

The Department of Finance 2005-06 Annual Report

Year Ended 31 March, 2006



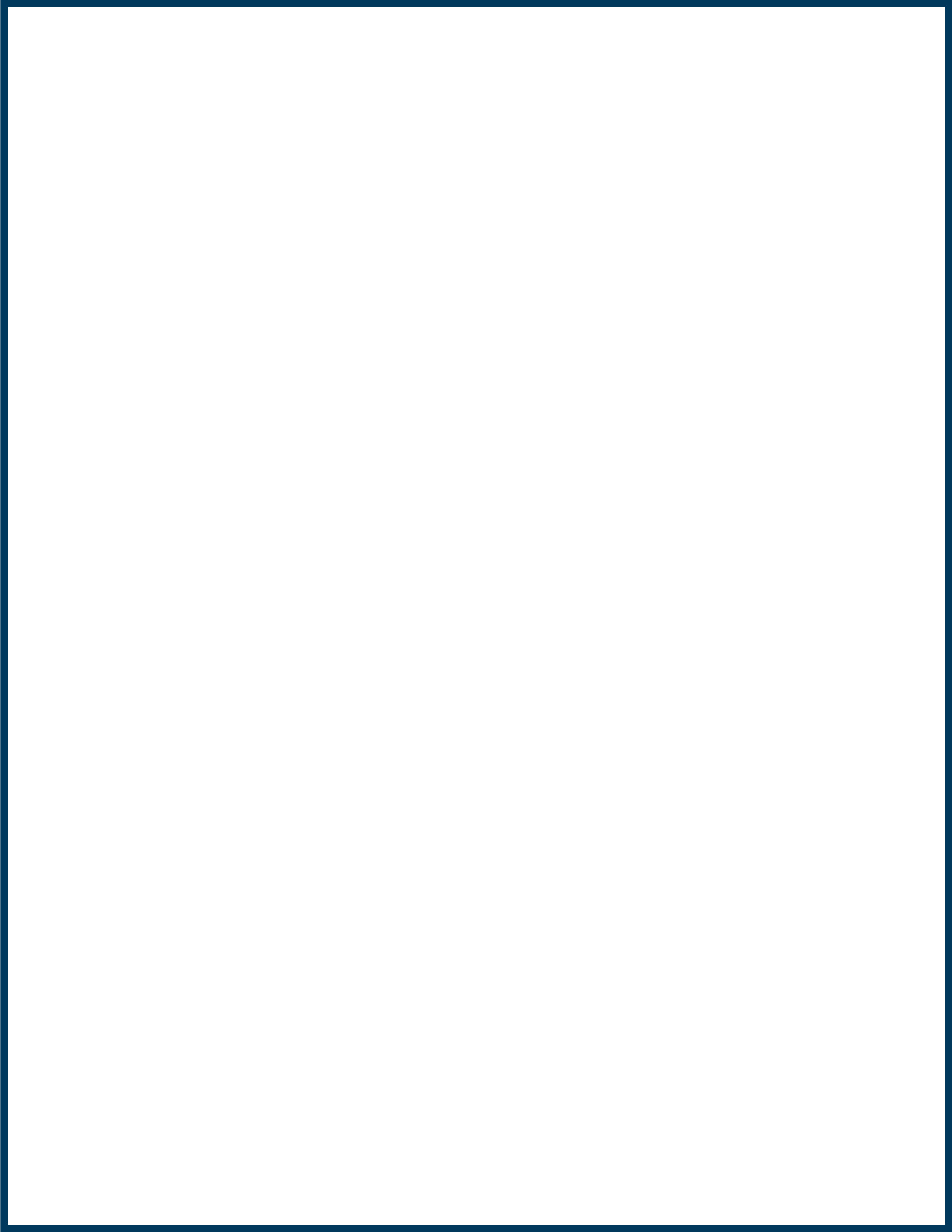


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Mr. Speaker,

In accordance with government's commitment to greater accountability, I hereby table the 2005-06 Annual Report for the Department of Finance. This report addresses the department's activities and outcomes from 1 April, 2005 to 31 March, 2006.



Thomas W. Marshall, Q.C.
Minister of Finance

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Message from the Minister



It is my pleasure to present the 2005-06 Annual Report for the Department of Finance.

The Department of Finance works tirelessly doing the integral work which results in the seamless day-to-day operation of the Government of Newfoundland and Labrador. My department works diligently in the areas of fiscal and taxation monitoring and policy development, the managing the provincial debt, administering the provincial pension plans, and economic and statistical research, as well as producing a yearly budget. In addition, the department prepares the Province's consolidated summary financial statements, provides auditing services, processes payroll for employees and receives payments for all government services.

During this fiscal year the department continued to build on the accomplishments of 2004-05 which included the acquisition of the Atlantic Accord linked to the beginning of a financial turn-around for the province of Newfoundland and Labrador.

While progress is being made in managing our province's debt and securing our future, our revenue base is heavily reliant on volatile oil prices. Because of this, we know we have to be keenly aware of our spending and keep a close eye on our fiscal situation. We continue to face high debt levels and must remain committed to doing what is for the best long-term interests of the people of the province. We must end the years of deficit budgets and stop passing more debt onto the next generation.

In 2005-06 the department took the one-time Atlantic Accord payment and invested it in paying down our province's pension plan debt which allowed us to do two things. Firstly, it freed up millions of dollars of interest payments allowing us to better spend those funds on priority areas such as our roads, our schools and our health care system. Secondly, it gave our employees the stability of knowing we, as a government, are concerned for their future.

