of Guarantee** - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less downpayment and less any received Provincial subsidy.

**Present Liability** - This represents the actual amount of loan advances (drawdowns) outstanding under the various guarantees plus capitalized interest thereon and past due interest. This represents the amount that the Province is contingently liable for if it had to honour these guarantees at year end.

The difference between these two amounts reflects the financing still available under the Province's guarantee. As of 31 March 2000, capitalized interest and past due interest amounted to \$0.1 million and \$0.2 million respectively.

**2. Debenture Issues with Sinking Funds**

Corporations for which guarantees are presented net of sinking fund values:

	Principal Amount of Debentures Outstanding (\$000)	Accrued Interest (\$000)	Value of Sinking Fund (\$000)	Net Liability (\$000)
Newfoundland Municipal Financing Corporation				
- Canadian Funds . . . . .	423,504	12,038	73,983	<u>361,559</u>
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds . . . . .	1,025,000	16,017	61,758	979,259
- Government of Canada . . . . .	36,577	18		36,595
- Promissory Notes . . . . .	108,998	390		109,388
				<u>1,125,242</u>

**3. Municipal Loans**

Interim financing for municipal capital projects is provided through these guaranteed bank loans which include interest capitalized during the construction. Once an appropriate level of capital projects have been completed, the Newfoundland Municipal Financing Corporation (a crown agency) provides long-term financing by issuing its own securities and lending the funds to the municipalities for those loans not financed through private sources. The debt securities of the Newfoundland Municipal Financing Corporation are also guaranteed by the Province.

**4. Fisheries Loans**

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. With regard to these term loans, the Province's liability under each individual guarantee is determined as being limited to the lesser of the term loan or 20% of the aggregate of all term loans made by the Bank, less the total of all claims paid to the Bank by the Province with respect to these loans.

For the fiscal year ended 31 March 2000 the Province's liability is limited to \$23.0 million.

**5. Payments under Guarantee**

During the 1999-2000 fiscal year, the Province paid the following amounts under its guarantees:

	(\$000)
Integrated Poultry Limited . . . . .	11,527
S.C.B. Fisheries Limited . . . . .	<u>1,501</u>
	<u>13,028</u>

## NOTES TO SCHEDULE OF CONTINGENT LIABILITIES (continued)

**6. Registrar of the Supreme Court**

The Province of Newfoundland guarantees all sums required to discharge the balances of the Registrar of the Supreme Court as administrator, guardian, trustee etc. (Judicature Act).

**7. Pensions****(a) Province of Newfoundland Pooled Pension Fund**

Pursuant to Section 9 of the Pension Funding Act, the province is liable for payment of any deficiency in the Pension Fund covered by that Act. Refer to Note 8 - Notes to the Financial Statements.

**(b) Memorial University of Newfoundland Pension Fund**

Pursuant to Section 6 of the Memorial University Pensions Act, the province is liable for payment of any deficiency in the Pension Fund covered by that Act. As at 31 March 2000, no liability exists.

**8. Trust Accounts**

The Province is contingently liable for any shortage that may occur for any funds held in trust by the Province. Currently, all obligations held have an offsetting asset.

**9. Canadian Saltfish Corporation**

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the Saltfish Act. The Agreement provided that the Province is required to pay to the Government of Canada its proportional share of 50 per cent of the losses to Canada. This share is based on the loss to Canada based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses is \$21.6 million.

This matter is currently under discussion between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, that the Province is not liable for the amount claimed.

**10. Credit Unions**

The Credit Union Deposit Guarantee Corporation Regulations under the Co-operative Societies Act provided that the Credit Union Deposit Guarantee Corporation ("CUDGC") would guarantee the repayment of deposits made with credit unions, up to \$60 thousand per specified account to a maximum of \$180 thousand per member. Government had provided a guarantee to the CUDGC to ensure its obligations respecting deposit guarantees were carried out.

