



**Province of Newfoundland**

**Public Accounts**

**Volume II**

**Consolidated Revenue Fund  
Financial Statements**

**For The Year Ended  
31 March 1999**

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

Department of Finance  
Office of the Minister

December, 1999

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 1999.

Respectfully submitted,  
Your Honour's obedient servant,

PAUL DICKS, Q.C.  
Minister of Finance

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

Treasury Board  
Office of the Minister

December, 1999

The Honourable Paul Dicks, Q.C.  
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 1999 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 statements of the Consolidated Revenue Fund of the Province of Newfoundland are presented annually through the publication of the Public Accounts, Volume II. These accounts are examined by the Auditor General, who presents an annual report to the House of Assembly on the results of her examination.

The Public Accounts, Volume I, provides the summary consolidated financial statements. The Public Accounts, Volume III provides supplementary statements and schedules of the Consolidated Revenue Fund for information purposes. The available financial statements of the Crown Corporations, Boards and Authorities are reproduced in the Public Accounts, Volume IV (A – L) and Volume IV (M – Z).

There are two generally accepted bases or methods of accounting adopted by governments and their agencies. One is the "cash" basis under which revenues are taken into the accounts in the period in which they are received and expenditures are accounted for when the actual disbursements are made. The other basis is the "accrual" method under which revenues are accounted for when earned or due and not necessarily when they are collected, and expenditures are accounted for when the liabilities are incurred, whether payment is made in that accounting period or not. Often the basis adopted is modified by specific accounting policies. Most businesses prepare their accounts on the accrual basis.

The primary purpose of the accounting system of government is to serve the requirements of the Legislature and to ensure that there is an effective control over the public monies under the stewardship of the Government of Newfoundland and Labrador. *The Financial Administration Act* requires that all revenues over which the Legislature has power of appropriation shall form one Consolidated Revenue Fund and that no issue shall be made out of the Fund except under the authority of the Legislature. The Consolidated Revenue Fund is therefore a cash account, and the accounts of the Province are maintained basically on the cash system. However, to properly identify the financial position of the Province and the results of its activities for the fiscal year, the statements and schedules presented in this volume are compiled on the accrual basis of accounting modified in accordance with stated accounting policies.

The summary financial statements in Volume II of the Public Accounts have been prepared on the modified accrual basis of accounting, in accordance with the significant accounting policies of the Province. As the Estimates and the historical information traditionally utilized in the past were prepared on the cash basis of accounting with some modifications, expenditure and revenue information on that basis is shown in Volume III.

The reporting entity and the significant accounting policies followed by the Province are further explained in the notes to the financial statements.

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

TREASURY BOARD SECRETARIAT

OFFICE OF THE COMPTROLLER GENERAL

CONFEDERATION BUILDING  
ST. JOHN'S

30 September 1999

## 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 1999 and the results of operations for the year then ended.

RONALD A. WILLIAMS, C.A.  
Acting 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 1999 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 1999 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 1999. 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 1999.

ELIZABETH MARSHALL, C.A  
Auditor General

St. John's, Newfoundland  
30 September 1999

## PROVINCE OF NEWFOUNDLAND

### Statement of Financial Position As at 31 March 1999 with comparative figures for 1998

|   | 1999      | 1998      |
|---|-----------|-----------|
|   | (\$000)   | (\$000)   |
| <b>ASSETS</b>   |           |           |
| <b>Current Assets:</b>  |           |           |
| Temporary investments at cost - note 4 . . . . .                  | 303,916   | 198,158   |
| Government of Canada - claims in process - note 8 . . . . .       | 26,805    | 27,947    |
| Sch. A   Accounts and taxes receivable . . . . .                  | 244,759   | 234,257   |
| Less: Allowance for doubtful accounts . . . . .                   | 81,704    | 76,271    |
|   | 163,055   | 157,986   |
| Sch. B   Loans, advances and mortgages receivable . . . . .       | 24,739    | 18,648    |
| Less: Allowance for doubtful accounts . . . . .                   | 23,152    | 16,930    |
|   | 1,587     | 1,718     |
| Inventories . . . . .   | -         | -         |
| Prepaid and deferred charges . . . . .                            | 3,390     | 896       |
| Total Current Assets . . . . .                                    | 498,753   | 386,705   |
| <b>Long-Term Assets:</b>  |           |           |
| Sch. B   Loans, advances and mortgages receivable . . . . .       | 201,968   | 208,707   |
| Less: Allowance for doubtful accounts . . . . .                   | 137,488   | 118,631   |
|   | 64,480    | 90,076    |
| Sch. C   Investments at cost . . . . .                            | 83,457    | 81,757    |
| Less: Allowances for investment writedowns . . . . .              | 5,430     | 930       |
|   | 78,027    | 80,827    |
| Sch. D   Tangible capital assets . . . . .                        | -         | -         |
| Unamortized unrealized foreign exchange losses - note 7 . . . . . | 249,966   | 177,687   |
| Deferred long-term charges - note 3 (Schedule E) . . . . .        | 236,660   | 213,921   |
| Total Long-Term Assets . . . . .                                  | 629,133   | 562,511   |
| Total Assets . . . . .  | 1,127,886 | 949,216   |
| <b>NET DEBT</b>   |           |           |
| Net Debt . . . . .  | 8,221,805 | 7,889,582 |
| Total Assets and Net Debt . . . . .                               | 9,349,691 | 8,838,798 |

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 1999

with comparative figures for 1998

|   | 1999             | 1998             |
|---|------------------|------------------|
|   | (\$000)          | (\$000)          |
| <b>LIABILITIES</b>                                |                  |                  |
| <b>Current Liabilities:</b>                       |                  |                  |
| Deferred revenue - note 13 . . . . .              | 97,886           | 130,000          |
| Sch. E Other current liabilities . . . . .        | 931,664          | 852,491          |
| Sch. F Debenture and other debt . . . . .         | 100,543          | 345,670          |
| Less: Sinking fund assets - note 2 . . . . .      | 40,070           | 36,622           |
|   | <u>60,473</u>    | <u>309,048</u>   |
| Total Current Liabilities . . . . .               | <u>1,090,023</u> | <u>1,291,539</u> |
| <b>Long-Term Liabilities:</b>                     |                  |                  |
| Deferred revenue - note 13 . . . . .              | -                | 93,920           |
| Sch. E Other long-term liabilities . . . . .      | 352,394          | 353,112          |
| Sch. F Debenture and other debt                   |                  |                  |
| General . . . . .                                 | 4,670,848        | 3,835,431        |
| Government of Canada and Agencies . . . . .       | 598,996          | 637,249          |
| Other . . . . .                                   | 245,824          | 199,969          |
|   | <u>5,515,668</u> | <u>4,672,649</u> |
| Less: Sinking fund assets - note 2 . . . . .      | 980,592          | 896,557          |
|   | <u>4,887,470</u> | <u>4,129,204</u> |
| Allowance for guaranteed debt - note 14 . . . . . | 14,394           | 87,049           |
| Unfunded pension liability - note 3 . . . . .     | 2,888,488        | 3,134,249        |
| Unamortized experience gains - note 3 . . . . .   | 469,316          | 102,837          |
| Total Long-Term Liabilities . . . . .             | <u>8,259,668</u> | <u>7,547,259</u> |
| Total Liabilities . . . . .                       | <u>9,349,691</u> | <u>8,838,798</u> |

## PROVINCE OF NEWFOUNDLAND

### Statement of Net Debt For the year ended 31 March 1999 with comparative figures for 1998

|   | 1999<br>(\$000) | 1998<br>(\$000) |
|---|-----------------|-----------------|
| Net Debt - as previously reported .....         | 7,889,582       | 7,561,786       |
| Add (Deduct):                                   |                 |                 |
| Prior years' adjustments:                       |                 |                 |
| Pension plan changes - note 17 .....            | 154,400         | -               |
| Provision for debt repayment .....              | -               | 107,870         |
| Investments .....                               | -               | ( 956)          |
| Adjusted net debt - beginning of year .....     | 8,043,982       | 7,668,700       |
| Add:  |                 |                 |
| Net expenditure over revenue for the year ..... | 177,823         | 220,882         |
| Net debt - end of year .....                    | 8,221,805       | 7,889,582       |

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 1999 with comparative figures for 1998

|  | Actuals<br>1999<br>(\$000) | Original<br>Estimates<br>1999<br>(\$000) | Actuals<br>1998<br>(\$000) |
|--|----------------------------|--|----------------------------|
| <b>REVENUE:</b>                                |                            |  |                            |
| Provincial                                     |                            |  |                            |
| Tax Revenue                                    |                            |  |                            |
| Sales . . . . .                                | 437,676                    | 450,000                                  | 433,427                    |
| Personal income . . . . .                      | 545,057                    | 627,040                                  | 543,464                    |
| Gasoline . . . . .                             | 122,513                    | 119,500                                  | 120,417                    |
| Corporate income . . . . .                     | 83,128                     | 77,900                                   | 78,069                     |
| Other . . . . .                                | 195,294                    | 200,840                                  | 192,316                    |
| Non-tax revenue . . . . .                      | 280,418                    | 250,951                                  | 265,724                    |
| Government of Canada                           |                            |  |                            |
| Equalization . . . . .                         | 1,179,027                  | 896,000                                  | 1,007,351                  |
| Labrador ferry service transfer . . . . .      | -                          | -  | 347,571                    |
| Canada Health and Social Transfer . . . . .    | 281,249                    | 272,100                                  | 279,339                    |
| Sales tax transitional assistance . . . . .    | 127,080                    | 127,000                                  | 127,080                    |
| Other . . . . .                                | 41,754                     | 41,754                                   | 46,680                     |
| Related revenue . . . . .                      | 354,710                    | 365,359                                  | 344,980                    |
| Total Revenue . . . . .                        | <u>3,647,906</u>           | <u>3,428,444</u>                         | <u>3,786,418</u>           |
| <b>EXPENDITURE:</b>                            |                            |  |                            |
| Salaries . . . . .                             | 258,048                    | 264,555                                  | 278,528                    |
| Employee benefits . . . . .                    | 39,266                     | 101,935                                  | 62,607                     |
| Pension costs . . . . .                        | ( 11,109)                  | -  | 18,096                     |
| Transportation and communications . . . . .    | 31,720                     | 30,134                                   | 31,695                     |
| Supplies . . . . .                             | 42,414                     | 42,957                                   | 42,628                     |
| Professional services . . . . .                | 54,489                     | 52,369                                   | 52,473                     |
| Purchased services . . . . .                   | 194,429                    | 219,939                                  | 169,077                    |
| Property, furnishings and equipment . . . . .  | 36,255                     | 15,186                                   | 22,757                     |
| Loans, advances and investments . . . . .      | 43                         | 8,230                                    | -                          |
| Allowances and assistance . . . . .            | 339,432                    | 322,659                                  | 385,361                    |
| Grants and subsidies . . . . .                 | 1,839,315                  | 1,759,330                                | 2,123,096                  |
| Debt expenses . . . . .                        | 926,833                    | 569,782                                  | 765,951                    |
| Information technology . . . . .               | 24,669                     | 21,355                                   | 27,079                     |
| Bad debt expenses . . . . .                    | 49,925                     | -  | 27,952                     |
| Total Expenditure . . . . .                    | <u>3,825,729</u>           | <u>3,408,431</u>                         | <u>4,007,300</u>           |
| Contingency Reserve - note 16 . . . . .        |                            | (30,000)                                 |                            |
| Net expenditure over revenue . . . . .         | <u>(177,823)</u>           | <u>(9,987)</u>                           | <u>(220,882)</u>           |
| Surplus (Deficit) on current account . . . . . | 5,039                      | 123,445                                  | (55,276)                   |
| Surplus (Deficit) on capital account . . . . . | <u>(182,862)</u>           | <u>(103,432)</u>                         | <u>(165,606)</u>           |
| Contingency Reserve - note 16 . . . . .        |                            | (30,000)                                 |                            |
|  | <u>(177,823)</u>           | <u>(9,987)</u>                           | <u>(220,882)</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 1999 with comparative figures for 1998