Another highlight was the upgrading of our province's credit rating. Dominion Bond Rating Service, Moody's and Standard & Poor's regularly examine the financial health of governments in order to determine risk associated with the issuance of government bonds. The higher the government's credit rating, the lower the risks associated with borrowing, and the less government has to pay in interest costs on its debt. All three of these agencies upgraded our rating this year. We are now in the "A" category by all three which will save us millions in borrowing costs.

Throughout the past year, the staff of the Department of Finance have continued to achieve the goals it set earlier and I know that, with their help, this department will continue its effort to better the financial situation of this province. Without their dedication and expertise, none of this would be possible so I thank them for their continued devotion to this department and I look forward to working with them in the coming year.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas W. Marshall".

Thomas W. Marshall, Q.C.
Minister of Finance

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Departmental Overview

Vision

It is the vision of the Department of Finance to ensure sufficient financial and economic resources are available to promote prosperity and well-being among the people of the province of Newfoundland and Labrador.

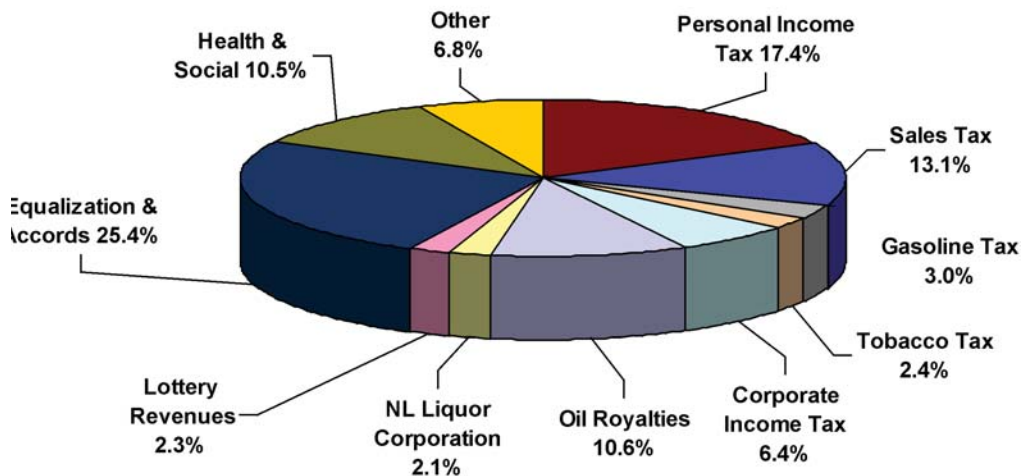
Mission

The mission of the Department of Finance is to provide the necessary financial and economic resources to effectively support government programs and policy development within a responsible fiscal framework, while ensuring the tax system is fair to all taxpayers.

The Department of Finance is responsible for matters related to the financial, fiscal and economic policy of government and has stewardship over all public funds, which for the fiscal year ended 31 March 2006, was approximately \$5 billion. The department provides analysis and advice on these matters through the Minister to Cabinet and its committees, particularly Treasury Board, for which the Minister of Finance serves as President.

The department has stewardship over substantially all of the current account revenue generated by the province which, for the fiscal year ended 31 March, 2006, was approximately \$4.7 billion¹ broken down as follows:

Current Account Revenues of the Province



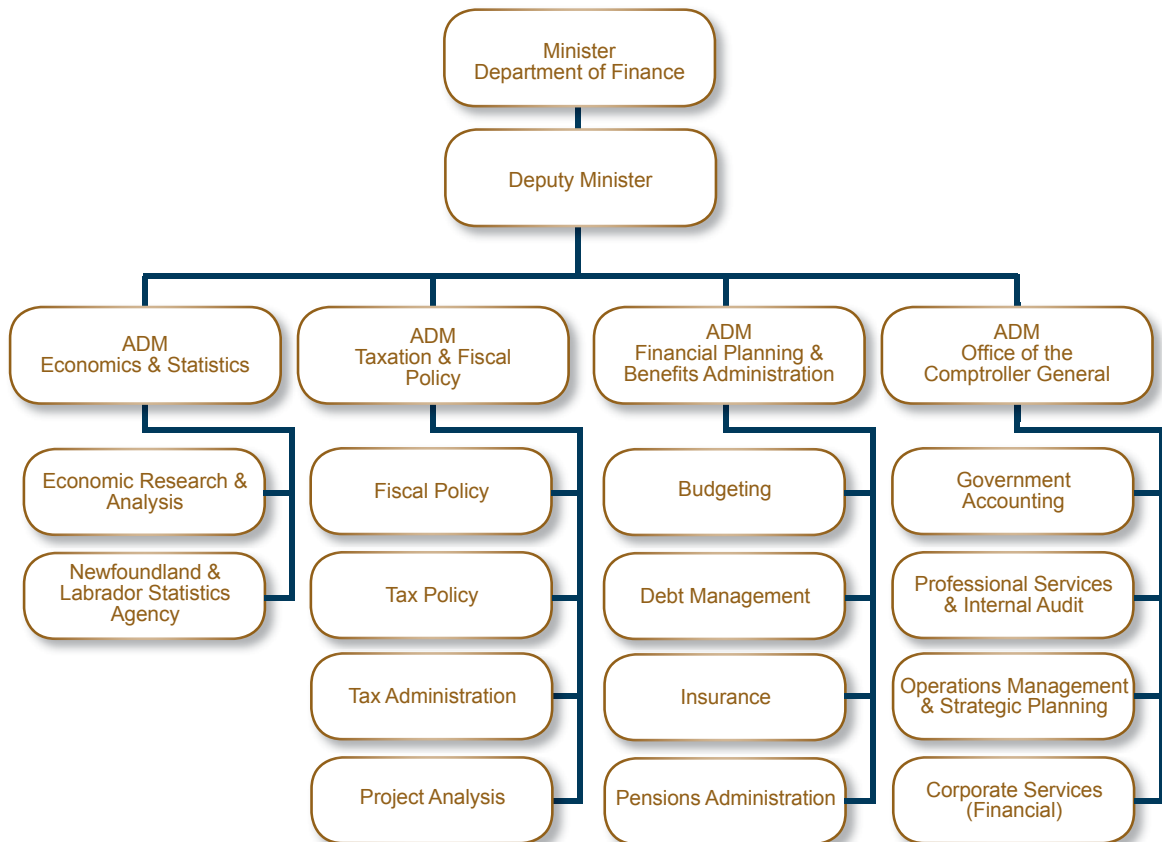
2005-06 Current Account Revenue \$4.7 billion

Source: Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund 2005-06.

