

**Province of Newfoundland**

**Public Accounts**

**Volume II**

**Consolidated Revenue Fund  
Financial Statements**

**For The Year Ended  
31 March 2001**

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

Department of Finance  
Office of the Minister

November, 2001

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 2001.

Respectfully submitted,  
Your Honour's obedient servant,

JOAN MARIE AYLWARD  
Minister of Finance

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## Table of Contents

	Page No.
INTRODUCTION	1
STATEMENT OF RESPONSIBILITY	7
AUDITOR'S REPORT	9
STATEMENTS:	
Statement of Financial Position . . . . .	10
Statement of Net Debt . . . . .	11
Statement of Revenue and Expenditure . . . . .	12
Statement of Changes in Financial Position . . . . .	13
Notes to the Financial Statements . . . . .	14
SCHEDULES:	
Accounts and Taxes Receivable - Schedule A . . . . .	23
Loans, Advances and Mortgages Receivable - Schedule B . . . . .	24
Investments - Schedule C . . . . .	26
Notes to Schedule of Investments . . . . .	28
Tangible Capital Assets - Schedule D . . . . .	29
Notes to Schedule of Tangible Capital Assets . . . . .	30
Current and Long Term Liabilities - Schedule E . . . . .	31
Debenture and Other Debt - Schedule F . . . . .	32
Notes to Schedule of Debenture and Other Debt . . . . .	35
Contingent Liabilities - Schedule G . . . . .	37
Notes to Schedule of Contingent Liabilities . . . . .	43
Losses, Uncollectible Accounts and Other Amounts Written Off - Schedule H	46
Trust Accounts - Schedule I . . . . .	47
Reconciliation of Modified Cash to Modified Accrual - Schedule J . . . . .	48

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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 2001 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>

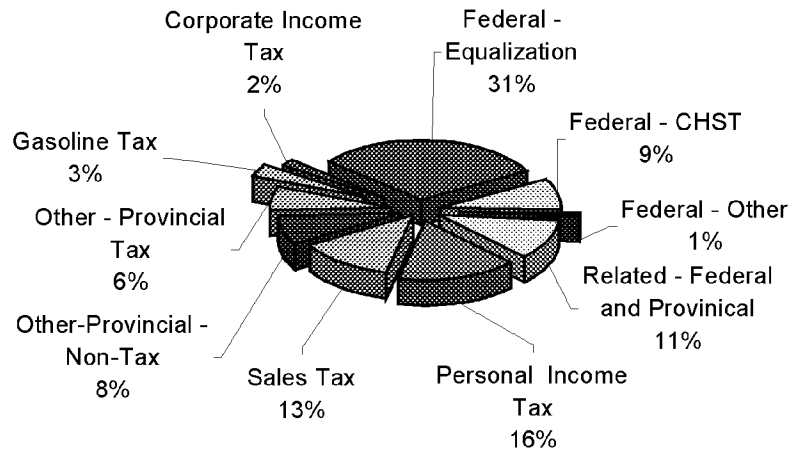
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Revenue

Total revenue was \$3.87 billion in 2000-2001 which consisted of federal revenues of \$1.68 billion and provincial revenues of \$2.19 billion.

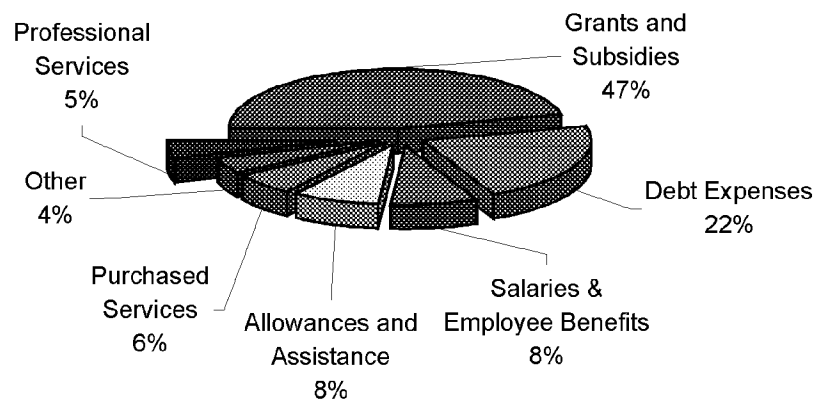
Revenue by source - 31 March 2001



Expenditure

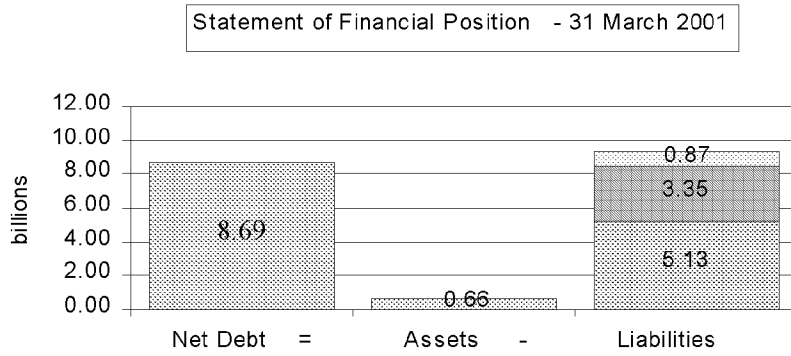
Total expenditure was \$4.00 billion in 2000-2001. Grants and subsidies of \$1.84 billion and debt expenses of \$.88 billion represented 69% of this amount.

Expenditure by category - 31 March 2001



Financial Position

Net debt of \$8.69 billion consisted of \$9.35 billion in liabilities less \$0.66 billion in assets.



Liabilities are comprised of:

- Net borrowings of \$5.13 billion
- Unfunded pension liability of \$3.35 billion
- Other liabilities of \$.87 billion

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

TREASURY BOARD SECRETARIAT

OFFICE OF THE COMPTROLLER GENERAL

CONFEDERATION BUILDING  
ST. JOHN'S

28 September 2001

## 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 2001 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 2001 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 Canadian 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 2001 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 2001. 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 2001.