The CUDGC is continued under the Credit Union Act which was proclaimed on 11 June 1999 and which repealed the Co-operative Societies Act. The Credit Union Act does not authorize the Government to guarantee deposits but does contain provisions whereby the Government may provide financial support to the CUDGC, if necessary.

**11. Newfoundland Student Loans Program**

Under the loan guarantee component of this Program, the Province has issued guarantees totalling \$1.6 million. Under the loan remission component of the Program, the Province is contingently liable for possible remissions totalling \$5.1 million.

**12. Valuation Allowance**

The provision for guaranteed debt for 31 March 2000 is \$1.6 million (31 March 1999 - \$14.4 million).

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NOTES TO SCHEDULE OF CONTINGENT LIABILITIES (continued)

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**13. Newfoundland Ocean Enterprises Limited**

At the time the assets of Newfoundland Ocean Enterprises Limited were purchased by Friede Goldman Newfoundland Limited ( the "Company"), the Province had performance guarantees in place with regard to three shipbuilding/repairs contracts. These contracts were assumed by the Company, however the Province's performance guarantees were not released. The Company indemnified the Province with regard to these guarantees through third party performance bonding.

At year end, Government's exposure with respect to two of the contracts had effectively ended due to the associated work being completed in accordance with those contracts. Government's exposure with respect to the third contract has significantly decreased given that all work has been completed. Government's exposure is now limited to any construction issues which may arise in the future.

**14. Newfoundland and Labrador Heritage Corporation**

On 4 April 2000, the Province issued a bank guarantee for \$40 million on behalf of the Newfoundland and Labrador Heritage Corporation (the "Corporation"), a wholly-owned crown corporation. At year end, the Corporation's bank indebtedness was \$0.4 million.

## PROVINCE OF NEWFOUNDLAND

### Losses, Uncollectible Accounts and Other Amounts Written Off For the year ended 31 March 2000 with comparative figures for 1999

Department	2000 (\$000)	1999 (\$000)
Finance:		
Remissions . . . . .	794	1,900
Tax forgiveness . . . . .	2,836	117
Loan forgiveness . . . . .	12,565	1,280
	<u>16,195</u>	<u>3,297</u>
Government Services and Lands:		
Uncollectible accounts . . . . .	7	14
Cash shortages . . . . .	-	6
	<u>7</u>	<u>20</u>
Works, Services and Transportation:		
Inventory underage . . . . .	-	6
Damages-guide rails . . . . .	-	3
	<u>-</u>	<u>9</u>
Environment and Labour:		
Uncollectible accounts . . . . .	33	-
Fisheries and Aquaculture:		
Uncollectible accounts . . . . .	14	35
Forest Resources and Agrifoods:		
Uncollectible accounts . . . . .	2	-
Veterinary services . . . . .	-	49
	<u>2</u>	<u>49</u>
Mines and Energy:		
Uncollectible accounts . . . . .	5	-
Tourism, Culture and Recreation:		
Uncollectible accounts . . . . .	-	3
Health and Community Services:		
Third party liabilities . . . . .	-	123
Human Resources and Employment:		
Uncollectible accounts . . . . .	9	-
Overpayment of social assistance . . . . .	170	243
	<u>179</u>	<u>243</u>

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LOSSES, UNCOLLECTIBLE ACCOUNTS AND OTHER AMOUNTS WRITTEN OFF (continued)

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Department

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	<u>2000</u>	<u>1999</u>
	(\$000)	(\$000)
Justice:		
Uncollectible accounts . . . . .	172	98
Overdrawn leave . . . . .	-	3
	<u>172</u>	<u>101</u>
Municipal and Provincial Affairs:		
Uncollectible accounts . . . . .	-	10
Total	<u>16,607</u>	<u>3,890</u>