¹ All expenditure and revenue figures (cash-based) included in this document are based on the Public Accounts.

Organizational Structure

The Department of Finance has four separate branches: Economics and Statistics; Taxation and Fiscal Policy; Financial Planning and Benefits Administration; and Office of the Comptroller General. Each is responsible to an Assistant Deputy Minister, reporting to the Deputy Minister of Finance who, in turn, is responsible to the Minister. In addition, the Ministry is responsible for several boards, agencies and commissions including Newfoundland and Labrador Municipal Financing Corporation, Newfoundland and Labrador Industrial Development Corporation, Newfoundland and Labrador Liquor Corporation, Atlantic Lottery Corporation, Newfoundland Government Fund Limited and the C.A. Pippy Park Commission. The chart below outlines the organizational structure of the Department of Finance.



Lines of Business

Economics and Statistics Branch

Economic Research and Analysis

Analysis and forecasting of the macroeconomic environment; provision of specific macroeconomic analysis and studies related to policy and project impact assessments. Responsible for both the Newfoundland and Labrador Econometric and Input/Output Models, as well as, the Population Projection Model and demographic analysis. Also responsible for the publication of the budget document, *The Economy* and the mid-year review report, *The Economic Review*.

Newfoundland and Labrador Statistics

Statistical and analytical services, including the development of specific provincial data and other unique information necessary for government's policy development and analysis. Government's central source for data collection and information resources produced by Statistics Canada.

Taxation and Fiscal Policy Branch

Fiscal Policy

Negotiation and administration of all programs under federal-provincial fiscal arrangements; forecasting and analysis of provincial revenues; coordination of the annual budget speech and pre-budget consultation process; and analytical support for the development of government's fiscal policy.

Project Analysis

Analysis of the financial and economic impacts of major resource based projects and other economic initiatives to assist government in policy development and budgeting decisions; provide comprehensive and timely updates of resource tax revenue forecasts dictated by changes in key external factors such as world market price and local production.

Tax Policy

Analysis and assessment of the implications of changes to existing provincial taxation policies, options for taxation reform and new revenue proposals, and the negotiation and monitoring of federal-provincial tax agreements.

Tax Administration

Administration and collection of various provincial taxes and incentive programs including: tobacco tax, gasoline tax, health and post secondary education tax, mining and mineral rights tax, insurance companies tax, utilities tax, financial corporations capital tax, retail sales tax, the direct equity tax credit program and the fuel oil tank replacement and rebate programs.

Financial Planning and Benefits Administration Branch

Budgeting

Budget preparation and monitoring; sets budget transfer and other financial policies for government departments; provides financial analysis and advice to Cabinet and its committees; prepares the Estimates and multi-year fiscal plans; recommends allocation of financial resources to departments; acts as a Secretariat to Treasury Board by setting the agenda and providing information back to the departments.

Debt Management

Administration of the province's borrowing and debt servicing programs, including cash management and the investment of trusteed assets, and the operation of government's senior financial assistance programs, involving loan guarantees, direct loans and equity investments.

Insurance

Management of the property, liability and group insurance for select government entities and public sector employees.

Pensions Administration

Administration of government's internal pension program, including the delivery and communication of benefit services and the investment of related trusteed assets.

Office of the Comptroller General

Government Accounting

Develops financial procedures and policies, administers applicable legislation and policy to ensure adequate controls over all revenues, expenditures, assets and liabilities and prepares the provincial financial statements and related financial reports.

Professional Services and Internal Audit

Provides professional services and consulting to the executive and Government Departments in the areas of: financial management, accounting and systems; financial policy development and implementation; financial reporting; operational support; and internal audit, in order to facilitate the efficient and effective management of programs and resources and promote accountability and quality reporting for Government.

Operations Management and Strategic Planning

Provides a functional leadership role in the identification, formulation, support and management of business processes and internal controls for financial management system applications throughout government to ensure the proper books of account are operated and maintained.

Corporate Services (Financial)

A project team which will be reviewing the central and departmental financial function, including payroll processing, and the implementation of a Corporate Services Model for this function. This project will be completed in association with interdepartmental implementation teams and based on direction from the Corporate Services Steering Committee and the Comptroller General of Finance.