ELIZABETH MARSHALL, C.A  
Auditor General

St. John's, Newfoundland  
28 September 2001

## PROVINCE OF NEWFOUNDLAND

### Statement of Financial Position As at 31 March 2001 with comparative figures for 2000

	2001	2000
	(\$000)	(\$000)
<b>ASSETS</b>		
Temporary investments at cost - note 2 . . . . .	307,963	225,206
Government of Canada - claims in process - note 3 . . . . .	34,821	21,045
Sch. A Accounts and taxes receivable . . . . .	300,712	230,454
Less: Allowance for doubtful accounts . . . . .	97,454	85,564
	203,258	144,890
Inventories . . . . .	-	-
Prepaid expenses . . . . .	939	1,028
Sch. B Loans, advances and mortgages receivable . . . . .	214,115	219,085
Less: Allowance for doubtful accounts . . . . .	175,177	162,235
	38,938	56,850
Sch. C Investments at cost . . . . .	85,174	85,174
Less: Allowance for investment writedowns . . . . .	10,400	10,430
	74,774	74,744
Sch. D Tangible capital assets . . . . .	-	-
Total Assets . . . . .	660,693	523,763
<b>NET DEBT</b>		
Net Debt . . . . .	8,689,316	8,554,616
<b>Total Assets and Net Debt</b> . . . . .	<b>9,350,009</b>	<b>9,078,379</b>
<b>LIABILITIES</b>		
Deferred revenue - note 4 . . . . .	17,438	56,642
Sch. E Other liabilities . . . . .	852,298	812,759
Sch. F Debenture and other debt . . . . .	6,629,416	6,203,872
Less: Sinking fund assets - note 6 . . . . .	1,208,405	1,136,324
Less: Unamortized unrealized foreign exchange losses - note 5 . . . . .	289,144	167,240
	5,131,867	4,900,308
Unfunded pension liability - note 8 . . . . .	3,348,406	3,308,670
<b>Total Liabilities</b> . . . . .	<b>9,350,009</b>	<b>9,078,379</b>

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 Net Debt For the year ended 31 March 2001 with comparative figures for 2000

	2001 (\$000)	2000 (\$000)
Net debt - previously reported .....	8,554,616	8,452,583
Add (Deduct):		
Foreign exchange changes - note 19 .....	-	( 45,766)
Adjusted net debt - beginning of year .....	8,554,616	8,406,817
Add:		
Net expenditure over revenue .....	134,700	147,799
Net debt - end of year .....	8,689,316	8,554,616

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 2001 with comparative figures for 2000

	Actuals 2001 (\$000)	Original Estimates 2001 (\$000)	Actuals 2000 (\$000)
<b>REVENUE:</b>			
Provincial			
Tax Revenue			
Sales . . . . .	497,852	462,300	455,534
Personal income . . . . .	624,675	555,900	604,971
Gasoline . . . . .	130,393	128,000	129,222
Corporate income . . . . .	75,434	85,000	83,626
Other . . . . .	250,900	216,515	214,099
Non-tax revenue . . . . .	300,920	296,615	291,820
Government of Canada			
Equalization . . . . .	1,197,184	1,030,500	1,059,247
Canada Health and Social Transfer . . . . .	330,727	338,593	291,520
Sales tax transitional assistance . . . . .	30,840	31,000	63,000
Other . . . . .	1,754	1,754	1,754
Related revenue . . . . .	428,077	558,104	431,199
Total Revenue . . . . .	<u>3,868,756</u>	<u>3,704,281</u>	<u>3,625,992</u>
<b>EXPENDITURE:</b>			
Salaries . . . . .	295,183	282,885	280,935
Employee benefits . . . . .	41,379	106,491	36,426
Pension costs . . . . .	( 13,070)	-	( 4,742)
Transportation and communications . . . . .	36,346	38,552	37,447
Supplies . . . . .	57,492	47,060	50,043
Professional services . . . . .	193,581	195,798	55,127
Purchased services . . . . .	240,142	266,475	239,088
Property, furnishings and equipment . . . . .	43,679	25,813	38,710
Loans, advances and investments . . . . .	42	3,772	42
Allowances and assistance . . . . .	333,811	345,977	316,080
Grants and subsidies . . . . .	1,843,298	1,768,339	1,862,523
Debt expenses . . . . .	878,210	604,275	807,569
Information technology . . . . .	25,659	23,535	24,754
Bad debt expenses . . . . .	27,704	-	29,789
Total Expenditure . . . . .	<u>4,003,456</u>	<u>3,708,972</u>	<u>3,773,791</u>
Contingency Reserve - note 10 . . . . .		(30,000)	
Net expenditure over revenue . . . . .	<u>(134,700)</u>	<u>(34,691)</u>	<u>(147,799)</u>
Surplus (Deficit) on current account . . . . .	47,627	101,216	17,976
Surplus (Deficit) on capital account . . . . .	<u>(182,327)</u>	<u>(105,907)</u>	<u>(165,775)</u>
Contingency Reserve - note 10 . . . . .		(30,000)	
	<u>(134,700)</u>	<u>(34,691)</u>	<u>(147,799)</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 2001 with comparative figures for 2000

	2001 (\$000)	2000 (\$000)
Funds provided from (applied to):		
Operations		
Net expenditure over revenue . . . . .	( 134,700)	( 147,799)
Add (deduct) non-cash items:		
Amortization of foreign exchange gains/losses . . . . .	( 23,420)	4,915
Pension costs . . . . .	155,736	162,748
Valuation allowances . . . . .	7,636	5,234
Sinking fund earnings . . . . .	( 59,188)	( 71,608)
Other . . . . .	( 16,327)	31,430
April writebacks . . . . .	( 3,685)	( 71,914)
	( 73,948)	( 86,994)
Financing		
Debt issued . . . . .	450,000	400,000
Debt retirement . . . . .	( 101,140)	( 70,753)
Special purpose funds/Contractors' holdback funds . . . . .	( 1,795)	384
Deferred revenue . . . . .	( 39,203)	( 41,244)
Treasury bills redeemed . . . . .	( 1,998,038)	( 2,134,076)
Treasury bills purchased . . . . .	1,998,190	2,133,832
Sinking fund contributions . . . . .	( 48,239)	( 47,025)
Retirement of pension liabilities . . . . .	( 116,000)	( 206,000)
Wind up of voluntary sinking funds . . . . .	13,402	-
	157,177	35,118
Investing		
Loan repayments . . . . .	7,784	9,845
Loan advances . . . . .	( 4,586)	( 19,799)
	3,198	( 9,954)
Net cash provided (applied) . . . . .	86,427	( 61,830)
Cash and temporary investments, beginning of year . . . . .	194,053	255,883
Cash and temporary investments, end of year . . . . .	280,480	194,053

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 2001

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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 \$308.0 million (including accrued interest of \$0.36 million (2000 - \$0.06 million)) consist of investments with financial institutions. Included is \$17.4 million for the Medical Equipment 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 02 April 2001 to 05 April 2001 at interest rates which vary from 5.00% to 5.02%.

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

Consists of:

	2001 (\$mil)	2000 (\$mil)
Claims receivable at 31 March not received in April .....	22.1	11.5
Receipts in April .....	12.7	9.5
Total .....	<u>34.8</u>	<u>21.0</u>

**4. Deferred Revenue**

Deferred revenue consists of \$17.4 million for medical equipment federal funding. The period and amounts of recognition will be determined based on spending patterns per the budget.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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**5. 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 2001. See Schedule F. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is \$23.4 million which represents a credit adjustment (31 March 2000 - \$4.9 million-debit adjustment). See note 19 - Accounting Policy Change.