|   | 1999<br>(\$000) | 1998<br>(\$000) |
|---|-----------------|-----------------|
| Funds provided from (applied to):                           |                 |                 |
| Operations  |                 |                 |
| Net expenditure over revenue . . . . .                      | ( 177,823)      | ( 220,882)      |
| Add (deduct) non-cash items:                                |                 |                 |
| Amortization of foreign exchange losses (gains) . . . . .   | 64,476          | ( 7,712)        |
| Pension costs . . . . .                                     | 162,320         | 215,373         |
| Valuation allowances . . . . .                              | 22,008          | 27,952          |
| Sinking fund earnings . . . . .                             | ( 68,324)       | ( 65,936)       |
| Other . . . . .   | ( 23,452)       | 464             |
| April writebacks . . . . .                                  | 116,079         | ( 31,960)       |
|   | 95,284          | ( 82,701)       |
| Financing   |                 |                 |
| Debt issued . . . . .                                       | 700,000         | 289,425         |
| Debt retirement . . . . .                                   | ( 304,241)      | ( 382,612)      |
| Special purpose funds/Contractors' holdback funds . . . . . | 1,191           | ( 2,860)        |
| Deferred revenue . . . . .                                  | ( 126,034)      | ( 124,080)      |
| Treasury bills redeemed . . . . .                           | ( 1,715,616)    | ( 1,606,288)    |
| Treasury bills purchased . . . . .                          | 1,715,422       | 1,604,708       |
| Sinking fund contributions . . . . .                        | ( 42,489)       | ( 42,489)       |
| Retirement of pension liabilities . . . . .                 | ( 196,000)      | ( 30,000)       |
|   | 32,233          | ( 294,196)      |
| Investing   |                 |                 |
| Loan repayments . . . . .                                   | 11,060          | 11,861          |
| Loan advances . . . . .                                     | ( 17,280)       | ( 7,671)        |
| Other . . . . .   | -               | -               |
|   | ( 6,220)        | 4,190           |
| Net cash provided (applied) . . . . .                       | 121,297         | ( 372,707)      |
| Cash and temporary investments, beginning of year . . . . . | 134,586         | 507,293         |
| Cash and temporary investments, end of year . . . . .       | 255,883         | 134,586         |

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 1999

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#### 1. Summary of Significant Accounting Policies

##### (a) The Reporting Entity

The Province adheres to the general practice of using a Consolidated Revenue Fund. All public money, except money that is otherwise specially disposed of by the Legislature, is paid into the Fund and legislative authority must be obtained before any expenditures can be made out of the Fund. Included in these statements are all transactions relating to the Consolidated Revenue Fund of the Province.

As in past years, these financial statements are not summary consolidated financial statements, they are the financial statements of the Consolidated Revenue Fund prepared in accordance with the stated basis of accounting.

##### (b) Basis of Accounting

These financial statements are prepared in accordance with the following significant policies:

###### (i) Method

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

###### (ii) Government of Canada Revenues

The Government of Canada revenues relating mainly to cost shared agreements are adjusted for claims in progress at 31 March. Revenues from the Government of Canada tax equalization and personal and corporate taxes are based on regular entitlements for the current year and known adjustments to entitlements for previous years as regular entitlements are subject to future revisions. Those future revisions would be reported in those future years they become known and would adjust revenue in those years.

Other amounts receivable from the Government of Canada are included in revenue in the year the receivable is identified.

###### (iii) Net Direct Debt Presentation

The Province presents its financial statements using the "net direct debt" approach. The objective of this presentation is to show the Province's net direct debt, rather than the accumulated amount of assets and liabilities. The Province's net direct debt consists of total direct debts less the value of convertible assets such as accounts receivable, loans, advances and investments. Assets which are not considered to be convertible are not valued.

###### (iv) Pension Related Costs

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) Loans, Advances, Investments and Other Amounts Capitalized

Payments and receipts relating to the principal portion of Loans, Advances and Investments are capitalized on the Statement of Financial Position at cost.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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- (vi) **Accounts and Taxes Receivable**  
For revenue from significant provincial taxes, such as Harmonized Sales Tax, Gasoline Tax, Tobacco Tax, etc., the present practice is to record only amounts assessed and those taxes collected by the vendors up to 31 March but not remitted by that date.
- (vii) **Valuation Allowances**  
The Province records an allowance when it is ascertained that the value of the applicable asset has declined or collection is doubtful and the decline or collection is considered to be long term in nature. This allowance is identified as a reduction in asset value, when applicable, on the Statement of Financial Position and is recorded as an expenditure.
- (viii) **Prepaid and Deferred Charges**  
Prepaid and deferred charges are treated as current assets and included in the Statement of Financial Position. They are expensed in the year the goods or services are received.
- (ix) **Inventories**  
Inventories are recorded at cost but are not considered to be convertible and are not valued in the Statement of Financial Position. They are expensed in the year they are acquired.
- (x) **Fixed Assets**  
Fixed asset acquisitions are expensed in the year they are acquired. The assets are not considered convertible and therefore are not capitalized and are not valued on the Statement of Financial Position. Fixed assets are presented in the Schedule of Tangible Capital Assets and are reported at cost.
- (xi) **Funding of Crown Agencies**  
Funds advanced to crown agencies may be in the form of investments in such agencies or as loans or advances and are capitalized in the Statement of Financial Position in the year paid. Depending upon the relevant legislation and/or the particular circumstances under which a crown corporation 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.
- (xii) **Loans Receivable**  
Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenditures by providing a valuation allowance.
- (xiii) **Other Liabilities**  
Other accrued liabilities as at 31 March are disclosed on the Statement of Financial Position, and the accrued expenditure is charged to the Statement of Revenue and Expenditure.
- (xiv) **Debenture and Other Debt**  
Debenture and other debt are recorded at face value. Discounts, commissions and related expenses paid are recorded as current year's expenditures and premiums are recorded as current year's revenues.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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- (xv) **Foreign Currency Translation**  
The Province records foreign currency debenture and other 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 recorded at the rate as established by the terms of that hedge. Sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debenture and other debt. At 31 March, foreign currency debenture and other debt is adjusted to reflect the exchange rate in effect on that date. The unrealized foreign exchange gain or loss is amortized over the remaining term of the debenture or other debt.
- (xvi) **Contingent Liabilities**  
The Province has guaranteed the repayment of the principal and interest of certain debentures and/or bank loans on behalf of municipalities (for municipal capital projects) and for companies and individuals primarily involved in the fishing industry and crown corporations. Additional information is provided in the Schedule of Contingent Liabilities and its notes.
- (xvii) **Consolidations**  
The net increase/decrease in the value of the sinking fund as recorded in the Newfoundland Government Sinking Fund financial statements is reflected in these financial statements. Summary consolidated financial statements including various crown corporations, boards and agencies are contained in Volume I.
- (xviii) **Deferred Long-term Charges**  
For any receivables or payables that would normally result in an accrual to revenue or expenditure, any portion which is considered to be long-term is deferred and shown on the Statement of Financial Position, with the exception of Government of Canada related items.
- (xix) **Non-budgetary Receipts and Payments**  
Any non-budgetary receipts and payments, pursuant to Volume III, which result in a direct increase or decrease of an asset or liability are recorded in the applicable asset or liability account. Any non-budgetary items which do not directly affect an asset or liability are treated as a revenue or expenditure.
- (xx) **Current and Capital Account**  
Classification of revenue and expenditure between current account items and capital account items follow the classifications as per the Estimates.
- (xxi) **Trust Funds**  
Trust funds are presented as a self-balancing, separate component (note 9). Additional information is provided in the Schedule of Trust Accounts, Volume III.
- (xxii) **Deferred Revenue**  
Deferred revenue includes amounts received but not earned by the end of the fiscal year.
- (xxiii) **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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**2. Sinking Fund**

The Sinking Fund Assets consist of:

|  | 31 March<br>1999 | 31 March<br>1998 |
|--|------------------|------------------|
|  | (\$000)          | (\$000)          |
| Investments at cost . . . . .                              | 883,445          | 795,656          |
| Add: Amortization of bond discount . . . . .               | 106,172          | 107,351          |
| Investments at amortized costs . . . . .                   | 989,617          | 903,007          |
| Add: Cash and receivables less accounts payable . . . . .  | 31,045           | 30,172           |
| Net Sinking Fund Assets - translated at 31 March . . . . . | <u>1,020,662</u> | <u>933,179</u>   |

The net sinking fund assets balance of 933.2 million Canadian dollars as at 31 March 1998 includes 97.8 million U.S. dollars translated to 138.9 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of 1,020.7 million Canadian dollars as at 31 March 1999 includes 114.7 million dollars translated to 173.1 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.

**3. 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 1999, the plans provided benefits to 14,011 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 7.1% 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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**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 8% 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.

**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 five years, 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:

| <u>Plan</u>                                   | <u>Valuation<br/>Date</u> |
|---|---------------------------|
| 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          |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**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 1999. 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<br>Accrued<br>Benefits<br>Obligations | Fund<br>Assets   | Net<br>Unfunded<br>Liability<br>1999 | Net<br>Unfunded<br>Liability<br>1998 | Change           |
|---------------------------------|---|------------------|--------------------------------------|--------------------------------------|------------------|
|                                 | (\$mil)   | (\$mil)          | (\$mil)                              | (\$mil)                              | (\$mil)          |
| Public Service Pension Plan     | 2,300.8   | 1,258.2          | 1,042.6                              | 1,306.1                              | (263.5)          |
| Teachers' Pension Plan          | 2,204.0   | 596.9            | 1,607.1                              | 1,764.1                              | (157.0)          |
| Uniformed Services Pension Plan | 191.9   | -                | 191.9                                | 184.1                                | 7.8              |
| MHA Pension Plan                | 46.9  | -                | 46.9                                 | 45.5                                 | 1.4              |
| <b>Total</b>                    | <b>\$4,743.6</b>                                | <b>\$1,855.1</b> | <b>\$2,888.5</b>                     | <b>\$3,299.8</b>                     | <b>(\$411.3)</b> |

Pension Fund Assets are valued at market.

The Net Unfunded Liability for 1998 has been restated from \$3,134.3 million - an increase of \$165.5 million. This change consists of :

- (i) a \$220.4 million increase due to the incorporation of the Teachers' Ancillary Pension Plan into the main Teachers' Pension Plan and a \$66.4 million decrease due to the introduction of a CPP offset for the Teachers' Pension Plan;
- (ii) a \$6.7 million increase due to experience losses as a result of a new valuation for the Uniformed Services Pension Plan; and
- (iii) a \$4.8 million increase due to experience losses as a result of a new valuation and the introduction of a CPP offset for the MHA Pension Plan.

**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<br>Share of<br>Pension<br>Benefits<br>Earned for<br>the Period | Pension<br>Interest<br>Expense<br>on the<br>Unfunded<br>Liability | Province's<br>Current<br>Period<br>Pension<br>Contributions | Unfunded<br>Portion of<br>Current<br>Period<br>Pension<br>Change |
|---------------------------------|---|---|---|--|
|                                 | (\$mil)   | (\$mil)   | (\$mil)   | (\$mil)  |
| Public Service Pension Plan     | (2.5)   | 86.8  | (44.5)  | 39.8   |
| Teachers' Pension Plan          | 14.7  | 125.8   | (197.2)   | (56.7)   |
| Uniformed Services Pension Plan | 1.6   | 14.5  | (8.4)   | 7.7  |
| MHA Pension Plan                | 0.8   | 3.3   | (2.8)   | 1.3  |
| <b>Total</b>                    | <b>\$14.6</b>   | <b>\$230.4</b>  | <b>(\$252.9)</b>  | <b>(\$7.9)</b>   |

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

**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. The following table summarizes the experience gains or losses for each plan:

| Plan                            | Unamortized<br>Experience<br>Gains<br>(Losses)<br>31 March 1998 | New<br>Experience<br>Gains<br>(Losses) | Current<br>Period<br>Amortization<br>of Experience<br>Changes | Unamortized<br>Experience<br>Gains<br>(Losses)<br>31 March 1999 |
|---------------------------------|---|--|---|---|
|                                 | (\$mil)   | (\$mil)                                | (\$mil)   | (\$mil)   |
| Public Service Pension Plan     | 125.8   | 303.2                                  | (22.6)  | 406.4   |
| Teachers' Pension Plan          | (23.0)  | 100.3                                  | (4.1)   | 73.2  |
| Uniformed Services Pension Plan | (6.0)   | -                                      | 0.4   | (5.6)   |
| MHA Pension Plan                | (5.1)   | -                                      | 0.4   | (4.7)   |
| <b>Total</b>                    | <b>\$91.7</b>   | <b>\$403.5</b>                         | <b>(\$25.9)</b>   | <b>\$469.3</b>  |

Unamortized Experience Gains (Losses) at 31 March 1998 has been restated from \$102.8 million - a decrease of \$11.1 million. This change consists of:

- (i) a \$6 million decrease due to experience losses as a result of a new valuation for the Uniformed Services Pension Plan; and
- (ii) a \$5.1 million decrease due to experience losses as a result of a new valuation and the introduction of a CPP offset for the MHA Pension Plan.