Legislative Stewardship

The department is responsible for the following statutes:

C.A. Pippy Park Commission

- Pippy Park Commission Act

Debt Management Division

- Industrial Development Corporation Act
- Municipal Financing Corporation Act
- The Loan Act
- The Loan and Guarantee Act, 1957
- The Local Authority Guarantee Act, 2005
- The Loan (Canada Pension Plan Investment Fund) Act

Newfoundland and Labrador Statistics Agency

- Statistics Agency Act

Newfoundland and Labrador Liquor Corporation

- Liquor Corporation Act
- Liquor Control Act

Office of the Comptroller General/Budgeting/Debt Management

- Financial Administration Act

Pensions Administration Division

- Government Money Purchase Pension Plan Act
- Members of The House of Assembly Retiring Allowances Act
- Pensions Funding Act
- Public Service Pensions Act, 1991
- Teachers Pensions Act
- Uniformed Services Pensions Act
- The Portability of Pensions Act
- Provincial Court Judges' Pension Plan Act

Tax Administration Division

- Financial Corporations Capital Tax Act
- Gasoline Tax Act
- Health and Post-Secondary Education Tax Act
- Horse Racing Regulation and Tax Act
- Insurance Companies Tax Act
- Mining and Mineral Rights Tax Act
- Retail Sales Tax Act
- School Tax Authorities Winding Up Act
- Tax Agreement Act
- Taxation of Utilities and Cable Television Companies Act
- Tobacco Tax Act

Tax Policy Division

- Income Tax Act
- Lotteries Act
- Offshore Area Corporate Income Tax Act
- Labour-Sponsored Venture Capital Tax Credit Act

Budgetary Allocation

The financial activity for the Department of Finance for the year ended 31 March, 2006 showed gross expenditures of \$59.2 million, offset by related revenue of \$57.4 million. This net expenditure of \$1.8 million is outlined in the following table and is compared to the department's original budget tabled in the House of Assembly in March 2005.

Table 1
Department of Finance Departmental Budget
For the year ending 31 March, 2006

Expenditures	Budget \$	Actual \$
Operating Salaries	10,792,900	9,935,983
Operating Salaries (Statutory)	101,400	101,379
General Operating	3,398,700	2,128,547
Professional Services	402,900	233,256
Grants, Allowances and Assistance (see Table 2)	3,973,000	3,275,721
Government Personnel Costs (see Table 3)	45,074,600	41,463,712
Pensions Administration	2,301,600	2,092,020
Gross Expenditures	66,045,100	59,230,618
Related Revenue (see Table 4)	(58,526,800)	(57,431,154)
Net Expenditures (Revenues)	7,518,300	1,799,464

Included in the department's statement of expenditures and related revenues are operating grants to the C.A. Pippy Park Commission and special assistance related to the government's fuel oil tank replacement program. The following table compares the actual expenditure with the original budget estimates.

Table 2
Department of Finance Grants, Allowances and Assistance Budget
For the year ending 31 March, 2006

	Budget \$	Actual \$
Allowances for the Fuel Oil Tank Replacement Program	370,000	185,471
Operating Grant to Pippy Park Commission	350,000	350,000
Financial Assistance	3,250,000	2,738,000
Other	3,000	2,250
Total Grants, Allowances and Assistance	3,973,000	3,275,721

As well as the operating expenditures of the department, all costs relating to universal employee benefit programs paid by government as the employer, for its employees, are centralized as government personnel costs in the Department of Finance. These include Employment Insurance (EI), the Canada Pension Plan (CPP), and group health benefits. Also, payments relating to pay equity arrangements and various salary anomalies for all government employees have been centralized in the Department of Finance.

Table 3
Department of Finance, Government Personnel Costs Budget
For the year ending 31 March, 2006

	Budget \$	Actual \$
Salaries (restated 1)	1,211,100	0
Employee Benefits:		
EI	7,345,800	6,264,621
CPP	12,259,000	11,667,507
Group Medical	15,645,400	15,126,513
Group Life	1,282,100	1,457,854
Health and Post-Secondary Employment Tax (Payroll Tax)	7,000,000	6,947,217
Worker's Compensation (restated 2)	50,000	0
Labrador Benefits	281,200	0
Total Expenditures	45,074,600	41,463,712
Restated 1 - \$1,675,100 restated to Justice		
Restated 2 - \$350,000 restated to Transportation and Works		

In addition to recovering all costs related to administering government's pensions program, the department collects revenues from Crown Agencies, primarily Newfoundland and Labrador Hydro which paid \$53.6 million in dividends during the 2005-06 fiscal year.

Table 4
Department of Finance, Related Revenue Budget
For the year ending 31 March, 2006

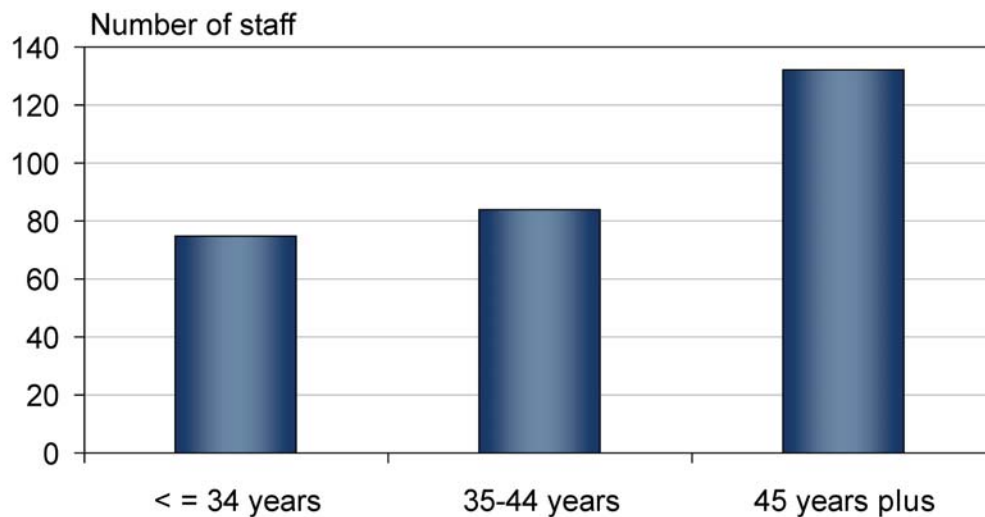
	Budget \$	Actual \$
Cost Recoveries:		
Pensions Administration	2,301,600	1,934,437
Debt Management	293,300	256,240
Economics and Statistics	1,472,400	1,161,288
Office of the Comptroller General	38,400	194,590
Dividends of Newfoundland and Labrador Hydro	54,201,100	53,587,992
Other	220,000	296,607
Total	58,526,800	57,431,154