	(\$mil)
Unrealized foreign exchange gain (loss):	
Debt . . . . .	( 436.7)
Sinking funds . . . . .	51.5
Net . . . . .	<u>( 385.2)</u>
Total accumulated amortization . . . . .	96.1
Net unamortized unrealized foreign exchange gain (loss) - 31 March 2001 . . . . .	<u>( 289.1)</u>
Net unamortized unrealized foreign exchange gain (loss) - 31 March 2000 . . . . .	<u>(167.2)</u>

**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 2001 (\$mil)	31 March 2000 (\$mil)
Investments at cost . . . . .	944.4	945.6
Add: Amortization of bond discount . . . . .	102.9	106.5
Investments at amortized costs . . . . .	<u>1,047.3</u>	<u>1,052.1</u>
Add: Cash and receivables less accounts payable . . . . .	161.1	84.2
Net Sinking Fund Assets - translated at 31 March . . . . .	<u>1,208.4</u>	<u>1,136.3</u>

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 net sinking fund assets balance of 1,208.3 million Canadian dollars as at 31 March 2001 includes 152.2 million U.S. dollars translated to 240.0 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 \$0.8 million (31 March 2000 - \$1.6 million) has been recorded as a provision for possible losses on guaranteed debt. See Schedule E.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**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 2001, the plans provided benefits to 15,814 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 7.6% 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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**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% for the first six years after the valuation date 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, 3% for the next five years and 3.5% thereafter. The expected rate for the Teachers' Pension Plan is 2.0% for the first year after the valuation date 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 2000
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 2001. 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 (\$mil)	Fund Assets (\$mil)	Unamortized Experience Gains (Losses) 2001 (\$mil)	Net Unfunded Liability 2001 (\$mil)	Net Unfunded Liability 2000 (\$mil)	Change (\$mil)
Public Service Pension Plan	2,591.2	1,495.7	361.4	1,456.9	1,457.5	(0.6)
Teachers' Pension Plan	2,513.8	741.7	( 128.6)	1,643.5	1,613.1	30.4
Uniformed Services Pension	207.4	-	( 5.0)	202.4	194.3	8.1
MHA Pension Plan	49.5	-	( 3.9)	45.6	43.8	1.8
<b>Total</b>	<b>\$5,361.9</b>	<b>\$2,237.4</b>	<b>\$223.9</b>	<b>\$3,348.4</b>	<b>\$3,308.7</b>	<b>\$39.7</b>

Pension Fund Assets are valued at market.

Pursuant to amendments to the applicable pensions legislation, the Province has agreed to make special payments of \$40 million annually into the Public Service Pension Plan as long as the plan remains unfunded and payments of \$76 million annually into the Teachers' Pension Plan until the remaining balance of an initial obligation of \$815 million plus interest has been paid.



## 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	( 5.9)	83.9	( 56.0)	( 22.6)	(0.6)
Teachers' Pension Plan	14.8	122.1	( 104.1)	( 2.4)	30.4
Uniformed Services Pension	1.5	15.7	( 9.5)	0.4	8.1
MHA Pension Plan	0.8	3.5	( 2.9)	0.4	1.8
<b>Total</b>	<b>\$11.2</b>	<b>\$225.2</b>	<b>(\$172.5)</b>	<b>(\$24.2)</b>	<b>\$39.7</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 20,449 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 2001 assets had a market value of \$114.7 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, \$29.3 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.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**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 2001 amounted to \$3.9 million (31 March 2000 - \$9.9 million). See Schedule J.

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

Guarantees made by the Province amounted to \$1.7 billion (31 March 2000 - \$1.6 billion). In addition, the Province guaranteed the interest thereon. See Schedule G - Contingent Liabilities.

**(b) Legal Actions**

(i) There has been a number of statements of claims alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government 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 action 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.

**(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 2001 amount to \$92.8 million of which \$4.6 million is for lease payments, \$70.7 million for capital projects and \$17.5 million for government's service agreement with xwave Solutions Limited.

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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**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 amortization of foreign exchange gains or losses, the allowance for guaranteed debt and provision for debt repayment.

**17. Additional Notes**

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

**18. Original Estimates**

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

**19. Accounting Policy Change**

The prior year has been restated as a result of a change in accounting policy for unamortized unrealized foreign exchange gains and losses. The method of amortization has been changed from amortization of foreign exchange gains and losses over the entire term of the related debt to amortization over the remaining term of the related debt.

This accounting change has been applied retroactively. As a result, the 31 March 2000 figures presented for comparative purposes have been restated from those previously reported. Expenditure over revenue was increased by \$46.9 million and net debt was decreased by \$45.8 million.

**20. Changes to Government Structure**

Under the Executive Council Act (Section 17 - Transfer of powers), government departments were reorganized.

A new department of Industry, Trade and Rural Development has been created combining various activities from the Department of Industry, Trade and Technology and the Department of Development and Rural Renewal.

A new department of Labrador and Aboriginal Affairs has been created, combining the Labrador and Aboriginal Affairs activities from Executive Council and the Inuit Agreement activity from the Department of Development and Rural Renewal.

A new department of Youth Services and Post-Secondary Education has been created, combining the Post-Secondary Education activities from the Department of Education and the Youth Services activities from various departments.

A new department of Labour has been created, transferring the Labour activities from the Department of Environment and Labour.

A new department of Environment has been created, transferring the Environment activities from the Department of Environment and Labour.

The Wildlife activities were transferred from the Department of Forest Resources and Agrifoods to the Department of Tourism, Culture and Recreation.

The original estimate figures initially presented to the House have been rearranged to reflect the departmental structure at 31 March 2001 and are reflected in the applicable statements presented in the Public Accounts for the year ended 31 March 2001.

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*Schedule A***PROVINCE OF NEWFOUNDLAND****Accounts and Taxes Receivable****As at 31 March 2001****with comparative figures for 2000**

	2001	2000
	(\$000)	(\$000)
Accounts Receivable:		
Due from Government of Canada re equalization . . . . .	39,691	-
Crown agencies working capital and unremitted profits . . . . .	35,130	29,153
Social assistance overpayments . . . . .	28,220	26,996
Court fines . . . . .	19,363	18,309
Rent and royalties/permits to occupy . . . . .	14,612	7,659
Due from other corporations . . . . .	10,000	5,570
Accident claims recoveries . . . . .	6,319	6,230
Student loans . . . . .	5,337	3,904
Miscellaneous/other receivables . . . . .	4,398	4,049
Atlantic Lottery Corporation Incorporated . . . . .	1,567	268
Workplace, Health, Safety and Compensation Commission . . . . .	1,224	1,050
Fees and licences . . . . .	1,200	1,261
Due from municipalities . . . . .	1,135	631
Reciprocal billings - hospital services . . . . .	1,050	840
Travel advances . . . . .	827	691
Province of Newfoundland Pooled Pension Fund . . . . .	720	727
Board and lodging . . . . .	654	654
Due from Government of Canada re CHST . . . . .	-	3,262
Newfoundland and Labrador Housing Corporation . . . . .	-	1,062
Total Accounts Receivable . . . . .	<u>171,447</u>	<u>112,316</u>
Taxes Receivable:		
Sales tax . . . . .	60,251	54,980
School tax . . . . .	36,858	35,080
Gasoline tax . . . . .	11,755	11,197
Health and post secondary education tax . . . . .	8,323	8,775
Tobacco tax . . . . .	5,857	5,720
Mining and mineral rights tax . . . . .	2,702	1,453
Forest management tax . . . . .	2,200	-
Insurance companies tax . . . . .	774	695
Financial corporation capital tax . . . . .	347	-
Mineral holding tax . . . . .	171	196
Utilities tax . . . . .	27	42
Total Taxes Receivable . . . . .	<u>129,265</u>	<u>118,138</u>
Total Accounts and Taxes Receivable . . . . .	<u><u>300,712</u></u>	<u><u>230,454</u></u>

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

The allowance for doubtful accounts for 31 March 2001 is \$97.5 million (31 March 2000 - \$85.6 million).