**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 17,000 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 1999 assets had a market value of \$89.1 million.

**Teachers' Ancillary Pension Plan**

The Teachers' Pension Act was amended, effective 1 September 1998, to discontinue the Teachers' Ancillary Pension Plan and incorporate it into the main Teachers' Pension Plan.

**4. Temporary Investments**

Temporary investments of \$303.9 million (including accrued interest of \$0.4 million (1998 - \$0.2 million)) consists of investments with financial institutions. These investments are on call or have maturity dates ranging from 1 April 1999 to 12 May 1999 at interest rates which vary from 5.00% to 5.12%. These investments are considered to be a part of the Consolidated Revenue Fund.

**5. Contingent Liabilities**

Contingent liabilities of the Province at 31 March 1999 amounted to \$1.6 billion as compared to \$1.7 billion at 31 March 1998. In addition, the Province guaranteed the interest thereon.

See Schedule G - Schedule of Contingent Liabilities.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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**6. Legal Actions/Commitments****(a) Legal Actions**

(i) In November, 1991, a contract was awarded for the construction of three health care centres in the Province. A company has commenced a legal action against the Province alleging that it should have received part of the contract.

(ii) 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.

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

(iv) A number of claims have been filed against the Province related to lost business, profits, general damages and personal claims pursuant to actions initiated by the Province.

(v) A notice of intended class action has been made from claimants who claim to have been infected through the national blood system. The Province is involved in a proposed national settlement which is awaiting final approval by courts in other provinces.

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

**(b) Commitments**

## 1. General

Commitments to outside organizations in respect of contracts entered into before 31 March 1999 amount to \$89.7 million of which \$2.9 million is for lease payments, \$34.3 million for capital projects and \$52.5 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 contract are met. Payment in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

## 2. Recreation Capital Grants

The Province has made financial commitments for grants to various incorporated communities, rural areas and other groups, to assist with the construction of sports facilities, the purchase of equipment and for other items.

Funds to be expended during the next five years are:

|                 | (\$000) |
|-----------------|---------|
| 1999-2000 ..... | 74      |
| 2000-2001 ..... | 74      |
| 2001-2002 ..... | 74      |
| 2002-2003 ..... | 74      |
| 2003-2004 ..... | 74      |

The grants are subject to appropriations being made in the years indicated.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**7. Unrealized Foreign Exchange Gains and Losses**

Foreign currency debenture and other debt and U.S. net sinking fund assets are translated to Canadian dollars at the exchange rate prevailing at 31 March 1999. The debt is therefore increased by \$441.3 million and the net sinking fund assets increased by \$31 million resulting in a net unrealized foreign exchange loss of \$410.3 million. As at 31 March 1999, the accumulated amortization is \$160.3 million leaving a net unamortized unrealized foreign exchange loss of \$250 million to amortize in accordance with note 1.(b)(xv).

As at 31 March 1998, the debt had been increased by \$291.2 million and the net sinking fund assets increased by \$17.8 million resulting in a net unrealized foreign exchange loss of \$273.4 million. The net unrealized foreign exchange loss amortized up to 31 March 1998 was \$95.8 million resulting in a net unamortized foreign exchange loss of \$177.6 million.

The amount amortized during 1998-1999 is \$64.5 million representing a debit adjustment as a result of the foreign exchange rates in effect at 31 March 1999.

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

Consists of:

|   | 1999          | 1998          |
|---|---------------|---------------|
|   | (\$000)       | (\$000)       |
| Claims receivable at 31 March not received in April . . . . . | 11,160        | 12,514        |
| Receipts in April . . . . .                                   | 15,645        | 15,433        |
| Total . . . . .   | <u>26,805</u> | <u>27,947</u> |

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

|                            | 1999    | 1998    |
|----------------------------|---------|---------|
|                            | (\$000) | (\$000) |
| Assets . . . . .           | 45,259  | 42,908  |
| Balance of Funds . . . . . | 45,259  | 42,908  |

**10. 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.

**11. Newfoundland Ocean Enterprises Limited**

The assets of Newfoundland Ocean Enterprises Limited were sold for nominal consideration to Friede Goldman Newfoundland Limited as of 1 January 1998, under terms and conditions consistent with a Memorandum of Understanding signed on 24 September 1997. The purchaser acquired all the shipbuilding and fabrication facilities at Marystown and Cow Head and entered into arrangements to complete outstanding contracts. The purchaser agreed to assume certain liabilities of Newfoundland Ocean Enterprises Limited.

The Province has assumed the bank indebtedness of Newfoundland Ocean Enterprises Limited of \$70.9 million, which was not assumed by the purchaser.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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**12. Newfoundland Farm Products Corporation**

On 4 October 1997, Newfoundland Farm Products Corporation ("NFPC") concluded arrangements for the sale of its St. John's plant. The purchaser has acquired, for nominal consideration, certain fixed assets of NFPC, including a leasehold interest in land and buildings located in St. John's containing an abattoir and processing facilities, and has also purchased certain inventory of NFPC at the lower of cost or market value. The purchaser has also assumed certain liabilities related to leased assets. The Province has assumed the balance of NFPC's guaranteed operating credit, at \$10.2 million, which was not assumed by the purchaser.

NFPC's Corner Brook plant, which has not operated since May, 1997 was not included in the sale of assets.

**13. Deferred Revenue**

Deferred revenue includes \$93.8 million, which represents funds received for Harmonized Sales Tax transitional assistance. This amount will be recognized over the periods earned.

**14. Allowance for Guaranteed Debt**

The amount of \$14.4 million (1997-1998-\$87 million) has been recorded as a provision for possible losses on guaranteed debt.

**15. Year 2000 Issue**

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as some other date resulting in errors when information using year 2000 dates is processed. The impact on operations and financial reporting may not be possible to determine with certainty. However, critical systems have been reviewed and action has been taken based on this review. Government's core financial system has been replaced.

**16. 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, \$29.8 million of the amount provided was transferred to various departments.

**17. Prior Years' Adjustment**

The prior years' adjustment for pension plan changes consists of a \$220.4 million increase due to the incorporation of the Teachers' Ancillary Pension Plan into the main Teachers' Pension Plan and a \$66.4 million decrease due to the introduction of a CPP offset for the Teachers' Pension Plan. The balance of \$0.4 million relates to experience changes for the Members of the House of Assembly Pension Plan and the Uniformed Services Pension Plan.

**18. Additional Notes**

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

**19. 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 1999**  
**with comparative figures for 1998**

|   | 1999                  | 1998                  |
|---|-----------------------|-----------------------|
|   | (\$000)               | (\$000)               |
| Accounts Receivable:  |                       |                       |
| Crown agencies working capital and unremitted profits . . . . . | 32,323                | 25,538                |
| Social assistance overpayments . . . . .                        | 26,887                | 24,979                |
| Court fines . . . . .   | 23,114                | 21,797                |
| Due from Government of Canada re equalization . . . . .         | 7,507                 | -                     |
| Atlantic Lottery Corporation Incorporated . . . . .             | 7,367                 | 7,075                 |
| Accident claims recoveries . . . . .                            | 7,175                 | 6,168                 |
| Rent and royalties/permits to occupy . . . . .                  | 2,921                 | 2,449                 |
| Miscellaneous/other receivables . . . . .                       | 2,537                 | 3,873                 |
| Insurance claims receivable . . . . .                           | 2,531                 | 2,527                 |
| Due from Government of Canada re CHST . . . . .                 | 2,087                 | -                     |
| Newfoundland and Labrador Housing Corporation . . . . .         | 2,036                 | 881                   |
| Fees and licences . . . . .                                     | 1,428                 | 1,021                 |
| Province of Newfoundland Pooled Pension Fund . . . . .          | 916                   | 812                   |
| Workplace, Health, Safety and Compensation Commission . . . . . | 862                   | 1,070                 |
| Due from municipalities . . . . .                               | 787                   | 1,495                 |
| Reciprocal billings - hospital services . . . . .               | 687                   | 1,549                 |
| Travel advances . . . . .                                       | 681                   | 628                   |
| Board and lodging . . . . .                                     | 654                   | 654                   |
| Student loans . . . . .   | 431                   | 493                   |
| Water rates . . . . .   | 266                   | 242                   |
| Fish handling facilities - leases . . . . .                     | 257                   | 388                   |
| Accrued guarantee fees . . . . .                                | 135                   | 124                   |
| Map and air photo library . . . . .                             | 108                   | 83                    |
| Total Accounts Receivable . . . . .                             | <u>123,697</u>        | <u>103,846</u>        |
| Taxes Receivable:   |                       |                       |
| Sales tax . . . . .   | 56,151                | 65,979                |
| School tax . . . . .  | 35,794                | 34,248                |
| Gasoline tax . . . . .  | 11,799                | 11,003                |
| Health and post secondary education tax . . . . .               | 6,922                 | 7,118                 |
| Tobacco tax . . . . .   | 5,275                 | 5,375                 |
| Mining and mineral rights tax . . . . .                         | 3,723                 | 5,894                 |
| Utilities tax . . . . .   | 739                   | -                     |
| Insurance companies tax . . . . .                               | 659                   | 756                   |
| Financial corporation capital tax . . . . .                     | -                     | 38                    |
| Total Taxes Receivable . . . . .                                | <u>121,062</u>        | <u>130,411</u>        |
| Total Accounts and Taxes Receivable . . . . .                   | <u><u>244,759</u></u> | <u><u>234,257</u></u> |

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

The allowance for doubtful accounts for 1998-1999 is \$81.7 million (1997-1998 - \$76.3 million).

## PROVINCE OF NEWFOUNDLAND

### Loans, Advances and Mortgages Receivable

As at 31 March 1999

with comparative figures for 1998

|   | 1999    | 1998    |
|---|---------|---------|
|   | (\$000) | (\$000) |
| Crown Agencies:   |         |         |
| Lending institutions:   |         |         |
| Enterprise Newfoundland and Labrador Corporation - note 1 . . . . . | 134,468 | 139,354 |
| Newfoundland Industrial Development Corporation - note 2 . . . . .  | 31,346  | 31,526  |
| Teachers' Educational Loan Fund . . . . .                           | 5       | 5       |
| Teachers' Housing Loan Fund . . . . .                               | 2       | 2       |
|   | 165,821 | 170,887 |
| Building Corporations:  |         |         |
| Hotel Buildings Limited - note 3 . . . . .                          | 26,043  | 26,473  |
| Newfoundland and Labrador Housing Corporation . . . . .             | -       | 1,290   |
|   | 26,043  | 27,763  |
| Total Crown Agencies . . . . .                                      | 191,864 | 198,650 |
| 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     |
| Electric Reduction Company of Canada Limited . . . . .              | -       | 69      |
| Gander Masonic Memorial Complex Incorporated . . . . .              | -       | 1,000   |
| George Sexton Limited . . . . .                                     | 50      | 50      |
| Great Northern Seafoods Limited . . . . .                           | 70      | 70      |
| Heritage Woodworks Limited . . . . .                                | 30      | 30      |
| Hughes, Vincent . . . . .   | 51      | 51      |
| Island Seafoods Products Limited . . . . .                          | 250     | 250     |
| Kavanagh, Terrence . . . . .  | 59      | 59      |
| Keats, Eric . . . . .   | 102     | 102     |
| Melindy, John . . . . .   | 191     | 191     |
| Newco IV Corporation . . . . .                                      | 7,867   | 5,591   |
| 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      |
| Ryder, Gerald and Street, Walter . . . . .                          | 357     | 357     |
| S.C.B. Fisheries Limited . . . . .                                  | 5,000   | -       |
| Saunders, Ralph . . . . .   | 61      | -       |
| Seaward, Alphonsus . . . . .  | 99      | 99      |
| Short, William . . . . .  | 262     | 262     |
| Stanford, Reginald . . . . .  | 236     | 236     |

## LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

|  | 1999           | 1998           |
|--|----------------|----------------|
|  | (\$000)        | (\$000)        |
| Sweet, Roy . . . . .                                     | 49             | 49             |
| 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>31,656</u>  | <u>25,388</u>  |
| Other Organizations:                                     |                |                |
| Gros Morne Mortgages . . . . .                           | 56             | 56             |
| Health Care Corporation of St. John's . . . . .          | 1,038          | 1,038          |
| Municipalities . . . . .                                 | 2,093          | 2,223          |
| Total Other Organizations . . . . .                      | <u>3,187</u>   | <u>3,317</u>   |
| Total Loans, Advances and Mortgages Receivable . . . . . | <u>226,707</u> | <u>227,355</u> |
| Current portion . . . . .                                | 24,739         | 18,648         |
| Long-term portion . . . . .                              | <u>201,968</u> | <u>208,707</u> |
|  | <u>226,707</u> | <u>227,355</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 (1997-1998 - \$17.1 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 1998-1999 is \$160.6 million (1997-1998 - \$135.6 million).