Human Resources

The department's staff has a wide and varied knowledge base accumulated through a combination of education and experience. At the end of March 2006, the department had 291 employees compared to 189 employees at the end of March 2005. The increase in the number of employees is due mainly to the May 2005 move of the Office of the Comptroller General and Budgeting and Insurance Divisions from the former Treasury Board Secretariat to the Department of Finance. Contractual employees at the Newfoundland and Labrador Statistics Agency's telephone survey/data collection centre (maintained by project funding) also contributed to the increase.

As identified in the 2002 departmental Human Resources Plan, the department has an aging workforce. Approximately 36 employees are anticipated to retire in the next four years. A strategic approach is required to arrange for the orderly replacement of retiring employees. The following table outlines the age structure of the department's staff complement at the end of March 2006:

Department of Finance, Staff Age Structure March 2006



Source: Human Resources Reporting System, Human Resources Policy and Planning Division, Public Service Secretariat

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Shared Commitments

The department works closely with numerous organizations and associations.



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Some of the most significant partnerships and client initiatives in 2005-06 include:

Canadian Century Research Initiative (CCRI)

This six-year initiative has been undertaken in partnership with Memorial University and six other universities across Canada and Statistics Canada (STC) to make historic Census data available for use on computers. Previously the data were only available on microfilm and stored in STC or other archives across Canada. This \$15 million project is funded by the Canadian Foundation for Innovation. It will see the data entered into computer data bases and subsequently made publicly available. The Newfoundland and Labrador Statistics Agency is responsible for handling all data for Atlantic Canada. The data will be useful for individuals, researchers and policy makers in answering many questions regarding the evolution and development of our society and economy that have not been explored before. In the future, the center will be a source of skills, data and infrastructure which will support innovative initiatives in genetic research, for enhancing historical components of the Community Accounts and other “leading-edge” research and efforts to support quantitative research in the province based on quality historical data.

Canadian Council of Comptrollers

The province recently joined the Canadian Council of Comptrollers whose membership includes Comptroller’s offices from all provinces and territories. It’s main objective is to provide a forum to facilitate the sharing and exchange of information between jurisdictions and to provide an opportunity for Comptrollers’ offices to work together in developing a common understanding of significant issues of specific interest to governments.

Cash Management and Pensions

The Department of Finance is responsible for government’s budgeting process, Public Accounts, the province’s cash management program, capital market borrowing activities, debt servicing, and the administration of government pension programs. The department provides all necessary advice and direction to assist the Public Service Secretariat in formulating collective bargaining positions relating to government’s pension and group insurance programs.

Economic Forecast Preparation

The department works closely with several government departments to obtain industry/sector performance and outlook information critical to the provincial economic forecast. These departments are also called upon for information and consultation during the preparation of *The Economy* and *The Economic Review*. In addition to utilizing provincial government sources in its forecasting and analysis, the department also seeks the opinions of outside industry experts in areas such as finance, petroleum, housing, retail, and manufacturing.

Financial Analysis

Financial and economic analysis is a key ingredient of sound decision making. The Project Analysis Division provides a centralized service within government for economic analysis of major projects. The Department of Finance provides analysis and advice, in consultation with the Department of Natural Resources, on natural resource projects including oil and gas, mining and hydro development. The Department works with line departments in the evaluation of opportunities for economic development projects within the province.

Fiscal Arrangements

While the Fiscal Policy Division of the Department has direct responsibility for administering federal provincial fiscal arrangements, including consulting with other governments on these matters, there is ongoing liaison with the Intergovernmental Affairs Secretariat on related federal provincial issues as well as support for Council of the Federation, First Ministers and similar meetings. The Division also provides support for other departments and agencies to assist them in understanding the impact of fiscal arrangements and federal transfers on their activities.

Intergovernmental Forum

The Intergovernmental Forum (IGF), of which the province of Newfoundland and Labrador is a founding member, was created for the purpose of information sharing between Canadian federal, provincial and territorial governments that have implemented or are implementing Oracle applications. Oracle applications are a fully integrated, comprehensive suite of business applications which facilitate the processing of and reporting on financial transactions within government to enable effective decision-making and control. During the past year we have received training materials and user guides from jurisdictions who have implemented travel claims and management systems. In addition we have provided other jurisdictions with policies and procedures surrounding our vendor set-up, encumbrance accounting processes and cheque formats.

Labour Market Development

During the year, the Economics and Statistics Branch worked closely with the department of Human Resources, Labour and Employment on several projects in the area of labour market development. The Branch's contribution to this work has included advisory and statistical preparation services on a wide array of labour market and demographic data, as well as survey services.

Revenue Collection

Government, in its Blueprint, has committed to improve and strengthen the process for collecting monies owed to government. The Department of Finance is working with line Departments to improve and standardize policies and procedures, and to provide training related to collection remedies.

Statistical Services

The Newfoundland and Labrador Statistics Agency has extended its capacity for data collection to include telephone-data collection. A centre is setup that can utilize as many as 60 interviewers on a 24 hour basis to collect data. The focus of this activity is to support the provision of high quality key business, social and economic data for the province that are not available from any other source. This year a project was launched in partnership with Statistics Canada to expand the technical and knowledge capacity of the Survey Unit which operates the center. The initiative will see the incorporation of many additional Statistics Canada tools, methods and standards into day-to-day operations and services provided to clients. A comprehensive training program has been put in place to transfer Statistics Canada knowledge and skills to the Unit. This new capacity will greatly increase the types of statistical work that can be done and support the provision of official statistics that meet the highest quality standards established by Statistics Canada.