## PROVINCE OF NEWFOUNDLAND

### Loans, Advances and Mortgages Receivable

As at 31 March 2001

with comparative figures for 2000

	2001	2000
	(\$000)	(\$000)
Crown Agencies:		
C.A. Pippy Park Commission . . . . .	250	-
Enterprise Newfoundland and Labrador Corporation - note 1 . . . . .	121,719	126,631
Hotel Buildings Limited - note 3 . . . . .	26,043	26,043
Newfoundland and Labrador Film Development Corporation . . . . .	2,159	1,050
Newfoundland Industrial Development Corporation - note 2 . . . . .	30,746	31,046
Teachers' Educational Loan Fund . . . . .	-	5
Teachers' Housing Loan Fund . . . . .	-	2
<b>Total Crown Agencies . . . . .</b>	<b>180,917</b>	<b>184,777</b>
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
Heritage Woodworks Limited . . . . .	17	17
Hughes, Vincent . . . . .	50	50
Integrated Poultry Limited . . . . .	370	-
Island Seafoods Products Limited . . . . .	250	250
Kavanagh, Terrence . . . . .	59	59
Keats, Eric . . . . .	102	102
Melindy, John . . . . .	191	191
Newco IV Corporation . . . . .	6,005	6,867
Newfound Harvesting Limited . . . . .	3,084	3,084
Newfoundland Farm Products Corporation . . . . .	345	-
Newman, Raymond . . . . .	162	162
Northeast Coast Sealers Co-op Society Limited . . . . .	378	969
O'Rourke, Rupert . . . . .	337	337
Petten, Byron . . . . .	-	160
Pittman, Thomas . . . . .	93	93
Private Training Corporation . . . . .	350	150
Pumphrey, Gerry . . . . .	537	-
Ryder, Gerald and Street, Walter . . . . .	357	357
S.C.B. Fisheries Limited . . . . .	6,501	6,501
Saunders, Ralph . . . . .	61	61
Seaward, Alphonsus . . . . .	99	99
Short, William . . . . .	262	262
Stanford, Reginald . . . . .	236	236
Sweet, Roy . . . . .	49	49

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 LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)
 

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	2001	2000
	(\$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>32,062</u>	<u>32,293</u>
Other Organizations:		
Gros Mome Mortgages .....	57	56
Municipalities .....	1,079	1,959
Total Other Organizations .....	<u>1,136</u>	<u>2,015</u>
Total Loans, Advances and Mortgages Receivable .....	<u>214,115</u>	<u>219,085</u>
Current portion .....	25,399	25,569
Long-term portion .....	<u>188,716</u>	<u>193,516</u>
	<u>214,115</u>	<u>219,085</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 \$15.7 million (31 March 2000 - \$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 2001 is \$175.2 million (31 March 2000 - \$162.2 million).

## PROVINCE OF NEWFOUNDLAND

### Investments

As at 31 March 2001

with comparative figures for 2000

Description of Investment	Net Additions	Balance 31 March 2001		2000
		No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
<b>Preferred Shares:</b>				
Atlantic Ocean Farms Limited				
Class "A", redeemable - note 5 . . . . .	-	289,655	290	290
CHC Composites Inc. - notes 1, 5 . . . . .	-	95,000	9,500	9,500
Mineral Resources Corporation				
Class "B" - note 5 . . . . .	-	640,143	640	640
Total Preferred Shares Investments . . . . .	-		10,430	10,430
<b>Common Shares:</b>				
ACF Equity Atlantic Inc. . . . .	-	1,673,000	1,673	1,673
Atlantic Lottery Corporation Inc. . . . .	-	1	-	-
Bull Arm Site Corporation Inc. . . . .	-	3	-	-
Dominion Jubilee Corporation Ltd. . . . .	-	200,000	-	-
Enterprise Network Inc. - note 2 . . . . .	-	-	-	-
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 Film Development Corporation . . . . .	-	600	-	-
Newfoundland and Labrador Hydro Electric Corporation . . . . .	-	22,503,942	10,187	10,187
Newfoundland and Labrador Heritage Corporation . . . . .	-	1	-	-
Newfoundland and Labrador Education Investment Corporation . . . . .	-	3	-	-
Newfoundland and Labrador Student Investment & Opportunity Corp. . . . .	-	1	-	-
Newfoundland Government Fund Limited . . . . .	-	2	-	-
Newfoundland Hardwoods Limited . . . . .	-	253	26	26
Newfoundland Municipal Assessment Agency . . . . .	-	1	-	-
Newfoundland Ocean Enterprises Limited . . . . .	-	3	3	3
Special Celebrations Corporation of Newfoundland and Labrador . . . . .	-	500	-	-
Total Common Shares Investments . . . . .	-		11,892	11,892



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 INVESTMENTS (continued)
 

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Description of Investment	Net Additions	Balance 31 March 2001		2000
		No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
<b>Other:</b>				
Newfoundland and Labrador Housing Corporation - note 3 . . . . .	-	-	62,852	62,852
Newfoundland Farm Products Corporation - note 4 . . . . .	-	-	-	-
Total Other Investments . . . . .	-		62,852	62,852
Total Investments . . . . .	-		85,174	85,174

See accompanying notes.

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**NOTES TO SCHEDULE OF INVESTMENTS**  
**As at 31 March 2001**

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1. **CHC Composites Inc.**  
The Province has purchased 95,000 preference shares of CHC Composites Inc., costing \$9.5 million, to be redeemed at a nominal value 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. The company has changed its name from Newfoundland Bonding & Composites Limited.
2. **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. The Corporation was formally dissolved 1 February 2001.
3. **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.
4. **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.
5. **Allowance for Investment Write-downs**  
The allowance for investment write-downs for 31 March 2001 is \$10.4 million (31 March 2000 - \$10.4 million).

*Schedule D***PROVINCE OF NEWFOUNDLAND****Tangible Capital Assets****As at 31 March 2001**

Category	Estimated Useful Life (years)	Estimated Original Cost			Accumulated Amortization			Net Book Value 31 March 2001 (\$mil)
		Balance 31 March 2000 (\$mil)	Additions Net of Disposals (\$mil)	Balance 31 March 2001 (\$mil)	Balance 31 March 2000 (\$mil)	Amort. Net of Disposals 2001 (\$mil)	Balance 31 March 2001 (\$mil)	
Buildings	40	457.0	8.0	465.0	243.5	10.1	253.6	211.4
Marine vessels & aircraft	15-50	83.9	4.1	88.0	26.6	1.8	28.4	59.6
Equipment & machinery	6-20	37.5	1.9	39.4	21.5	2.5	24.0	15.4
Infrastructure	1-40	2,372.1	9.4	2,381.5	2,345.6	13.7	2,359.3	22.2
Computer software	7-10	32.3	11.2	43.5	26.6	6.0	32.6	10.9
<b>Total</b>		<b>2,982.8</b>	<b>34.6</b>	<b>3,017.4</b>	<b>2,663.8</b>	<b>34.1</b>	<b>2,697.9</b>	<b>319.5</b>

Additions Net of Disposals consist of additions of \$46.2 million and disposals of \$11.6 million.