## PROVINCE OF NEWFOUNDLAND

### Investments As at 31 March 1999 with comparative figures for 1998

| Description of Investment  | Par Value<br>per share | Net Additions | Balance 31 March 1999 |         | 1998    |
|--|------------------------|---------------|-----------------------|---------|---------|
|  |                        |               | No. of Shares         | Cost    | Cost    |
|  | \$                     | (\$000)       |                       | (\$000) | (\$000) |
| <b>Preferred Shares:</b>   |                        |               |                       |         |         |
| Atlantic Ocean Farms Limited   |                        |               |                       |         |         |
| Class "A", redeemable - note 3 . . . . .                                   | NPV                    | -             | 289,655               | 290     | 290     |
| Cliff Resources Corporation  |                        |               |                       |         |         |
| Class "B" - note 3 . . . . .   | NPV                    | -             | 640,143               | 640     | 640     |
| Newfoundland Bonding &<br>Composites Limited - notes 3, 5 . . . . .        |                        | 4,500         | 45,000                | 4,500   | -       |
| Total Preferred Shares Investments . . . . .                               |                        | 4,500         |                       | 5,430   | 930     |
| <b>Common Shares:</b>  |                        |               |                       |         |         |
| ACF Equity Atlantic Inc. . . . .   | -                      | -             | 956,000               | 956     | 956     |
| Atlantic Lottery Corporation Inc. . . . .                                  | NPV                    | -             | 1                     | -       | -       |
| Dominion Jubilee Corporation Ltd. . . . .                                  | NPV                    | -             | 200,000               | -       | -       |
| Enterprise Network Inc. - note 4 . . . . .                                 | -                      | -             | 1                     | -       | -       |
| Fisheries Development Corporation<br>of Newfoundland . . . . .             | NPV                    | -             | 1                     | -       | -       |
| Hotel Buildings Limited . . . . .  | 1,000                  | -             | 3                     | 3       | 3       |
| Inter-Provincial Lottery Corporation . . . . .                             | NPV                    | -             | 1                     | -       | -       |
| Marble Mountain Development<br>Corporation . . . . .                       | NPV                    | -             | 500                   | -       | -       |
| Marble Mountain Management<br>Corporation . . . . .                        | -                      | -             | 500                   | -       | -       |
| Newco IV Corporation . . . . .   | NPV                    | -             | 85                    | -       | -       |
| Newfoundland and Labrador<br>Education Investment Corporation . . . . .    | -                      | -             | 3                     | -       | -       |
| Newfoundland and Labrador<br>Film Development Corporation . . . . .        | -                      | -             | 600                   | -       | -       |
| Newfoundland and Labrador<br>Hydro Electric Corporation . . . . .          | 1                      | -             | 22,503,942            | 10,187  | 10,187  |
| Newfoundland Government<br>Fund Limited . . . . .                          | -                      | -             | 2                     | -       | -       |
| Newfoundland Hardwoods Limited . . . . .                                   | NPV                    | -             | 253                   | 26      | 26      |
| Newfoundland Ocean<br>Enterprises Limited . . . . .                        | 1,000                  | -             | 3                     | 3       | 3       |
| Special Celebrations Corporation of<br>Newfoundland and Labrador . . . . . |                        | -             | 500                   | -       | -       |
| Total Common Shares Investments . . . . .                                  |                        | -             |                       | 11,175  | 11,175  |



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 INVESTMENTS (continued)
 

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| Description of Investment              | Par Value | Net Additions | Balance 31 March 1999 |         | 1998    |
|--|-----------|---------------|-----------------------|---------|---------|
|  | per share |               | No. of Shares         | Cost    | Cost    |
|  | \$        | (\$000)       |                       | (\$000) | (\$000) |
| <b>Other:</b>                          |           |               |                       |         |         |
| Newfoundland and Labrador              |           |               |                       |         |         |
| Housing Corporation - note 2 . . . . . |           | ( 2,800)      | -                     | 66,852  | 69,652  |
| Newfoundland Farm Products             |           |               |                       |         |         |
| Corporation - note 1 . . . . .         |           | -             | -                     | -       | -       |
| Total Other Investments . . . . .      |           | ( 2,800)      |                       | 66,852  | 69,652  |
| Total Investments . . . . .            |           | 1,700         |                       | 83,457  | 81,757  |

See accompanying notes.

## NOTES TO SCHEDULE OF INVESTMENTS

**As at 31 March 1999****1. Newfoundland Farm Products Corporation**

The Corporation recorded a deficit of \$10.1 million at year end resulting in a nil balance for the Province's equity capital.

**2. 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 \$2.8 million reflects the write down of the book value of property in Sheshatshui, Labrador.

**3. Allowance for Investment Write-downs**

The Allowance for investment write-downs for 1998-1999 is \$5.4 million (1997-1998 - \$0.9 million).

**4. 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.

**5. Newfoundland Bonding & Composites Limited**

During the year, the Province agreed to purchase 95,000 preference shares of Newfoundland Bonding and Composites Limited, valued at \$9.5 million, to be redeemed at a nominal valued based on a pre-determined number of person years of employment to be created. At 31 March 1999, 45,000 shares have been purchased at a cost of \$4.5 million and a provision has been set up for the full amount of the investment.

Schedule D

**PROVINCE OF NEWFOUNDLAND****Tangible Capital Assets  
As at 31 March 1999**

| Category                  | Estimated Useful Life<br>(years) | Estimated Original Cost          |                                       |                                  | Accumulated Amortization         |   |                                  | Net Book Value<br>31 March 1999<br>(\$mil) |
|---------------------------|----------------------------------|----------------------------------|---------------------------------------|----------------------------------|----------------------------------|---|----------------------------------|--|
|                           |                                  | Balance 31 March 1998<br>(\$mil) | Additions Net of Disposals<br>(\$mil) | Balance 31 March 1999<br>(\$mil) | Balance 31 March 1998<br>(\$mil) | Amort. Net of Disposals 1999<br>(\$mil) | Balance 31 March 1999<br>(\$mil) |  |
| Buildings                 | 40                               | 459.0                            | (1.9)                                 | 457.1                            | 224.7                            | 8.6                                     | 233.3                            | 223.8                                      |
| Marine vessels & aircraft | 15-50                            | 80.7                             | 2.5                                   | 83.2                             | 21.8                             | 2.4                                     | 24.2                             | 59.0                                       |
| Equipment & machinery     | 6-20                             | 31.6                             | 2.5                                   | 34.1                             | 16.8                             | 2.3                                     | 19.1                             | 15.0                                       |
| Infrastructure            | 1-40                             | 2,407.5                          | (11.3)                                | 2,396.2                          | 2,361.2                          | (4.1)                                   | 2,357.1                          | 39.1                                       |
| Computer software         | 7                                | 28.7                             | 3.4                                   | 32.1                             | 21.5                             | 2.9                                     | 24.4                             | 7.7  |
| <b>Total</b>              |                                  | <b>3,007.5</b>                   | <b>(4.8)</b>                          | <b>3,002.7</b>                   | <b>2,646.0</b>                   | <b>12.1</b>                             | <b>2,658.1</b>                   | <b>344.6</b>                               |

See accompanying notes.

## NOTES TO SCHEDULE OF TANGIBLE CAPITAL ASSETS

**As at 31 March 1999****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<br/>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 \$3.7 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 \$77.9 million has been spent on these projects, with further spending of \$62.3 million expected to be spent.

Schedule E

**PROVINCE OF NEWFOUNDLAND****Current and Long Term Liabilities****As at 31 March 1999****with comparative figures for 1998**

|  | 1999           |                | 1998           |                |
|--|----------------|----------------|----------------|----------------|
|  | Current        | Long Term      | Current        | Long Term      |
|  | (\$000)        | (\$000)        | (\$000)        | (\$000)        |
| Treasury bill borrowings - note 1 . . . . .              | 385,212        | -              | 385,406        | -              |
| Accrued interest . . . . .                               | 197,681        | -              | 187,124        | -              |
| Accounts payable write-backs . . . . .                   | 152,874        | -              | 36,583         | -              |
| Salaries and benefits . . . . .                          | 60,188         | 46,239         | 85,748         | 44,588         |
| Bank overdraft- Consolidated Revenue Fund . . . . .      | 47,598         | -              | 63,414         | -              |
| Due to municipalities . . . . .                          | 25,329         | 177,765        | 21,050         | 148,949        |
| Due to Crown Agencies . . . . .                          | 22,873         | -              | 18,540         | -              |
| Accounts payable - other . . . . .                       | 12,452         | 4,867          | 12,261         | 5,301          |
| Provision for debt repayment . . . . .                   | 10,458         | 69,495         | 13,267         | 94,603         |
| Special purpose funds - note 2 . . . . .                 | 3,798          | -              | 5,115          | -              |
| Long-term leases . . . . .                               | 3,517          | 25,007         | 3,679          | 30,984         |
| Reciprocal billing - hospital services payable . . . . . | 3,177          | -              | 3,697          | -              |
| Third party fines payable . . . . .                      | 2,594          | -              | 3,514          | -              |
| Contractors' holdbacks . . . . .                         | 2,511          | -              | -              | -              |
| Taxes payable . . . . .                                  | 1,402          | -              | 1,455          | -              |
| Due to Government of Canada . . . . .                    | -              | -              | 11,638         | -              |
| Health Care Centres - lease/purchase . . . . .           | -              | 29,021         | -              | 28,687         |
|  | <u>931,664</u> | <u>352,394</u> | <u>852,491</u> | <u>353,112</u> |

**NOTES****1. Treasury Bill Borrowings**

This figure represents the net proceeds from the sale of \$390 million discounted treasury bills with maturity dates ranging from 1 April 1999 to 24 June 1999 and interest rates ranging from 4.890% to 5.077%.

**2. Special Purpose Funds**

Included in this schedule are funds totalling \$3.8 million considered to be special purpose funds whereby payments are made for these purposes pursuant to Section 22(a) of the Financial Administration Act.

**3. Deferred Long-Term Charges**

Deferred Long-Term Charges of \$236.7 million consist of Long-term amounts, as shown above, for Due to municipalities; Accounts payable-other; Long-term leases and Health Care Centres-lease/purchase.

**4. Comparatives**

The 1998 figures have been restated to be consistent with the 1999 presentation.