Tax Regime

Government strives to have a tax regime that is fair, efficient and competitive while providing sufficient revenues to fund the province's constitutionally assigned responsibilities for programs and services. The design of the tax system is a key element in government's social, economic and fiscal policy, and involves consultation on a regular basis with most departments.

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Highlights and Accomplishments

The department discusses a number of achievements during the year.

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Legislation Update

The following measures were introduced before the House of Assembly and subsequently given Royal Assent during 2005-06.

Financial Administration Act

- To include sinking fund contributions as debt management repayment for purposes of the borrowing authority contained in this Act.

Income Tax Act

- To increase the allowable medical expenses of the taxpayer with respect to a dependant other than a spouse, to implement changes to the disability credit and the education and tuition amounts, to implement changes to the HST credit to make it more responsive to family changes, as well as a number of other technical amendments.
- To provide for a non-refundable tax credit for eligible adoption expenses up to \$10,000, based upon the federal adoption tax credit.
- To index the Seniors' Benefit to the provincial consumer price index commencing in October 2005. The benefit amount increased from \$360 to \$365 for eligible single seniors and from \$720 to \$730 for eligible senior couples.

Interim Supply Act

- To provide for interim appropriations until the 2006-07 budget is passed by the House of Assembly.

Local Authority Guarantee Act, 2005

- To revise the law respecting the guaranteeing of loans to local authorities.

Members of the House of Assembly Retiring Allowances Act

- To revise the law about pensions for Members of the House of Assembly to comply with provisions of the Income Tax Act and the Pension Benefits Act.

Municipal Financing Corporation Act

- To authorize the Lieutenant Governor in Council to delegate to the Minister of Finance the authority to approve the Corporation's borrowings.

Public Service Pensions Act

- To provide for the crediting of pensionable service transferred from other pension plans.

Supplementary Supply Act

- To provide additional budget appropriations for various matters not foreseen at budget time.

Supply Act, 2005

- To provide budget appropriations to Departments for the 2005-06 fiscal year.

Teachers' Pensions Act

- To provide for the crediting of pensionable service transferred from other pension plans.
- To provide for the payment of commuted value on termination, pre-retirement death and marriage breakdown.

The Loan and Guarantee Act, 1957

- To amend the Act to ratify new loan guarantees and extensions of certain existing guarantees.

Tobacco Tax Act

- To increase tobacco tax from 16.0 to 17.0 cents per cigarette, and from 20.0 to 25.0 cents per gram.

Uniformed Services Pensions Act

- To provide for the crediting of pensionable service transferred from other pension plans

Federal-Provincial Fiscal Arrangements

The focus of fiscal arrangements has shifted to become a broader debate over fiscal imbalance, with the federal government denying an imbalance exists, while provinces and territories insist it does exist, but differ on how it should be resolved. The debate centers on whether the federal government is providing sufficient transfers to provinces and territories to adequately fund social programs. These transfers come in two basic forms, health and social transfers which are provided to all provinces and territories on an equal per capita basis and Equalization which is provided only to provinces with fiscal capacity below a certain level.

The Equalization program traditionally has been reviewed and updated on a five year cycle through a formal process that involves provinces, territories and the federal government. The most recent renewal enacted by the federal government was to have effect from April 1, 2004.

However, in October 2004 the federal government imposed a new "framework" for Equalization. A federally appointed expert panel was given a mandate to examine how to allocate Equalization in the future. This panel was to report before the end of the calendar year 2005, but was given an extension to spring 2006. The new framework imposed interim measures to deal with issues like the allocation of Equalization among recipient provinces. The imposition of the framework without consultation and the many key issues left unresolved has created great uncertainty about the province's future entitlements.

Following several years of lobbying by provinces and territories to help with the rising costs of health care, in 2004 the federal government agreed to increase transfers delivered through the Canada Health Transfer (CHT) through a 10 year commitment. The focus for Premiers has now shifted to getting the Canada Social Transfer (CST) restored to its 1994-95 levels, also

adding an annual escalator. A key objective is to increase federal support for post secondary education funding. Some success has been achieved, as in March 2006 the federal government indicated its intention to provide enhanced funding for the next two years through the Post Secondary Education Infrastructure Trust, an interim measure while governments see what can be done for the longer term.

In February 2005 the province and the federal government signed an agreement to update the Atlantic Accord to ensure the province will be the principal beneficiary of its offshore petroleum resources. Subject to the passage of legislation, the province was to receive a \$2 billion advance payment. The legislation was passed in June 2005 and the advance payment received in July 2005.

Budget Preparation and Consultations

As part of the 2006 budget consultation process, a series of public meetings were organized by the department. The purpose of these meetings was to provide the public with an opportunity to identify priorities for the 2006 Budget. Public meetings were held in ten communities throughout the province: St. John's, Marystown, Carbonear, Gander, Grand Falls-Windsor, Stephenville, Corner Brook, St. Anthony, Happy Valley-Goose Bay and Wabush. In addition to these meetings, sectorial discussion took place with representatives from the regional integrated health authorities, regional education boards, and Memorial University and College of the North Atlantic. Further, as part of the budget consultation process, the department received numerous written briefs, e-mails, faxes and telephone calls from residents offering their suggestions on budget priorities. The 2006 Budget was delivered in the House of Assembly on 30 March, 2006.