See accompanying notes.

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**NOTES TO SCHEDULE OF TANGIBLE CAPITAL ASSETS**
**As at 31 March 2001**


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**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 \$51.2 million has been spent on these projects, with further expected spending of \$30.3 million.

*Schedule E***PROVINCE OF NEWFOUNDLAND****Current and Long Term Liabilities****As at 31 March 2001****with comparative figures for 2000**

	2001		2000	
	Current (\$000)	Long Term (\$000)	Current (\$000)	Long Term (\$000)
Accrued interest . . . . .	214,014	-	203,503	-
Salaries and benefits . . . . .	81,305	55,630	64,817	51,198
Accounts payable write-backs . . . . .	74,326	-	74,859	-
Bank overdraft - Consolidated Revenue Fund . . . . .	27,120	-	31,097	-
Due to municipalities . . . . .	26,999	228,187	25,770	188,348
Physician's services . . . . .	20,214	-	21,275	-
Accounts payable - other . . . . .	12,805	6,827	15,580	7,019
Reciprocal billing - hospital services payable . . . . .	5,711	-	4,594	-
Provision for debt repayment . . . . .	4,513	30,817	7,129	48,269
Due to Crown Agencies . . . . .	3,781	-	-	-
Long-term leases . . . . .	3,636	17,897	3,606	21,532
Contractors' holdbacks . . . . .	3,159	-	4,790	-
Taxes payable . . . . .	2,130	-	2,299	-
Special purpose funds - note 1 . . . . .	1,737	-	1,901	-
Due to Government of Canada . . . . .	1,041	-	4,268	-
Provision for guaranteed debt . . . . .	762	-	1,571	-
Health Care Centres - lease/purchase . . . . .	-	29,687	-	29,334
	<u>483,253</u>	<u>369,045</u>	<u>467,059</u>	<u>345,700</u>

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

Included in this schedule are funds totalling \$1.7 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 2000 figures have been restated to be consistent with the 2001 presentation.

## PROVINCE OF NEWFOUNDLAND

### Debenture and Other Debt As at 31 March 2001 with comparative figures for 2000

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding		Notes	
						2001	2000		
					(000)	(\$000)	(\$000)	(\$000)	
General Debentures:									
S3	05 Nov. 1985	05 Nov. 2000	5.375	(150,000 S.F.)	-	-	130,710		4
5W	15 Apr. 1991	15 Apr. 2001	10.5		-	2,108	2,108		3,5
EC3	25 Jul. 1986	25 Jul. 2001	7.5		38,702	66,407	66,407		6
S8	27 Aug. 1997	27 Aug. 2002	3.25	(150,000 S.F.)	-	136,380	130,710		4
5K	19 Oct. 1982	19 Oct. 2002	14.75		-	-	50,000		7
5L	06 Apr. 1983	06 Apr. 2003	12.875		111,702	125,000	125,000		7
S7	23 Jul. 1991	23 Jul. 2003	7	(150,000 S.F.)	30,361	136,380	130,710		4
EC6	12 May 1993	12 May 2003	8.75		29,526	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		74,364	100,000	100,000		7
5Q	04 Mar. 1986	04 Mar. 2006	11		62,611	100,000	100,000		9
EC4	08 Apr. 1987	08 Apr. 2007	9		8,069	15,447	15,447		6,10
5S	01 Oct. 1987	01 Oct. 2007	10.79		21,084	42,300	42,300		3
AF	15 Oct. 1987	15 Oct. 2007	11.625	(100,000 U.S.)	77,789	157,630	144,940		3
6E	12 Dec. 1987	12 Dec. 2007	5.9		-	150,000	150,000		3
5T	23 Feb. 1988	23 Feb. 2008	11.25		47,874	100,000	100,000		3
5R	25 Feb. 1987	25 Feb. 2010	9.375		54,881	100,000	100,000		3
5U	15 Feb. 1989	15 Feb. 2012	11		52,068	125,000	125,000		3
5V	22 Nov. 1989	22 Nov. 2014	10.125		41,413	150,000	150,000		3
AG	01 Jun. 1989	01 Jun. 2019	9	(150,000 U.S.)	66,450	236,445	217,410		11
AH	01 Jun. 1990	01 Jun. 2020	9.875	(150,000 U.S.)	18,817	236,445	217,410		3
AJ	29 Nov. 1990	01 Dec. 2020	10	(150,000 U.S.)	17,910	236,445	217,410		3
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	147,892		3
AK	17 Oct. 1991	15 Oct. 2021	9	(200,000 U.S.)	20,318	315,260	289,880		3
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000 U.S.)	17,081	315,260	289,880		3
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000 U.S.)	21,547	315,260	289,880		3
6B	07 Jul. 1995	07 Jul. 2025	9.15		4,712	100,000	100,000		3
6C	05 Feb. 1996	05 Feb. 2026	8.45		6,727	150,000	150,000		3
NPPF-1	01 Jul. 1998	01 Jul. 2005	8		-	4,442	5,143		16
6G	07 Oct. 1998	07 Oct. 2008	5.70		-	250,000	250,000		3
6F	17 Apr. 1998	17 Apr. 2028	6.15		10,078	450,000	450,000		3
6J	03 Nov. 1999	03 Nov. 2009	6.70		-	200,000	200,000		3
6H	27 Jul. 1999	17 Oct. 2029	6.5		2,331	200,000	200,000		3
6K	30 Jun. 2000	17 Oct. 2030	6.55		-	450,000	-		3
Total: General Debentures					836,415	5,362,996	4,937,132		
Other:									
J10	21 Oct. 1994	21 Oct. 2001	4.95	(2,300,000 Y)	-	28,889	32,333		4
J11	21 Oct. 1994	21 Oct. 2001	Floating	(23,500 U.S.)	-	37,043	34,061		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					-	385,121	384,968		18
Total: Other					-	632,153	632,462		

## DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding		
					2001	2000	
					(\$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	1,466	-	-	
3A-175	01 Apr. 1980	01 Apr. 2000	11.61				
to	to	to	to				
3A-185	02 Mar. 1981	02 Mar. 2001	13.46	46,034	-	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	57,183	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	51,388	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	40,877	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	32,314	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	29,997	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	31,168	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	20,192	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	16,761	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	15,648	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	12,364	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	10,454	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	6,144	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	
					2001	2000
				(\$000)	(\$000)	(\$000)
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	-	1,827	1,827
3A-293	02 Apr. 1999	02 Apr. 2019	5.89			
to	to	to				
3A-303	03 Mar. 2000	03 Mar. 2020	7.02	-	35,282	35,282
3A-304	01 Apr. 2000	01 Apr. 2020	6.41			
to	to	to				
3A-314	02 Mar. 2001	02 Mar. 2021	6.90	-	42,645	-
Total: Canada Pension Plan Investment Fund Debentures -				<u>371,990</u>	<u>633,656</u>	<u>633,656</u>
Harbour Lodge - see note 15 . . . . .				-	611	622
Total: Government of Canada and Agencies				<u>371,990</u>	<u>634,267</u>	<u>634,278</u>
Total: Debenture and Other Debt . . . . .				<u>1,208,405</u>	<u>6,629,416</u>	<u>6,203,872</u>
Current portion of Debenture and Other Debt . . . . .					813,757	609,034
Long-term portion of Debenture and Other Debt . . . . .					<u>5,815,659</u>	<u>5,594,838</u>
					<u>6,629,416</u>	<u>6,203,872</u>

See accompanying notes.



**NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT**  
**As at 31 March 2001**

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	2002 .....	52,300
	2003 .....	48,300
	2004 .....	46,100
	2005 .....	45,900
	2006 .....	45,400

(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	2002 .....	168,800
	2003 .....	137,200
	2004 .....	900
	2005 .....	99,800
	2006 .....	1,000

The above sinking fund contributions and debt repayments that relate to foreign issues are translated at the 31 March 2001 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 called the 5K bond issue on 19 October 2000. The Province intends to call the 5L bond issue on 6 April 2001.

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. The Province intends to call the issue for redemption on 8 April 2001.

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%.

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NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT (continued)

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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. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund.
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 2001 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.
18. This figure represents the net proceeds from the sale of \$390 million discounted treasury bills with maturity dates ranging from 5 April 2001 to 28 June 2001 and interest rates ranging from 4.500% to 5.580%.

## TRANSLATION RATES

Currency	2001	2000
Japanese Yen . . . . .	0.01256024	0.0140578
United States Dollars . . . . .	1.5763	1.4494
Swiss Francs . . . . .	0.9092	0.8714

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

## SUMMARY OF ISSUES GENERAL DEBENTURES

Currency	Amount	Amount in Canadian Dollars	
		2001	2000
	(000)	(\$000)	(\$000)
United States Dollars . . . . .	1,150,000	1,812,745	1,666,810
Swiss Francs . . . . .	300,000	272,760	392,130
Canadian Dollars . . . . .		3,277,491	2,878,192
Total		<u>5,362,996</u>	<u>4,937,132</u>

## PROVINCE OF NEWFOUNDLAND

### Contingent Liabilities As at 31 March 2001 with comparative figures for 2000

	Limit of Guarantee (\$000)	Present Liability	
		2001 (\$000)	2000 (\$000)
Guaranteed Debentures:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Baie Verte . . . . .	28	28	36
Bishop's Falls . . . . .	59	59	69
Botwood . . . . .	7	7	8
Buchans . . . . .	16	16	19
Burin . . . . .	38	38	44
Channel - Port aux Basques . . . . .	29	29	34
Deer Lake . . . . .	17	17	19
Gambo . . . . .	81	81	85
Gander . . . . .	116	116	132
Glenwood . . . . .	80	80	84
Grand Bank . . . . .	16	16	18
Grand Falls - Windsor . . . . .	127	127	142
Happy Valley - Goose Bay . . . . .	183	183	244
Harbour Breton . . . . .	172	172	183
Harbour Grace . . . . .	73	73	73
La Scie . . . . .	31	31	27
Mount Pearl . . . . .	63	63	72
New-Wes-Valley . . . . .	46	46	53
Placentia . . . . .	160	160	175
Springdale . . . . .	26	26	29
Stephenville Crossing . . . . .	17	17	19
Wabana . . . . .	35	35	35
	1,420	1,420	1,600
Crown Corporations:			
Health Care Corporation of St. John's . . . . .	132,605	132,605	100,415
Newfoundland and Labrador Hydro Electric Corporation - note 2 . . . . .	1,161,453	1,161,453	1,125,242
Newfoundland Liquor Corporation . . . . .	314	314	419
Newfoundland Municipal Financing Corporation - note 2 . . . . .	333,179	333,179	361,559
	1,627,551	1,627,551	1,587,635
Guaranteed Bank Loans:			
Crown Corporations:			
Marble Mountain Development Corporation . . . . .	1,100	1,042	408
Newfoundland and Labrador Education Investment Corporation . . . . .	40,000	7,215	-

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2001 (\$000)	2000 (\$000)
Guaranteed Bank Loans:			
Crown Corporations:			
Newfoundland and Labrador Heritage Corporation . . . . .	40,000	3,884	-
Newfoundland Farm Products Limited . . . . .	-	-	670
Newfoundland Ocean Enterprises Limited . . . . .	1,250	600	-
	<u>82,350</u>	<u>12,741</u>	<u>1,078</u>
Municipalities: - note 3			
Beachside . . . . .	145	13	-
Birchy Bay . . . . .	-	-	12
Bird Cove . . . . .	301	62	58
Buchans . . . . .	58	-	-
Englee . . . . .	27	27	-
Fogo Island Regional Council . . . . .	-	-	118
Gamish . . . . .	74	59	50
Grand Falls - Windsor . . . . .	161	117	109
Grand Le Pierre . . . . .	-	-	62
Greenspond . . . . .	177	98	-
Main Brook . . . . .	174	147	133
Millertown . . . . .	112	53	-
Musgrave Harbour . . . . .	77	19	-
Northern Arm . . . . .	-	-	3
Pilley's Island . . . . .	34	14	12
Port Saunders . . . . .	196	152	-
Raleigh . . . . .	18	3	-
River of Ponds . . . . .	83	80	41
Robert's Arm . . . . .	130	90	-
Rose Blanche - Harbour Le Cou . . . . .	83	75	70
St. Bernard's-Jacques Fontaine . . . . .	17	17	-
St. Lunaire-Griquet . . . . .	-	-	98
Sunnyside . . . . .	99	77	-
Winterland . . . . .	98	13	33
Witless Bay . . . . .	87	-	-
	<u>2,151</u>	<u>1,116</u>	<u>799</u>
Fisheries: - note 4			
Ackerman, Scott . . . . .	317	317	353
Alcon Enterprises . . . . .	800	708	-
Allingham, Ralph and Wayne . . . . .	80	80	89
Anderson, Kirk - et al . . . . .	-	-	40
Andrews, Winston and Bert . . . . .	271	271	305
Barrett, Derek . . . . .	187	187	160
Barrett, Donald . . . . .	239	239	216
Barrett, Victor and Dwayne . . . . .	276	276	298