## PROVINCE OF NEWFOUNDLAND

### Debenture and Other Debt As at 31 March 1999 with comparative figures for 1998

| Series                    | Date of Issue | Date of Maturity | Interest Rate % | Amount in Foreign Currency | Sinking Fund Balance | Amount Issued or Outstanding |           | Notes   |      |
|---------------------------|---------------|------------------|-----------------|----------------------------|----------------------|------------------------------|-----------|---------|------|
|                           |               |                  |                 |                            |                      | 1999                         | 1998      |         |      |
|                           |               |                  |                 |                            | (000)                | (\$000)                      | (\$000)   | (\$000) |      |
| General Debentures:       |               |                  |                 |                            |                      |                              |           |         |      |
| EC5                       | 16 Jul. 1992  | 16 Jul. 1998     | 9.125           |                            | -                    | -                            | 150,000   |         | 4    |
| S6                        | 05 Oct. 1990  | 05 Oct. 1999     | 7.5             | (125,000 S.F.)             | -                    | -                            | 117,037   |         | 5    |
| J9                        | 20 Oct. 1994  | 20 Oct. 1999     | 4.8             | (4,700,000 Y)              | -                    | 59,814                       | 50,278    |         | 4    |
| S3                        | 05 Nov. 1985  | 05 Nov. 2000     | 5.375           | (150,000 S.F.)             | -                    | 152,550                      | 140,445   |         | 4    |
| 5W                        | 15 Apr. 1991  | 15 Apr. 2001     | 10.5            |                            | -                    | 3,254                        | 9,456     |         | 3,6  |
| EC3                       | 25 Jul. 1986  | 25 Jul. 2001     | 7.5             |                            | 30,642               | 66,407                       | 66,407    |         | 7    |
| S8                        | 27 Aug. 1997  | 27 Aug. 2002     | 3.25            | (150,000 S.F.)             | -                    | 152,550                      | 140,445   |         | 4    |
| 5K                        | 19 Oct. 1982  | 19 Oct. 2002     | 14.75           |                            | 39,291               | 50,000                       | 50,000    |         | 8    |
| 5L                        | 06 Apr. 1983  | 06 Apr. 2003     | 12.875          |                            | 90,836               | 125,000                      | 125,000   |         | 8    |
| S7                        | 23 Jul. 1991  | 23 Jul. 2003     | 7               | (150,000 S.F.)             | 21,876               | 152,550                      | 140,445   |         | 4    |
| EC6                       | 12 May. 1993  | 12 May. 2003     | 8.75            |                            | 19,559               | 150,000                      | 150,000   |         | 4,9  |
| 5Z                        | 05 Feb. 1996  | 05 Aug. 2004     | 9.55            |                            | -                    | 98,895                       | 98,895    |         | 3    |
| 5N                        | 15 Oct. 1984  | 15 Oct. 2004     | 13.5            |                            | 59,979               | 100,000                      | 100,000   |         | 8    |
| 5Q                        | 04 Mar. 1986  | 04 Mar. 2006     | 11              |                            | 50,026               | 100,000                      | 100,000   |         | 10   |
| EC4                       | 08 Apr. 1987  | 08 Apr. 2007     | 9               |                            | 6,315                | 15,447                       | 15,447    |         | 7,11 |
| 5S                        | 01 Oct. 1987  | 01 Oct. 2007     | 10.79           |                            | 16,486               | 42,300                       | 42,300    |         | 3    |
| AF                        | 15 Oct. 1987  | 15 Oct. 2007     | 11.625          | (100,000 U.S.)             | 59,035               | 150,870                      | 141,980   |         | 3    |
| 6E                        | 12 Dec. 1987  | 12 Dec. 2007     | 5.9             |                            | -                    | 150,000                      | 150,000   |         | 3    |
| 5T                        | 23 Feb. 1988  | 23 Feb. 2008     | 11.25           |                            | 37,401               | 100,000                      | 100,000   |         | 3    |
| 5R                        | 25 Feb. 1987  | 25 Feb. 2010     | 9.375           |                            | 43,402               | 100,000                      | 100,000   |         | 3    |
| 5U                        | 15 Feb. 1989  | 15 Feb. 2012     | 11              |                            | 40,086               | 125,000                      | 125,000   |         | 3    |
| 5V                        | 22 Nov. 1989  | 22 Nov. 2014     | 10.125          |                            | 31,338               | 150,000                      | 150,000   |         | 3    |
| AG                        | 01 Jun. 1989  | 01 Jun. 2019     | 9               | (150,000 U.S.)             | 48,742               | 226,305                      | 212,970   |         | 12   |
| AH                        | 01 Jun. 1990  | 01 Jun. 2020     | 9.875           | (150,000 U.S.)             | 13,478               | 226,305                      | 212,970   |         | 3    |
| AJ                        | 29 Nov. 1990  | 01 Dec. 2020     | 10              | (150,000 U.S.)             | 12,799               | 226,305                      | 212,970   |         | 3    |
| 5X                        | 15 Apr. 1991  | 15 Apr. 2021     | 10.95           |                            | -                    | 146,746                      | 140,544   |         | 3    |
| AK                        | 17 Oct. 1991  | 15 Oct. 2021     | 9               | (200,000 U.S.)             | 14,079               | 301,740                      | 283,960   |         | 3    |
| AM                        | 22 Oct. 1992  | 22 Oct. 2022     | 8.65            | (200,000 U.S.)             | 11,391               | 301,740                      | 283,960   |         | 3    |
| AN                        | 13 Oct. 1993  | 13 Oct. 2023     | 7.32            | (200,000 U.S.)             | 13,587               | 301,740                      | 283,960   |         | 3    |
| 6B                        | 07 Jul. 1995  | 07 Jul. 2025     | 9.15            |                            | 2,620                | 100,000                      | 100,000   |         | 3    |
| 6C                        | 05 Feb. 1996  | 05 Feb. 2026     | 8.45            |                            | 3,732                | 150,000                      | 150,000   |         | 3    |
| NPPF-1                    | 01 Jul. 1998  | 01 Jul. 2005     | 8               |                            | -                    | 5,793                        | -         |         | 18   |
| 6G                        | 07 Oct. 1998  | 07 Oct. 2008     | 5.70            |                            | -                    | 250,000                      | -         |         | 3    |
| 6F                        | 17 Apr. 1998  | 17 Apr. 2028     | 6.15            |                            | -                    | 450,000                      | -         |         | 3    |
| Total: General Debentures |               |                  |                 |                            | 666,700              | 4,731,311                    | 4,144,469 |         |      |
| Other:                    |               |                  |                 |                            |                      |                              |           |         |      |
| Loans Payable:            |               |                  |                 |                            |                      |                              |           |         |      |
| J12                       | 25 Jan. 1995  | 25 Jan. 1999     | Floating        |                            | -                    | -                            | 42,000    |         | 4,13 |
| J10                       | 21 Oct. 1994  | 21 Oct. 2001     | 4.95            | (2,300,000 Y)              | -                    | 29,270                       | 24,604    |         | 4    |
| J11                       | 21 Oct. 1994  | 21 Oct. 2001     | Floating        | (23,500 U.S.)              | -                    | 35,454                       | 33,365    |         | 4,14 |
| 6D                        | 16 Jul. 1996  | 31 Oct. 2001     | 7.6             |                            | -                    | 100,000                      | 100,000   |         | 4,16 |
| Guaranteed debt - assumed |               |                  |                 |                            | -                    | 81,100                       | -         |         | 19   |
| Total: Other              |               |                  |                 |                            | -                    | 245,824                      | 199,969   |         |      |

## DEBENTURE AND OTHER DEBT (continued)

| Series   | Date of Issue | Date of Maturity | Interest Rate % | Sinking Fund Balance | Amount Issued or Outstanding |         |
|--|---------------|------------------|-----------------|----------------------|------------------------------|---------|
|  |               |                  |                 |                      | 1999                         | 1998    |
|  |               |                  |                 | (\$000)              | (\$000)                      | (\$000) |
| Government of Canada and Agencies:                       |               |                  |                 |                      |                              |         |
| Canada Pension Plan Investment Fund Debentures - note 15 |               |                  |                 |                      |                              |         |
| 3A-152   | 03 Apr. 1978  | 03 Apr. 1998     | 9.35            |                      |                              |         |
| to   | to            | to               | to              |                      |                              |         |
| 3A-163   | 01 Mar. 1979  | 01 Mar. 1999     | 10.16           | -                    | -                            | 36,622  |
| 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                       | 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           | 52,308               | 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           | 43,999               | 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           | 34,999               | 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           | 27,332               | 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           | 24,664               | 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           | 25,289               | 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           | 16,149               | 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           | 13,186               | 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           | 12,069               | 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           | 9,284                | 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           | 7,645                | 40,858                       | 40,858  |

## DEBENTURE AND OTHER DEBT (continued)

| Series  | Date of Issue | Date of Maturity | Interest Rate % | Sinking Fund Balance | Amount Issued or Outstanding |           |
|---|---------------|------------------|-----------------|----------------------|------------------------------|-----------|
|   |               |                  |                 |                      | 1999                         | 1998      |
|   |               |                  |                 | (\$000)              | (\$000)                      | (\$000)   |
| 3A-289  | 01 May. 1992  | 01 May. 2012     | 9.17            |                      |                              |           |
| to  | to            | to               | to              |                      |                              |           |
| 3A-291  | 02 Jul. 1992  | 02 Jul. 2012     | 9.45            | 4,323                | 28,770                       | 28,770    |
| 3A-292  | 01 Mar. 1999  | 01 Mar. 2019     | 5.97            | -                    | 1,827                        | -         |
| Total: Canada Pension Plan Investment Fund Debentures - |               |                  |                 | 353,962              | 638,444                      | 673,239   |
| Harbour Lodge - see note 17 . . . . .                   |               |                  |                 | -                    | 632                          | 642       |
| Total: Government of Canada and Agencies                |               |                  |                 | 353,962              | 639,076                      | 673,881   |
| Total: Debenture and Other Debt . . . . .               |               |                  |                 | 1,020,662            | 5,616,211                    | 5,018,319 |
| Current portion of Debenture and Other Debt . . . . .   |               |                  |                 |                      | 100,543                      | 345,670   |
| Long-term portion of Debenture and Other Debt . . . . . |               |                  |                 |                      | 5,515,668                    | 4,672,649 |
|   |               |                  |                 |                      | 5,616,211                    | 5,018,319 |

See accompanying notes.



## NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT

**As at 31 March 1999****1. Sinking Fund Assets**

See note 2 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 2000 ..... | 49,500  |
| 2001 .....          | 48,500  |
| 2002 .....          | 44,700  |
| 2003 .....          | 40,700  |
| 2004 .....          | 38,500  |

**(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 2000 ..... | 60,500  |
| 2001 .....          | 153,300 |
| 2002 .....          | 168,700 |
| 2003 .....          | 153,400 |
| 2004 .....          | 883,200 |

The above sinking fund contributions and debt repayments that relate to foreign issues are translated at the 31 March 1999 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. Redeemable at the option of the Province on 5 October 1998 at 101%. During the year the Province called the bond issue for early redemption.

6. 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 \$146.8 million face value of 5W bonds into 5X bonds.

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

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

9. 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.

10. 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.

11. 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.

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

13. This represented a 30 million U.S. dollar loan which had interest and principal payments swapped into Canadian dollars. Under the terms of the Currency Swap Agreement, the Province was paying quarterly interest at three month BA's plus 0.333%.

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NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT (continued)

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14. Interest rate is six months U.S. libor rate plus 0.4%.
15. 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. Under certain circumstances, the terms of these borrowings may be extended for a final twenty years. If extended, related sinking funds may be canceled and monies paid into the Consolidated Revenue Fund of the Province. Any necessary legislative amendments are being considered.
16. This issue is dated 16 July 1996, however, interest is payable annually on 31 October beginning in 1997.
17. 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.
18. 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.
19. 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. These operating credits had been guaranteed by the Province and included in 1998 Contingent Liabilities. Interest is based upon Bankers Acceptance rates.

## TRANSLATION RATES

| Currency                        | 1999        | 1998      |
|---------------------------------|-------------|-----------|
| Japanese Yen . . . . .          | 0.012726277 | 0.0106974 |
| United States Dollars . . . . . | 1.5087      | 1.4198    |
| Swiss Francs . . . . .          | 1.017       | 0.9363    |

See note 1(b)(xv) and note 7 to the Financial Statements.