## PROVINCE OF NEWFOUNDLAND

### Trust Accounts As at 31 March 2000 with comparative figures for 1999

	2000	1999
	(\$000)	(\$000)
Assets		
Registrar of the Supreme Court . . . . .	20,550	19,790
Newfoundland Government Fund . . . . .	18,250	12,750
Commercial and Corporate Affairs Trust . . . . .	4,890	4,276
Teachers' Accrued Salary Trust Account . . . . .	4,706	4,647
Federal/Provincial Contractors' Security Account . . . . .	1,315	1,300
Consolidated Tender Account . . . . .	938	1,014
Homes for Special Care . . . . .	777	780
Provincial Courts Trust Account . . . . .	694	437
Securities Payable . . . . .	74	34
H.M. Penitentiary . . . . .	59	52
High Sheriff of Newfoundland . . . . .	50	96
Licensing and Enforcement . . . . .	48	1
Contractors' Security Account - Works, Services and Transportation . . . . .	39	-
Newfoundland and Labrador Youth Centre . . . . .	19	23
School for the Deaf . . . . .	12	9
Unpaid Wages Trust Account . . . . .	9	26
Labrador Correctional Centre Trust Account . . . . .	9	6
West Coast Correctional Centre . . . . .	8	10
Newfoundland and Labrador Correctional Centre for Women . . . . .	4	4
Bishop's Falls Correctional Centre . . . . .	2	2
Residential Tenancies Trust . . . . .	1	-
Plans and Deposits/Specs . . . . .	-	2
	<u>52,454</u>	<u>45,259</u>
Total Trust Account Assets		
Balance of Funds		
Balance of Funds . . . . .	<u>52,454</u>	<u>45,259</u>
Total Balance of Funds	<u>52,454</u>	<u>45,259</u>

Schedule J

**PROVINCE OF NEWFOUNDLAND**  
**Reconciliation of Modified Cash to Modified Accrual**  
**For the year ended 31 March 2000**  
**with comparative figures for 1999**

	2000		1999	
	Current (\$000)	Capital (\$000)	Current (\$000)	Capital (\$000)
Surplus (Deficit) - modified cash . . . . .	145,235	(168,157)	166,431	(162,590)
Less: Amounts capitalized . . . . .	-	9,954	-	6,220
	<u>145,235</u>	<u>(158,203)</u>	<u>166,431</u>	<u>(156,370)</u>
Surplus (Deficit) - modified accrual . . . . .	64,899	(165,775)	(22,445)	(178,117)
Change in surplus/deficit . . . . .	<u>80,336</u>	<u>7,572</u>	<u>188,876</u>	<u>21,747</u>
The change in the basis of accounting from the modified cash to the modified accrual affected revenue and expenditure as follows:				
Revenue				
Retail sales tax . . . . .	1,900	-	9,808	-
Gasoline tax . . . . .	533	-	( 805)	-
Other taxes . . . . .	1,871	-	376	-
Non-tax revenue . . . . .	2,909	-	( 10,193)	-
Equalization . . . . .	11,775	-	( 18,490)	-
Related revenue . . . . .	( 88,868)	-	( 71,291)	-
Canada Health and Social Transfer . . . . .	( 1,175)	-	( 2,742)	-
Total revenue . . . . .	<u>( 71,055)</u>	<u>-</u>	<u>( 93,337)</u>	<u>-</u>
Expenditure				
Salaries . . . . .	10,134	-	( 15,644)	-
Employee benefits . . . . .	( 59,671)	-	( 56,947)	-
Pension costs . . . . .	( 4,742)	-	( 11,109)	-
Purchased services . . . . .	6,511	811	( 2,891)	-
Allowances and assistance . . . . .	16	-	459	-
Grants and subsidies . . . . .	( 911)	( 57)	( 4,467)	11
Debt expenses . . . . .	193,629	( 16,546)	345,173	( 550)
Bad debt expenses . . . . .	6,425	23,364	27,639	22,286
Total expenditure . . . . .	<u>151,391</u>	<u>7,572</u>	<u>282,213</u>	<u>21,747</u>
Change in surplus/deficit . . . . .	<u>80,336</u>	<u>7,572</u>	<u>188,876</u>	<u>21,747</u>
Net change in surplus/deficit . . . . .	<u>87,908</u>		<u>210,623</u>	