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2001 (\$000)	2000 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Batten, Purdie . . . . .	471	471	252
Biles, Bernard and Shawn . . . . .	-	-	55
Bird, Cecil . . . . .	144	144	-
Burton, Glen - et al . . . . .	285	285	321
Burton, Oswald and Ivan . . . . .	-	-	122
Butler, Harold . . . . .	375	-	29
Chambers, Wilfred - et al . . . . .	44	44	60
Coleman, John W. . . . .	-	-	41
Coles, Kirby - et al . . . . .	298	298	81
Collins Fisheries Limited . . . . .	683	683	-
Cumby, Gerald - et al . . . . .	-	-	6
Daley, Andrew . . . . .	362	362	408
Daley, Gary . . . . .	405	405	450
Day, Alex . . . . .	145	145	169
Decker, Barry . . . . .	36	36	47
Decker, William . . . . .	88	88	111
DJJ Enterprises Inc. . . . .	228	228	-
Donovon, James and Michael . . . . .	-	-	130
Drake, Keith and Gertrude . . . . .	85	85	96
Dredge, Stanley - et al . . . . .	-	-	25
Drover, Walter and Drover's Sea Harvesting Limited . . . . .	1,019	820	-
Efford, Harold . . . . .	119	119	158
Emberley, Randy . . . . .	223	223	-
Feltham, Alexander . . . . .	306	306	328
Fennelly, Thomas . . . . .	341	341	382
Foley, Dennis J. . . . .	84	84	134
Forsey, Maxwell . . . . .	438	438	-
Gallant, Guy . . . . .	527	527	575
Genge, Cecil . . . . .	86	86	99
Genge, Claude - et al . . . . .	40	40	39
Genge, Emanuel Jr. . . . .	375	375	-
Genge, Montrose . . . . .	601	601	676
Genge, Rufus . . . . .	77	77	116
Gibbons, David and Reginald . . . . .	36	36	44
Gill, Bruce . . . . .	-	-	113
Gordon, Redmond and Maxine . . . . .	31	31	51
Gorman, Michael . . . . .	107	107	126
Gosse, George Roy . . . . .	78	78	89
Gould, Angus - et al . . . . .	137	137	180
Grandy, Gordon . . . . .	79	79	71
Greenham, David J. and Billy F. T/A B & D Fishing . . . . .	583	583	627
Hart, Edward T. . . . .	1,098	1,024	1,070
Hart, Lloyd . . . . .	657	657	722

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2001 (\$000)	2000 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Harvester Enterprises Limited . . . . .	184	184	204
Hickey, John . . . . .	-	-	140
Hickey, John Sr. - et al . . . . .	910	910	975
Hiscock, Albert . . . . .	618	618	667
House, Lionel . . . . .	187	187	187
Hussey, Craig . . . . .	956	956	973
Hutchings, Frank . . . . .	441	441	485
J.T. Fisheries Ltd. . . . .	136	136	-
Jacobs, George - et al . . . . .	432	432	483
Jones, Jeffrey - et al . . . . .	80	80	90
Kearney, Francis and Jerome . . . . .	46	46	57
Lambert, Samuel . . . . .	69	69	-
Larkham's Fisheries Limited . . . . .	239	239	-
Lavers, Dion . . . . .	106	106	-
Lewis, John B. . . . .	162	162	182
Leyte, Roy and Melvin . . . . .	328	328	369
Locke, Alton R. . . . .	-	-	19
Loveless, Bruce . . . . .	34	34	45
Meade, Edward J. . . . .	31	31	39
Miller, Gerald and Freeman . . . . .	154	154	-
Morey, Byron . . . . .	326	326	362
Morey, Lorne . . . . .	282	282	313
Morgan William G. . . . .	1,097	1,097	1,160
Morgan, Wayne A. . . . .	148	148	173
Morgan, Wayne S. . . . .	-	-	506
Mouland, Harvey and Wallace . . . . .	225	225	267
Myers, Howard and Baines, Andy . . . . .	294	294	-
Newhook, Albert . . . . .	159	159	179
Noonan, Maurice and Raymond . . . . .	554	554	587
Normore, Kevin, Leroy and Urias . . . . .	200	200	225
Oldford, Lloyd, Gus and Murphy, Daniel . . . . .	20	20	50
Parsons, William A. . . . .	171	171	18
Patey, Randy . . . . .	360	360	405
Peddle, Larry . . . . .	65	65	130
Penney, Boyd - et al . . . . .	284	284	-
Penney, Glenn . . . . .	125	125	201
Penney, Harold - et al . . . . .	68	68	102
Penton, Aiden . . . . .	266	266	332
Petten, Chesley . . . . .	469	469	516
Petten, Dwight . . . . .	173	173	230
Petten, Lester . . . . .	379	379	421
Petten, Neal . . . . .	484	484	521
Petten, Raymond . . . . .	1,015	446	-

## CONTINGENT LIABILITIES (continued)

	Limit of Guarantee (\$000)	Present Liability	
		2001 (\$000)	2000 (\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Pike, Alex . . . . .	369	312	250
Plowman, Clayton . . . . .	107	107	119
Plowman, Joseph . . . . .	-	-	27
Porter, David and Calvin . . . . .	150	126	-
Porter, Edmund and Marion . . . . .	402	402	-
Porter, James F. and James P. . . . .	58	58	65
Pumphrey, Gerry . . . . .	-	-	517
R & B Fisheries Ltd. . . . .	195	195	-
Ralph, Shawn - et al . . . . .	217	217	248
Randell, Gary - et al . . . . .	96	96	-
Reid, Austin, Kevin and Boyce . . . . .	415	415	-
Reid, Glen W. . . . .	80	80	90
Roberts, Charles and Winslow, Glen . . . . .	298	298	334
Rowe, Morley . . . . .	380	380	422
Russell, Ivan . . . . .	614	614	672
Russell, Wayne . . . . .	312	312	355
Russell, William and Mercer, Glen . . . . .	139	139	165
SGR Fisheries Limited . . . . .	971	971	1,078
Simmonds, Rex . . . . .	-	-	898
Smith, Ivan and Baxter . . . . .	95	95	-
Spurrell, Hayward . . . . .	295	295	345
Sturge, Arthur - et al . . . . .	652	652	737
Symmonds, Michael - et al . . . . .	181	181	-
Tobin, Alonzo - et al . . . . .	81	81	102
Tucker, Noah . . . . .	132	132	151
Vernon Petten Enterprises Ltd. . . . .	749	749	808
Walsh, Jarvis . . . . .	4	4	8
Ward, Cecil . . . . .	321	321	118
Ward, Ford . . . . .	92	92	115
Warren, Maxwell . . . . .	78	78	88
Whalen, Maxwell . . . . .	-	-	106
White, Glenn . . . . .	-	-	274
	<u>32,621</u>	<u>31,231</u>	<u>29,169</u>
Province's Liability	<u>26,522</u>	<u>25,133</u>	<u>23,040</u>
Corporate:			
A.L. Stuckless and Sons Limited . . . . .	794	794	894
Canadian Imperial Venture Corporation . . . . .	-	-	500
Fogo Island Co-Operative Society Limited . . . . .	2,000	-	-
Integrated Poultry Limited . . . . .	-	-	583
Island By-Products Limited . . . . .	258	258	300
Newfoundland Symphony Orchestra Association . . . . .	12	12	-

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CONTINGENT LIABILITIES (continued)

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	Limit of Guarantee (\$000)	Present Liability	
		2001 (\$000)	2000 (\$000)
Guaranteed Bank Loans:			
Corporate:			
P. Janes and Sons Limited . . . . .	-	-	800
Smith Seafoods Limited . . . . .	100	85	85
Tornгат Fish Producers Co-Op Society Limited . . . . .	2,100	-	-
	<u>5,264</u>	<u>1,149</u>	<u>3,162</u>
Other Guarantees:			
Newfoundland Ocean Enterprises Limited . . . . .	42,788	7,000	7,000
	<u>1,788,046</u>	<u>1,676,110</u>	<u>1,624,314</u>

See accompanying notes.