## SUMMARY OF ISSUES GENERAL DEBENTURES

| Currency                        | Amount    | Amount in<br>Canadian<br>Dollars |                  |
|---------------------------------|-----------|----------------------------------|------------------|
|                                 |           | 1999                             | 1998             |
|                                 | (000)     | (\$000)                          | (\$000)          |
| Japanese Yen . . . . .          | 4,700,000 | 59,814                           | 50,278           |
| United States Dollars . . . . . | 1,150,000 | 1,735,005                        | 1,632,770        |
| Swiss Francs . . . . .          | 450,000   | 457,650                          | 538,372          |
| Canadian Dollars . . . . .      |           | 2,478,842                        | 1,923,049        |
| Total                           |           | <u>4,731,311</u>                 | <u>4,144,469</u> |

Schedule G

**PROVINCE OF NEWFOUNDLAND****Contingent Liabilities****As at 31 March 1999****with comparative figures for 1998**

|  | Limit of<br>Guarantee<br>(\$000) | Present Liability |                  |
|--|----------------------------------|-------------------|------------------|
|  |                                  | 1999<br>(\$000)   | 1998<br>(\$000)  |
| Guaranteed Debentures:   |                                  |                   |                  |
| Municipalities:  |                                  |                   |                  |
| (For debentures issued to The Municipal Development and Loan Board<br>and The Canada Mortgage and Housing Corporation) |                                  |                   |                  |
| Badger's Quay . . . . .  | 52                               | 52                | 102              |
| Baie Verte . . . . .   | 43                               | 43                | 50               |
| Bishop's Falls . . . . .   | 78                               | 78                | 207              |
| Botwood . . . . .  | 9                                | 9                 | 45               |
| Buchans . . . . .  | 21                               | 21                | 24               |
| Burin . . . . .  | 49                               | 49                | 132              |
| Channel - Port aux Basques . . . . .   | 39                               | 39                | 43               |
| Dark Cove . . . . .  | 99                               | 99                | 139              |
| Deer Lake . . . . .  | 21                               | 21                | 23               |
| Dunville . . . . .   | 164                              | 164               | 192              |
| Freshwater . . . . .   | 25                               | 25                | 25               |
| Gander . . . . .   | 147                              | 147               | 162              |
| Glenwood . . . . .   | 87                               | 87                | 90               |
| Grand Bank . . . . .   | 21                               | 21                | 23               |
| Grand Falls - Windsor . . . . .  | 158                              | 158               | 172              |
| Happy Valley . . . . .   | 272                              | 272               | 298              |
| Harbour Breton . . . . .   | 184                              | 184               | 195              |
| Harbour Grace . . . . .  | 74                               | 74                | 74               |
| La Scie . . . . .  | 28                               | 28                | 30               |
| Mount Pearl . . . . .  | 80                               | 80                | 88               |
| Springdale . . . . .   | 33                               | 33                | 36               |
| Stephenville Crossing . . . . .  | 20                               | 20                | 21               |
| Wabana . . . . .   | 37                               | 37                | 36               |
| Wesleyville . . . . .  | 6                                | 6                 | 13               |
|  | <u>1,747</u>                     | <u>1,747</u>      | <u>2,220</u>     |
| Crown Corporations:  |                                  |                   |                  |
| Newfoundland and Labrador Hydro Electric<br>Corporation - note 2 . . . . .   | 1,100,000                        | 1,100,000         | 1,135,010        |
| Newfoundland Liquor Corporation . . . . .  | 500                              | 500               | 700              |
| Newfoundland Municipal Financing<br>Corporation - note 2 . . . . .   | 372,802                          | 372,802           | 365,239          |
|  | <u>1,473,302</u>                 | <u>1,473,302</u>  | <u>1,500,949</u> |
| Guaranteed Bank Loans:   |                                  |                   |                  |
| Municipalities: - note 3   |                                  |                   |                  |
| Anchor Point . . . . .   | 58                               | 38                | 7                |
| Baine Harbour . . . . .  | 12                               | -                 | -                |
| Bay Roberts . . . . .  | -                                | -                 | 155              |
| Baytona . . . . .  | -                                | -                 | 48               |

## CONTINGENT LIABILITIES (continued)

|                                 | Limit of<br>Guarantee<br>(\$000) | Present Liability |                 |
|---------------------------------|----------------------------------|-------------------|-----------------|
|                                 |                                  | 1999<br>(\$000)   | 1998<br>(\$000) |
| Guaranteed Bank Loans:          |                                  |                   |                 |
| Municipalities: - note 3        |                                  |                   |                 |
| Belleoram . . . . .             | -                                | -                 | 50              |
| Benton . . . . .                | -                                | -                 | 137             |
| Birchy Bay . . . . .            | 53                               | -                 | -               |
| Bonavista . . . . .             | 225                              | 91                | 40              |
| Botwood . . . . .               | 98                               | 86                | 122             |
| Brent's Cove . . . . .          | -                                | -                 | 11              |
| Brighton . . . . .              | 27                               | 19                | -               |
| Bryant's Cove . . . . .         | -                                | -                 | 25              |
| Buchans . . . . .               | 13                               | 10                | -               |
| Burlington . . . . .            | 18                               | 14                | -               |
| Burnt Islands . . . . .         | -                                | -                 | 40              |
| Campbellton . . . . .           | -                                | -                 | 73              |
| Cape St. George . . . . .       | 119                              | 113               | -               |
| Carbonear . . . . .             | -                                | -                 | 566             |
| Clarenville . . . . .           | -                                | -                 | 126             |
| Clarke's Beach . . . . .        | -                                | -                 | 261             |
| Colliers . . . . .              | -                                | -                 | 9               |
| Come By Chance . . . . .        | -                                | -                 | 156             |
| Conception Bay South . . . . .  | 217                              | -                 | -               |
| Conception Harbour . . . . .    | 80                               | 76                | -               |
| Cormack . . . . .               | -                                | -                 | 7               |
| Corner Brook . . . . .          | -                                | -                 | 190             |
| Cottlesville . . . . .          | 63                               | 63                | 40              |
| Cox's Cove . . . . .            | 86                               | 63                | 30              |
| Crow Head . . . . .             | 27                               | 23                | -               |
| Deadman's Bay . . . . .         | -                                | -                 | 58              |
| Eastport . . . . .              | 64                               | 33                | -               |
| Embree . . . . .                | -                                | -                 | 368             |
| English Harbour East . . . . .  | -                                | -                 | 72              |
| Fogo . . . . .                  | -                                | -                 | 247             |
| Fogo Regional Council . . . . . | 114                              | 111               | 218             |
| Forteau . . . . .               | -                                | -                 | 65              |
| Fortune . . . . .               | -                                | -                 | 54              |
| Garnish . . . . .               | 48                               | 13                | -               |
| Gaultois . . . . .              | -                                | -                 | 222             |
| Gillams . . . . .               | -                                | -                 | 12              |
| Glenwood . . . . .              | -                                | -                 | 18              |
| Glovertown . . . . .            | 77                               | -                 | -               |
| Goose Cove East . . . . .       | -                                | -                 | 16              |
| Grand Bank . . . . .            | 70                               | -                 | -               |
| Grand Falls - Windsor . . . . . | 147                              | 102               | 206             |
| Greenspond . . . . .            | -                                | -                 | 366             |
| Hampden . . . . .               | 47                               | 43                | 40              |

## CONTINGENT LIABILITIES (continued)

|   | Limit of<br>Guarantee<br>(\$000) | Present Liability |                 |
|---|----------------------------------|-------------------|-----------------|
|   |                                  | 1999<br>(\$000)   | 1998<br>(\$000) |
| Guaranteed Bank Loans:                            |                                  |                   |                 |
| Municipalities: - note 3                          |                                  |                   |                 |
| Happy Valley - Goose Bay . . . . .                | 147                              | 132               | 2,367           |
| Harbour Breton . . . . .                          | 29                               | 21                | 26              |
| Harbour Grace . . . . .                           | 77                               | 75                | -               |
| Harbour Main - Chapel's Cove - Lakeview . . . . . | -                                | -                 | 25              |
| Heart's Content . . . . .                         | 16                               | 16                | 247             |
| Heart's Desire . . . . .                          | -                                | -                 | 14              |
| Irishtown - Summerside . . . . .                  | -                                | -                 | 372             |
| Jackson's Arm . . . . .                           | -                                | -                 | 172             |
| La Scie . . . . .                                 | -                                | -                 | 155             |
| Leading Ticks West . . . . .                      | -                                | -                 | 295             |
| Little Catalina . . . . .                         | 12                               | 12                | -               |
| Long Harbour . . . . .                            | 39                               | 37                | -               |
| Lourdes . . . . .                                 | 12                               | -                 | -               |
| Main Brook . . . . .                              | -                                | -                 | 22              |
| Mainland . . . . .                                | 29                               | 29                | -               |
| Mary's Harbour . . . . .                          | -                                | -                 | 2               |
| Marystown . . . . .                               | 295                              | 283               | 419             |
| Massey Drive . . . . .                            | 34                               | -                 | -               |
| Meadows . . . . .                                 | 51                               | 46                | 162             |
| Miles Cove . . . . .                              | -                                | -                 | 1               |
| Ming's Bight . . . . .                            | -                                | -                 | 79              |
| Mount Moriah . . . . .                            | -                                | -                 | 186             |
| Mount Pearl . . . . .                             | -                                | -                 | 63              |
| Musgravetown . . . . .                            | -                                | -                 | 36              |
| Norman's Cove - Long Cove . . . . .               | -                                | -                 | 67              |
| Northern Arm . . . . .                            | 66                               | 33                | -               |
| Old Perlican . . . . .                            | -                                | -                 | 99              |
| Pacquet . . . . .                                 | -                                | -                 | 89              |
| Pasadena . . . . .                                | -                                | -                 | 147             |
| Petty Harbour - Maddox Cove . . . . .             | -                                | -                 | 61              |
| Pilley's Island . . . . .                         | 32                               | 4                 | -               |
| Placentia . . . . .                               | -                                | -                 | 110             |
| Point Leamington . . . . .                        | -                                | -                 | 30              |
| Point May . . . . .                               | -                                | -                 | 92              |
| Port au Bras . . . . .                            | -                                | -                 | 355             |
| Port au Choix . . . . .                           | -                                | -                 | 17              |
| Port Saunders . . . . .                           | 229                              | 202               | 403             |
| Port Union . . . . .                              | -                                | -                 | 28              |
| Portugal Cove - St. Phillip's . . . . .           | 41                               | -                 | -               |
| Pouch Cove . . . . .                              | -                                | -                 | 42              |
| Raleigh . . . . .                                 | -                                | -                 | 20              |
| Red Bay . . . . .                                 | -                                | -                 | 6               |
| River of Ponds . . . . .                          | 76                               | 38                | 18              |