Social and Economic Spatial Analysis Unit

The Social and Economic Spatial Analysis (SESA) Unit of the Newfoundland and Labrador Statistics Agency, founded in 1996, was one of four teams awarded the 2005 Public Service Award of Excellence. The SESA team provides provincial, federal and municipal government users and citizens with a method for organizing, analyzing and visualizing large collections of spatially related information. This is done through the use of Geographic Information System (GIS) technologies, allowing stakeholders to custom develop data products. This team's work contributes to successful regional or community economic development initiatives by providing current local information for policy planners in formats they can understand and use.

Teachers' Pension Plan

The Department participated in negotiations with the Newfoundland and Labrador Teachers' Association that resulted in a significant improvement in the funded status of the Teachers' Pension Plan (TPP). In exchange for salary and benefit considerations, Government paid \$1.953 billion into the TPP. This payment improved the funded ratio of the TPP from 28% to 90% and secured benefits for some 14,000 active and retired teachers.

Crime and Community Safety Data Development for Newfoundland and Labrador

This year a prototype of Crime and Community Safety Satellite Accounts to enhance the Community Accounts was developed. The project was carried out in response to many requests for

data regarding crime and safety. Historically these types of data have been difficult to find and/or of poor quality. The Newfoundland and Labrador Statistics Agency was invited to submit a proposal for funding to support the initiative by the Federal Government's National Crime Prevention Strategy. The prototype was developed in partnership with the Women's Policy Office, Labrador and Aboriginal Affairs, the Department of Justice, the Royal Newfoundland Constabulary (RNC), the Royal Canadian Mounted Police (RCMP), the Department of Education, the Rural Secretariat as well as citizens of the province. The new component will provide high quality data, indicators and innovative graphics on aspects of crime and community safety in regions and communities of the province.

Incentive and Benefit Programs

Newfoundland and Labrador Senior's Benefit

The 2004 Budget announced that the Newfoundland and Labrador Seniors' Benefit would be indexed to the Consumer Price Index commencing in 2004. As a result, the benefit amount increased from \$360 to \$365 for eligible single seniors and from \$720 to \$730 for eligible senior couples. The total amount paid in October 2005 was \$7.7 million.

Newfoundland and Labrador Child Benefit

The 2004 Budget announced that the Newfoundland and Labrador Child Benefit would be indexed to the Consumer Price Index commencing in 2004. The budget also announced an increase in the amount for the first child. The table below shows the benefit rates for 2004-05 and 2005-06.

	2004-05	2005-06
First Child	\$234	\$250
Second Child	\$321	\$326
Third Child	\$345	\$350
Fourth Child or More	\$370	\$375
The total paid in the 2005-06 fiscal year was \$8.3 million		

Home Heating Fuel Rebate

Government implemented a rebate of up to \$400 for low-income individuals and families who use home heating fuel as the primary method to heat their homes. Only one person per household was permitted to apply for the rebate. In order to have received this rebate, the applicant or his/her spouse must have a family net income of \$22,397 or less and would have received the full benefit. Households with family net income between \$22,397 and \$30,000 were eligible for a partial benefit, with a minimum payment of \$100.

Small Business Deduction Threshold

In the 2003 budget, the department announced that beginning in 2003, the small business deduction limit would be increased over the next four years, in increments of \$25,000 per year, until it reaches \$300,000. Consequently, the small business deduction limit was \$225,000 in 2003 and \$250,000 in 2004. It increases to \$300,000 for 2005.

Credit Ratings

Annually, the Department of Finance meets with the three rating agencies which assess the credit worthiness of the province. These include two international firms: Standard & Poor's and Moody's Investors Service; and one Canadian firm, Dominion Bond Rating Service.

These meetings, involving senior officials of government, are part of the process whereby the rating agencies undertake a comprehensive review of the provincial economy and fiscal position in order to determine the province's credit rating. Subsequently, the agencies issue reports highlighting this fiscal review and assign a credit ranking to the province. These ratings are followed closely by the investment community, major financial institutions and the underwriters which purchase and distribute debenture issues of the province and the guaranteed debentures of Crown Corporations such as Newfoundland and Labrador Hydro.

Following their fiscal 2005-06 review process, the Dominion Bond Rating Service upgraded the province's rating from "BBB" to "BBB (high)", while Standard and Poor's confirmed their "A-" rating and Moody's Investors Service confirmed their "A3" rating.

Economic Services

Economic services were provided to a broad clientele in 2005-06 including provincial government departments, municipalities, businesses, associations, students, and federal agencies. In addition to the annual publications *The Economy* and *The Economic Review*, the department prepared an economic forecast for 2006 for the city of St. John's and a 20-year forecast for Newfoundland and Labrador Hydro. The department worked in conjunction with the Department of Education to analyze labour supply/demand requirements for the Hebron oil project development. The department completed an update of the 2002 study "*Estimating the Value of the Marine, Coastal and Ocean Resources of Newfoundland and Labrador*" and completed a report on the value of oceans related activity for the Placentia Bay region.

Demographic Projection Services

The department strived to ensure that policy makers have the best available demographic information and data for planning. In 2005-06 the department provided online population projections up to 2020 for the province and various sub-provincial regions. Health and school district regions were modified to reflect the restructuring of these administrative boards.

Internet Services

The department continued to provide an array of services and information online in 2005-06. Last year, there was an average of 22,600 "hits" per month to various pages on the department's main web site by external users outside the main government network. This compared with an average of 21,000 in the previous period. This figure does not include traffic to several individual sites operated by the Economics and Statistics Branch. A further 12,700 hits were recorded per month to various budget documents housed outside the main Finance site.