**NOTES TO SCHEDULE OF CONTINGENT LIABILITIES****As at 31 March 2001****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 2001, capitalized interest and past due interest amounted to \$0.1 million and \$0.1 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 . . . . .	397,560	11,279	75,660	<u>333,179</u>
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds . . . . .	1,025,000	17,131	72,864	969,267
- Government of Canada . . . . .	31,082	16		31,098
- Promissory Notes . . . . .	159,819	1,269		161,088
				<u>1,161,453</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 2001, the Province's liability is limited to \$25.1 million.

**5. Payments under Guarantee**

During the 2000-2001 fiscal year, the Province paid the following amounts under its guarantees:

	(\$000)
Integrated Poultry Limited . . . . .	620
Newfoundland Farm Products Limited . . . . .	358
Gerry Pumphrey . . . . .	537
	<u>1,515</u>

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**NOTES TO SCHEDULE OF CONTINGENT LIABILITIES (continued)**

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**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 2001, 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 \$6.1 million.

**12. Valuation Allowance**

The provision for guaranteed debt for 31 March 2001 is \$0.8 million (31 March 2000 - \$1.6 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.

**PROVINCE OF NEWFOUNDLAND**  
**Losses, Uncollectible Accounts and Other Amounts Written Off**  
**For the year ended 31 March 2001**  
**with comparative figures for 2000**

Department	2001 (\$000)	2000 (\$000)
Finance:		
Remissions . . . . .	617	794
Tax forgiveness . . . . .	11	2,836
Loan forgiveness . . . . .	1,690	12,565
Accrued guarantee fees . . . . .	123	-
	<u>2,441</u>	<u>16,195</u>
Government Services and Lands:		
Uncollectible accounts . . . . .	33	7
Works, Services and Transportation:		
Uncollectible accounts . . . . .	12	-
Environment:		
Uncollectible accounts . . . . .	-	33
Fisheries and Aquaculture:		
Uncollectible accounts . . . . .	9	14
Forest Resources and Agrifoods:		
Uncollectible accounts . . . . .	1	1
Veterinary services . . . . .	3	-
	<u>4</u>	<u>1</u>
Mines and Energy:		
Uncollectible accounts . . . . .	3	5
Tourism, Culture and Recreation:		
Uncollectible accounts . . . . .	4	1
Human Resources and Employment:		
Uncollectible accounts . . . . .	-	9
Overpayment of social assistance . . . . .	355	170
	<u>355</u>	<u>179</u>
Justice:		
Uncollectible accounts . . . . .	75	172
Total	<u>2,936</u>	<u>16,607</u>

## PROVINCE OF NEWFOUNDLAND

### Trust Accounts As at 31 March 2001 with comparative figures for 2000

	2001 (\$000)	2000 (\$000)
Assets		
Registrar of the Supreme Court . . . . .	23,192	20,550
Newfoundland Government Fund . . . . .	19,000	18,250
Commercial and Corporate Affairs Trust . . . . .	5,096	4,890
Teachers' Accrued Salary Trust Account . . . . .	4,514	4,706
Federal/Provincial Contractors' Security Account . . . . .	1,257	1,315
Provincial Courts Trust Account . . . . .	1,199	694
Consolidated Tender Account . . . . .	1,081	938
Homes for Special Care . . . . .	645	777
High Sheriff of Newfoundland . . . . .	121	50
Licencing and Enforcement . . . . .	87	48
H.M. Penitentiary . . . . .	67	59
Contractors' Security Account - Works, Services and Transportation . . . . .	45	39
Securities Payable . . . . .	30	74
Rooms Trust Account . . . . .	25	-
Newfoundland and Labrador Youth Centre . . . . .	18	19
School for the Deaf . . . . .	12	12
Labrador Correctional Centre . . . . .	12	9
West Coast Correctional Centre . . . . .	7	8
Newfoundland and Labrador Correctional Centre for Women . . . . .	6	4
Unpaid Wages Trust Account . . . . .	3	9
Bishop's Falls Correctional Centre . . . . .	2	2
Residential Tenancies Trust . . . . .	1	1
Total Trust Account Assets	56,420	52,454
Balance of Funds		
Balance of Funds . . . . .	56,420	52,454
Total Balance of Funds	56,420	52,454

## PROVINCE OF NEWFOUNDLAND

### Reconciliation of Modified Cash to Modified Accrual For the year ended 31 March 2001 with comparative figures for 2000

	2001		2000	
	Current (\$000)	Capital (\$000)	Current (\$000)	Capital (\$000)
Surplus (Deficit) - modified cash . . . . .	120,044	(146,105)	145,235	(168,157)
Less: Amounts capitalized . . . . .	-	(3,925)	-	9,954
	<u>120,044</u>	<u>(150,030)</u>	<u>145,235</u>	<u>(158,203)</u>
Surplus (Deficit) - modified accrual . . . . .	47,627	(182,327)	17,976	(165,775)
Change in surplus/deficit . . . . .	<u>72,417</u>	<u>32,297</u>	<u>127,259</u>	<u>7,572</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 . . . . .	( 4,386)	-	1,900	-
Gasoline tax . . . . .	( 566)	-	533	-
Other taxes . . . . .	( 6,786)	-	1,871	-
Non-tax revenue . . . . .	(20,221)	-	2,909	-
Equalization . . . . .	(43,959)	-	11,775	-
Related revenue . . . . .	(75,198)	( 478)	( 88,868)	-
Canada Health and Social Transfer . . . . .	4,303	-	( 1,175)	-
Total revenue . . . . .	<u>( 146,813)</u>	<u>( 478)</u>	<u>( 71,055)</u>	<u>-</u>
Expenditure				
Salaries . . . . .	6,841	-	10,134	-
Employee benefits . . . . .	( 56,390)	-	( 59,671)	-
Pension costs . . . . .	( 13,070)	-	( 4,742)	-
Purchased services . . . . .	( 2,116)	( 32)	6,511	811
Allowances and assistance . . . . .	( 108)	-	16	-
Grants and subsidies . . . . .	17,736	( 381)	( 911)	( 57)
Debt expenses . . . . .	253,942	17,879	240,552	( 16,546)
Bad debt expenses . . . . .	12,395	15,309	6,425	23,364
Total expenditure . . . . .	<u>219,230</u>	<u>32,775</u>	<u>198,314</u>	<u>7,572</u>
Change in surplus/deficit . . . . .	<u>72,417</u>	<u>32,297</u>	<u>127,259</u>	<u>7,572</u>
Net change in surplus/deficit . . . . .	<u>104,714</u>		<u>134,831</u>	