## CONTINGENT LIABILITIES (continued)

|  | Limit of<br>Guarantee<br>(\$000) | Present Liability |                 |
|--|----------------------------------|-------------------|-----------------|
|  |                                  | 1999<br>(\$000)   | 1998<br>(\$000) |
| Guaranteed Bank Loans:                         |                                  |                   |                 |
| Municipalities: - note 3                       |                                  |                   |                 |
| Roberts Arm . . . . .                          | 275                              | 20                | -               |
| Roddickton . . . . .                           | -                                | -                 | 29              |
| Rose Blanche - Harbour Le Cou . . . . .        | 33                               | 31                | 66              |
| Seal Cove, Fortune Bay . . . . .               | -                                | -                 | 204             |
| South River . . . . .                          | -                                | -                 | 160             |
| St Lawrence . . . . .                          | 217                              | 80                | 102             |
| St. Alban's . . . . .                          | 26                               | 16                | -               |
| St. Bernard's . . . . .                        | 40                               | 37                | -               |
| Steady Brook . . . . .                         | -                                | -                 | 492             |
| Stephenville Crossing . . . . .                | -                                | -                 | 8               |
| Terra Nova . . . . .                           | 58                               | -                 | -               |
| Tilting . . . . .                              | -                                | -                 | 411             |
| Torbay . . . . .                               | -                                | -                 | 350             |
| Trinity . . . . .                              | -                                | -                 | 36              |
| Triton - Jim's Cove - Card's Harbour . . . . . | 48                               | -                 | -               |
| Twillingate . . . . .                          | 125                              | 110               | 105             |
| West St. Modeste . . . . .                     | 11                               | 9                 | -               |
| Whitbourne . . . . .                           | -                                | -                 | 64              |
| Whiteway . . . . .                             | -                                | -                 | 51              |
| Winterland . . . . .                           | -                                | -                 | 42              |
| Winterton . . . . .                            | 42                               | -                 | -               |
| Witless Bay . . . . .                          | 87                               | -                 | -               |
| Woody Point . . . . .                          | -                                | -                 | 25              |
|  | <u>3,810</u>                     | <u>2,129</u>      | <u>12,427</u>   |
| Fisheries: - note 4                            |                                  |                   |                 |
| Allingham, Ralph and Wayne . . . . .           | 97                               | 97                | 106             |
| Anderson, Kirk - et al . . . . .               | 90                               | 90                | 140             |
| Andrews, Clarence . . . . .                    | -                                | -                 | 131             |
| Andrews, Winston and Bert . . . . .            | 74                               | 74                | 110             |
| Barrett, Fred Jr. . . . .                      | -                                | -                 | 22              |
| Bath, Keith . . . . .                          | -                                | -                 | 71              |
| Bath, Otis . . . . .                           | -                                | -                 | 129             |
| Biles, Bernard and Shawn . . . . .             | 64                               | 64                | 73              |
| Bishop, Harold . . . . .                       | 30                               | 30                | 40              |
| Burton, Glen - et al . . . . .                 | 357                              | 357               | 392             |
| Burton, Oswald and Ivan . . . . .              | 152                              | 152               | 183             |
| Butler, Harold . . . . .                       | 45                               | 45                | 60              |
| Cassell, David . . . . .                       | 69                               | 69                | 105             |
| Chambers, Wilfred - et al . . . . .            | 76                               | 76                | 92              |
| Coleman, John W. . . . .                       | 41                               | 41                | 88              |
| Coles, Derek . . . . .                         | 146                              | 146               | 164             |
| Coles, Kirby - et al . . . . .                 | 81                               | 81                | 99              |
| Collins, Perry - et al . . . . .               | 78                               | 78                | 93              |

## CONTINGENT LIABILITIES (continued)

|                                       | Limit of<br>Guarantee<br>(\$000) | Present Liability |                 |
|---------------------------------------|----------------------------------|-------------------|-----------------|
|                                       |                                  | 1999<br>(\$000)   | 1998<br>(\$000) |
| Guaranteed Bank Loans:                |                                  |                   |                 |
| Fisheries: - note 4                   |                                  |                   |                 |
| Croft, Raphael . . . . .              | -                                | -                 | 819             |
| Cumby, Gerald - et al . . . . .       | 12                               | 12                | 18              |
| Daley, Andrew . . . . .               | 453                              | 453               | 498             |
| Daley, Gary . . . . .                 | 495                              | 495               | 540             |
| Day, Alex . . . . .                   | 193                              | 193               | 217             |
| Decker, Barry . . . . .               | 60                               | 60                | 72              |
| Decker, William . . . . .             | 133                              | 133               | 155             |
| Dicks, Barry . . . . .                | -                                | -                 | 22              |
| Dobbin, Fintan . . . . .              | -                                | -                 | 5               |
| Donovon, James and Michael . . . . .  | 152                              | 152               | 174             |
| Dredge, Issac - et al . . . . .       | -                                | -                 | 91              |
| Dredge, Stanley - et al . . . . .     | 31                               | 31                | 38              |
| Drover, Walter . . . . .              | -                                | -                 | 15              |
| Eddy, James . . . . .                 | -                                | -                 | 57              |
| Efford, Harold . . . . .              | 529                              | 285               | 322             |
| Fennelly, Douglas . . . . .           | 74                               | 74                | 94              |
| Fennelly, Thomas . . . . .            | 423                              | 423               | 473             |
| Flight, Maxwell . . . . .             | -                                | -                 | 474             |
| Forsey, Maxwell Jr. . . . .           | 480                              | 480               | 514             |
| Gallant, Guy . . . . .                | 642                              | 642               | 642             |
| Genge, Claude - et al . . . . .       | 48                               | 48                | 57              |
| Genge, Montrose . . . . .             | 752                              | 752               | 827             |
| Genge, Roland and Cyril . . . . .     | -                                | -                 | 139             |
| Genge, Rufus . . . . .                | 154                              | 154               | 193             |
| Gibbons, David and Reginald . . . . . | 53                               | 53                | 62              |
| Giles, Ronald . . . . .               | -                                | -                 | 8               |
| Gill, Bruce . . . . .                 | 136                              | 136               | 158             |
| Gorman, Michael . . . . .             | 144                              | 144               | 162             |
| Gould, Angus - et al . . . . .        | 53                               | 53                | 80              |
| Grandy, Gordon . . . . .              | 57                               | 57                | 54              |
| Grandy, Ray and George . . . . .      | -                                | -                 | 1               |
| Hammond, Peter . . . . .              | 83                               | 83                | 97              |
| Hann, Leslie J. . . . .               | -                                | -                 | 8               |
| Harnett, Frank . . . . .              | -                                | -                 | 47              |
| Harnum, Alfred - et al . . . . .      | 5                                | 5                 | 10              |
| Hart, Lloyd . . . . .                 | 803                              | 803               | 720             |
| Hickey, Andrew . . . . .              | 29                               | 29                | 43              |
| Hickey, John . . . . .                | 234                              | 234               | 292             |
| Hickey, John Sr. - et al . . . . .    | 1,040                            | 1,040             | 1,105           |
| Hiscock, Albert . . . . .             | 728                              | 728               | 779             |
| House, Lionel . . . . .               | 225                              | 225               | 254             |
| Hussey, Craig . . . . .               | 1,030                            | 1,030             | 1,087           |
| Hutchings, Frank . . . . .            | 529                              | 529               | 574             |

## CONTINGENT LIABILITIES (continued)

|                                       | Limit of<br>Guarantee<br>(\$000) | Present Liability |                 |
|---------------------------------------|----------------------------------|-------------------|-----------------|
|                                       |                                  | 1999<br>(\$000)   | 1998<br>(\$000) |
| Guaranteed Bank Loans:                |                                  |                   |                 |
| Fisheries: - note 4                   |                                  |                   |                 |
| Jacobs, George - et al . . . . .      | 534                              | 534               | 584             |
| Kearney, Francis and Jerome . . . . . | 69                               | 69                | 80              |
| Lavers, Dion . . . . .                | -                                | -                 | 8               |
| Lavers, Murray . . . . .              | -                                | -                 | 17              |
| Leonard, Michael . . . . .            | -                                | -                 | 77              |
| Lewis, John B. . . . .                | 195                              | -                 | -               |
| Leyte, Roy and Melvin . . . . .       | 410                              | 410               | 451             |
| Locke, Alton R. . . . .               | 19                               | 19                | 25              |
| Loveless, Bruce . . . . .             | 57                               | 57                | 62              |
| Loveless, Wallace . . . . .           | 48                               | 48                | 52              |
| Mann, Adolph . . . . .                | 96                               | 96                | 148             |
| McCarthy, Dennis . . . . .            | -                                | -                 | 347             |
| Meade, Edward J. . . . .              | 46                               | 46                | 53              |
| Morey, Lorne . . . . .                | 354                              | 354               | 384             |
| Morey, Stanley . . . . .              | -                                | -                 | 112             |
| Morgan William G. . . . .             | 1,217                            | 784               | -               |
| Morgan, Wayne A. . . . .              | 203                              | 203               | 224             |
| Morgan, Wayne S. . . . .              | 537                              | 537               | 600             |
| Moss, Eugene . . . . .                | -                                | -                 | 36              |
| Mouland, Harvey and Wallace . . . . . | 350                              | 350               | 392             |
| Noble, Bruce and Garry . . . . .      | -                                | -                 | 32              |
| Noble, Clyde . . . . .                | -                                | -                 | 24              |
| Noble, Rodger . . . . .               | 47                               | 47                | 70              |
| Noonan, Maurice and Raymond . . . . . | 185                              | 185               | 246             |
| Oldford, Lloyd and Augustus . . . . . | 33                               | 33                | 38              |
| Parsons, William (Tony) . . . . .     | 55                               | 55                | 67              |
| Patey, Randy . . . . .                | 450                              | 450               | -               |
| Peddle, Larry . . . . .               | 191                              | 191               | 232             |
| Penney, Glenn . . . . .               | 273                              | 273               | 315             |
| Penney, Harold - et al . . . . .      | 137                              | 137               | 170             |
| Penton, Aiden . . . . .               | 302                              | 302               | 409             |
| Penton, George - et al . . . . .      | -                                | -                 | 169             |
| Petten, Calvin . . . . .              | 48                               | 48                | 74              |
| Petten, Chesley . . . . .             | 563                              | 563               | 610             |
| Petten, Dwight . . . . .              | 294                              | 294               | 352             |
| Petten, Lester . . . . .              | 463                              | 463               | 506             |
| Petten, Raymond . . . . .             | 545                              | 545               | 600             |
| Petten, Ross Truman . . . . .         | -                                | -                 | 212             |
| Petten, Vernon . . . . .              | -                                | -                 | 90              |
| Pike, Alex . . . . .                  | 362                              | 362               | 429             |
| Plowman, Clayton . . . . .            | -                                | -                 | 42              |
| Plowman, Joseph . . . . .             | 54                               | 54                | 81              |
| Porter, Edmund and Marion . . . . .   | -                                | -                 | 147             |



## CONTINGENT LIABILITIES (continued)

|  | Limit of<br>Guarantee<br>(\$000) | Present Liability |                 |
|--|----------------------------------|-------------------|-----------------|
|  |                                  | 1999<br>(\$000)   | 1998<br>(\$000) |
| Guaranteed Bank Loans:                             |                                  |                   |                 |
| Fisheries: - note 4                                |                                  |                   |                 |
| Porter, James F. & James P. . . . .                | 72                               | 72                | -               |
| Pumphrey, Gerry . . . . .                          | 490                              | 490               | 463             |
| Ralph, Shawn - et al . . . . .                     | 260                              | 260               | 260             |
| Roberts, Charles and Winslow, Glen . . . . .       | 384                              | 384               | 422             |
| Rose, Richard - et al . . . . .                    | 26                               | 26                | 102             |
| Rowe, Morley . . . . .                             | 473                              | 473               | 508             |
| Rumboldt, Gary . . . . .                           | 25                               | 25                | 36              |
| Russell, Aubrey . . . . .                          | 111                              | 111               | 147             |
| Russell, Ivan . . . . .                            | 697                              | 697               | 790             |
| Russell, Wayne . . . . .                           | 402                              | 402               | 453             |
| Russell, William - et al . . . . .                 | 193                              | 193               | 216             |
| Ryan, Reginald . . . . .                           | -                                | -                 | 11              |
| Saunders, George . . . . .                         | 14                               | 14                | 28              |
| Saunders, Ralph . . . . .                          | -                                | -                 | 94              |
| SGR Fisheries Limited . . . . .                    | 1,143                            | 1,143             | 565             |
| Short, James . . . . .                             | -                                | -                 | 576             |
| Simmonds, Rex . . . . .                            | 1,008                            | 1,008             | 821             |
| Snook, Wesley . . . . .                            | 89                               | 89                | 111             |
| Spurrell, Hayward . . . . .                        | 395                              | 395               | 448             |
| Sturge, Arthur - et al . . . . .                   | 826                              | 826               | 914             |
| Sullivan, Gary and Donald . . . . .                | 48                               | 48                | 72              |
| Sullivan, Lawrence . . . . .                       | 24                               | 24                | 36              |
| Sweet, Jack . . . . .                              | -                                | -                 | 72              |
| Tobin, Alonzo - et al . . . . .                    | 122                              | 122               | 145             |
| Walsh, Jarvis . . . . .                            | 12                               | 12                | 16              |
| Ward, Cecil . . . . .                              | 142                              | 142               | 165             |
| Ward, Ford . . . . .                               | 138                              | 138               | 161             |
| Ward, Roy . . . . .                                | 48                               | 48                | 72              |
| Warren, Garfield - et al . . . . .                 | 17                               | 17                | 35              |
| Way, George - et al . . . . .                      | -                                | -                 | 57              |
| Whalen, Maxwell . . . . .                          | 213                              | 213               | 373             |
| Whelan, Blaine . . . . .                           | 22                               | 22                | 51              |
| White, Glenn . . . . .                             | 304                              | 304               | 335             |
|  | <u>27,015</u>                    | <u>26,143</u>     | <u>31,217</u>   |
| Province's Liability                               | <u>21,087</u>                    | <u>20,214</u>     | <u>19,720</u>   |
| Corporate:   |                                  |                   |                 |
| A.L. Stuckless and Sons Limited . . . . .          | 900                              | 900               | 900             |
| Atlantic Group Limited . . . . .                   | 400                              | 400               | 400             |
| Canadian Red Cross Society . . . . .               | -                                | -                 | 359             |
| Carroll's Store and Fisheries Limited . . . . .    | 29                               | 29                | 35              |
| Earle Brothers Fisheries Limited . . . . .         | 265                              | 265               | 600             |
| Fogo Island Co-Operative Society Limited . . . . . | 2,000                            | -                 | 583             |
| Integrated Poultry Limited . . . . .               | 12,800                           | 12,800            | 1,000           |

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CONTINGENT LIABILITIES (continued)

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|  | Limit of<br>Guarantee<br>(\$000) | Present Liability |                  |
|--|----------------------------------|-------------------|------------------|
|  |                                  | 1999<br>(\$000)   | 1998<br>(\$000)  |
| Guaranteed Bank Loans:                                 |                                  |                   |                  |
| Corporate:   |                                  |                   |                  |
| Island By-Products Limited . . . . .                   | 335                              | 335               | -                |
| Newco IV Corporation . . . . .                         | -                                | -                 | 2,736            |
| Newfoundland Farm Products Limited . . . . .           | -                                | -                 | 10,300           |
| Newfoundland Ocean Enterprises Limited . . . . .       | -                                | -                 | 70,000           |
| Newfoundland Symphony Orchestra . . . . .              | 50                               | 5                 | 51               |
| P. Janes and Sons Limited . . . . .                    | 800                              | 800               | 400              |
| S.C.B. Fisheries Limited . . . . .                     | 1,700                            | 1,435             | 3,850            |
| Smith Seafoods Limited . . . . .                       | 100                              | 75                | 95               |
| Torngat Fish Producers Co-Op Society Limited . . . . . | 2,100                            | 930               | 80               |
|  | <u>21,479</u>                    | <u>17,974</u>     | <u>91,389</u>    |
| Other Guarantees:                                      |                                  |                   |                  |
| Newfoundland Ocean Enterprises Limited . . . . .       | 42,988                           | 42,788            | 70,169           |
|  | <u>1,564,413</u>                 | <u>1,558,154</u>  | <u>1,696,874</u> |

See accompanying notes.

## NOTES TO SCHEDULE OF CONTINGENT LIABILITIES

**As at 31 March 1999****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 1999, capitalized interest and past due interest amounted to \$0.3 million and \$0.3 million respectively.

**2. Debenture Issues with Sinking Funds**

|  | Principal<br>Amount of<br>Debentures<br>Outstanding<br>(\$000) | Value of<br>Sinking<br>Fund<br>(\$000) | Net<br>Liability<br>(\$000) |
|--|--|--|-----------------------------|
| Newfoundland Municipal Financing Corporation         |  |  |                             |
| - Canadian Funds . . . . .                           | 449,742  | 76,940                                 | <u>372,802</u>              |
| Newfoundland and Labrador Hydro Electric Corporation |  |  |                             |
| - Canadian Funds . . . . .                           | 1,055,000  | 89,670                                 | <u>965,330</u>              |
| Government of Canada . . . . .                       |  |  | 41,726                      |
| Promissory Notes . . . . .                           |  |  | <u>92,944</u>               |
|  |  |  | <u>1,100,000</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. 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 20% of all 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 1999 the Province's liability is limited to \$20.2 million.

**5. Payments under Guarantee**

During the 1998-1999 fiscal year, the Province paid the following amounts under its guarantees:

|                                    |              |
|------------------------------------|--------------|
| Ralph Saunders . . . . .           | 61           |
| Newco IV Corporation . . . . .     | 2,736        |
| S.C.B. Fisheries Limited . . . . . | <u>5,000</u> |
|                                    | <u>7,797</u> |

**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).

## NOTES TO SCHEDULE OF CONTINGENT LIABILITIES (continued)

**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 3 - 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 1999, no liability exists.

**8. Trust Accounts**

The Province is contingently liable for any shortage of funds 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 provides that the Credit Union Deposit Guarantee Corporation ("CUDGC") guarantees the repayment of deposits made with credit unions, up to \$60 thousand per specified account to a maximum of \$180 thousand per member. Government has provided a guarantee to the CUDGC to ensure its obligations respecting deposit guarantees are carried out. As of 31 March 1999, the balance in the CUDGC guarantee fund was greater than the accumulated deficit of all credit unions in a deficit position.

**11. Newfoundland Student Loans Program**

Under the loan guarantee component of this Program, the Province has issued guarantees totalling \$2.4 million. Under the loan remission component of the Program, the Province is contingently liable for possible remissions totalling \$5.8 million.

**12. Valuation Allowance**

The allowance for guaranteed debt for 1998-1999 is \$14.4 million (1997-1998 - \$87 million).

**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.

Schedule H

## PROVINCE OF NEWFOUNDLAND

### Losses, Uncollectible Accounts and Other Amounts Written Off For the year ended 31 March 1999 with comparative figures for 1998

| Department                                 | 1999<br>(\$000) | 1998<br>(\$000) |
|--|-----------------|-----------------|
| <b>Finance:</b>                            |                 |                 |
| Remissions . . . . .                       | 1,900           | 1,126           |
| Tax forgiveness . . . . .                  | 117             | 2,108           |
| Loan forgiveness . . . . .                 | 1,280           | 6,767           |
|  | <u>3,297</u>    | <u>10,001</u>   |
| <b>Government Services and Lands:</b>      |                 |                 |
| Public safety inspection fees . . . . .    | -               | 3               |
| Uncollectible accounts . . . . .           | 14              | 19              |
| Cash shortages . . . . .                   | 6               | -               |
|  | <u>20</u>       | <u>22</u>       |
| <b>Works, Services and Transportation:</b> |                 |                 |
| Uncollectible accounts . . . . .           | -               | 4               |
| Inventory underage . . . . .               | 6               | 37              |
| Damages-guide rails . . . . .              | 3               | -               |
|  | <u>9</u>        | <u>41</u>       |
| <b>Fisheries and Aquaculture:</b>          |                 |                 |
| Inventory underage . . . . .               | -               | 159             |
| Uncollectible accounts . . . . .           | 35              | 99              |
|  | <u>35</u>       | <u>258</u>      |
| <b>Forest Resources and Agrifoods:</b>     |                 |                 |
| Uncollectible accounts . . . . .           | -               | 147             |
| Veterinary services . . . . .              | 49              | -               |
|  | <u>49</u>       | <u>147</u>      |
| <b>Tourism, Culture and Recreation:</b>    |                 |                 |
| Uncollectible accounts . . . . .           | 3               | -               |
| <b>Education:</b>                          |                 |                 |
| Uncollectible accounts . . . . .           | -               | 5               |
| <b>Health and Community Services:</b>      |                 |                 |
| Third party liabilities . . . . .          | 123             | 681             |
| Uncollectible accounts . . . . .           | -               | 34              |
|  | <u>123</u>      | <u>715</u>      |
| <b>Human Resources and Employment:</b>     |                 |                 |
| Uncollectible accounts . . . . .           | -               | 13              |
| Overpayment of social assistance . . . . . | 243             | 198             |
|  | <u>243</u>      | <u>211</u>      |
| <b>Justice:</b>                            |                 |                 |
| Uncollectible accounts . . . . .           | 98              | 2               |
| Overdrawn leave . . . . .                  | 3               | -               |
|  | <u>101</u>      | <u>2</u>        |

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

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Department

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|                                   | <u>1999</u>  | <u>1998</u>   |
|-----------------------------------|--------------|---------------|
|                                   | (\$000)      | (\$000)       |
| Municipal and Provincial Affairs: |              |               |
| Uncollectible accounts . . . . .  | <u>10</u>    | <u>-</u>      |
| Total                             | <u>3,890</u> | <u>11,402</u> |

Schedule I

**PROVINCE OF NEWFOUNDLAND**  
**Reconciliation of Modified Cash to Modified Accrual**  
**As at 31 March 1999**  
**with comparative figures for 1998**

|   | 1999                  |                      | 1998                  |                      |
|---|-----------------------|----------------------|-----------------------|----------------------|
|   | Current<br>(\$000)    | Capital<br>(\$000)   | Current<br>(\$000)    | Capital<br>(\$000)   |
| Surplus (Deficit) - modified cash . . . . .   | 166,431               | (162,590)            | 125,622               | (132,353)            |
| Less: Amounts capitalized . . . . .   | -                     | 6,220                | -                     | (4,190)              |
|   | <u>166,431</u>        | <u>(156,370)</u>     | <u>125,622</u>        | <u>(136,543)</u>     |
| Surplus (Deficit) - modified accrual . . . . .  | <u>5,039</u>          | <u>(182,862)</u>     | <u>(55,276)</u>       | <u>(165,606)</u>     |
| Increase/decrease in surplus/deficit . . . . .  | <u><u>161,392</u></u> | <u><u>26,492</u></u> | <u><u>180,898</u></u> | <u><u>29,063</u></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 . . . . .  | 9,808                 | -                    | 2,827                 | -                    |
| Gasoline tax . . . . .  | ( 805)                | -                    | 94                    | -                    |
| Other taxes . . . . .   | 376                   | -                    | 6,402                 | -                    |
| Non-tax revenue . . . . .   | ( 10,193)             | -                    | ( 7,179)              | -                    |
| Personal income tax . . . . .   | -                     | -                    | -                     | -                    |
| Equalization . . . . .  | ( 18,490)             | -                    | ( 1,531)              | -                    |
| Established programs financing . . . . .  | -                     | -                    | ( 4,271)              | -                    |
| Related revenue . . . . .   | ( 71,291)             | -                    | ( 69,937)             | -                    |
| Canada Health and Social Transfer . . . . .   | ( 2,742)              | -                    | -                     | -                    |
| Total revenue . . . . .   | <u>( 93,337)</u>      | <u>-</u>             | <u>( 73,595)</u>      | <u>-</u>             |
| Expenditure   |                       |                      |                       |                      |
| Salaries . . . . .  | ( 15,644)             | -                    | 14,043                | -                    |
| Employee benefits . . . . .   | ( 56,947)             | -                    | ( 45,797)             | -                    |
| Pension costs . . . . .   | ( 11,109)             | -                    | 18,096                | -                    |
| Professional services . . . . .   | -                     | -                    | -                     | -                    |
| Purchased services . . . . .  | ( 2,891)              | -                    | ( 524)                | -                    |
| Allowances and assistance . . . . .   | 712                   | -                    | 516                   | -                    |
| Grants and subsidies . . . . .  | ( 32,360)             | 4,445                | 4,083                 | 2,205                |
| Debt expenses . . . . .   | 345,329               | ( 239)               | 262,842               | 145                  |
| Bad debt expenses . . . . .   | 27,639                | 22,286               | 1,234                 | 26,713               |
| Total expenditure . . . . .   | <u>254,729</u>        | <u>26,492</u>        | <u>254,493</u>        | <u>29,063</u>        |
| Increase/decrease in surplus/deficit . . . . .  | <u><u>161,392</u></u> | <u><u>26,492</u></u> | <u><u>180,898</u></u> | <u><u>29,063</u></u> |
| Net increase/decrease in surplus/deficit . . . . .  | <u><u>187,884</u></u> | <u><u>-</u></u>      | <u><u>209,961</u></u> | <u><u>-</u></u>      |