Professional Services and Internal Audit

Professional Services and Internal Audit Division completed or participated in approximately 40 projects/internal audits and issued a new/revised Financial Management Policy Manual for Government-wide use.

Operations Management and Strategic Planning

This division began development of a self service travel claim reimbursement system for government. In addition, it also began development of a new digital imaging solution for the retention and retrieval of supporting documentation for financial transactions.

Corporate Services (Financial)

Cabinet approved the establishment of the Corporate Services (Financial) Division which will design and implement a consolidated processing unit which would be responsible for all transaction processing activities (i.e. accounts payable and purchasing).

Government Accounting

During the 2005-06 fiscal year, the Comptroller General's office embarked on a program to convert government suppliers to a Direct Deposit mode of payment. As a result, during the fiscal year, 22% of all supplier payments were made electronically, resulting in savings of over \$20,000 in cheque printing and postage costs. Suppliers continue to be converted to this mode of payment.

In addition, for the first time Memorial University's financial information was included in the Public Accounts of the province.

Strategic Issues

Strategic issues are those fundamental policy choices or critical challenges that must be addressed by the department to achieve its vision.



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The Department of Finance has identified four key strategic issues which will be the focus of the department's activities over the next several years. Each issue is explained and the challenges and opportunities associated with each issue are discussed.

Strategic Issue 1:

How to increase federal transfer payments for social programs to an adequate level.

Federal transfer payments continue to be a significant part of the revenues of the province. All provinces and territories share the concern that federal transfers do not provide an adequate level of financial support for social programs. Federal health and social transfers provide support for provincially delivered health, education and social welfare programs. The 2005 budget estimated these transfers would provide \$487 million, against current account expenditures in these social program areas of over \$2.8 billion, a federal contribution of only a 17 percent share.

With the 1994-95 budget, the federal government began implementing a plan to drastically reduce transfer payments for social programs as part of efforts to reduce the federal deficit. Essentially, this action downloaded a substantial part of the federal deficit onto provinces and territories, who are responsible for the delivery of key social programs, like health care and post secondary education. Despite escalating costs, only social program transfers for health have been put on a funding track that restores them to their 1994-95 level and provides for future growth. This is the case even though the federal deficit was eliminated by 1997 and the federal government has generated consistent surpluses since that time. The persistent reduced level of federal funding support has had a major impact on the ability of all provinces and territories to deliver adequate social programs. Securing a greater share of social program funding from the federal government, particularly for post secondary education, is the aim of all provinces and territories.

The objective for all provinces and territories is to have the federal Canada Social Transfer increased by \$2.2 billion to restore it to its 1994-95 level, together with the implementation of an automatic annual escalator to recognize the growing costs of the programs the transfer supports.

Provincial-territorial Premiers and Finance ministers have become very active in pressing the provincial-territorial case with the federal government. A good measure of success has been achieved for health care funding. However, all provinces and territories agree more needs to be done. By continually pressing the federal government about the need for more adequate social program funding, particularly for post secondary education at this time, provinces and territories hope to achieve more progress. This continues to be a key challenge in federal-provincial-territorial fiscal arrangements.

The Department of Finance's objective for the 2005-06 fiscal year was to increase the amount of federal transfer payments for social programs, particularly post-secondary education. In March 2006, the federal government informed province and territories of their intention to establish a Post Secondary Education Infrastructure Trust which would provide this province with \$15.8 million over two years. This measure is recognized as an interim step while the new federal government examines the issue in the broader context of fiscal imbalance.

While this province will see federal cash transfers for health increased by an estimated \$630 million over 10 years, and this is welcome, it remains to be seen whether this will ameliorate

sufficiently the rapid grow in health care costs experienced since the 1990s and forecast to continue into the future. Securing adequate funding for social programs will remain an ongoing issue for some time to come. Provinces and territories are already pressing for the Canada Social Transfer to be restored to its 1994-95 level with an adequate escalator. This is driven in large part by a shared national concern with the level of funding needed to support post secondary education across the country.

Strategic Issue 2:

How to ensure the financial stability of the provincial pension plans.

Historically, government pension plans have been underfunded as contributions from plan members and their employers have not been sufficient to finance the cost of benefits. Also, public sector unions and pensioners have brought pressure on government to provide pension indexing provisions comparable to other public sector plans in Canada. The departments long-term goal is to fully fund pensions unfunded liabilities over a reasonable time within the province's fiscal capacity.

In recent years, government and the public sector employees have made a concerted effort to address unfunded pension liabilities by modifying benefits and increasing contributions. While these efforts were effective in the short term, the total unfunded liabilities continued to grow. As of March 2005, total unfunded liabilities amounted to \$4.5 billion.

Using most of the \$2 billion that was advanced to the province as part of the Atlantic Accord arrangement negotiated with the federal government, Government, in March, 2006 made a significant contribution of \$1.953 billion to the Teachers' Pension Plan, which increased the funded position of the plan from 28% in 2005 to 90% in 2006. This will ensure the financial stability of the plan well into the future.

As a result of actions taken with the Teachers' Pension Plan, the total unfunded liability of all plans was reduced to \$2.5 billion as of March 31, 2006.

The other major plan, the Public Service Pension Plan, which covers approximately 26,000 employees of government and its agencies, had an unfunded liability of \$1.9 billion as of March 31, 2006. Current measures including special payments and excess contributions by both the employees and employers will ensure the financial stability of this plan.

Strategic Issue 3:

How to meet the growing demand for business, economic, social and demographic statistics and analysis.

Increasingly, policy makers and planners are demanding more detailed data and analysis specific to their needs. Data and other information may be requested along specific geographical lines (e.g., communities); along industry lines (e.g., oil industry impact); or relating to topics that have not been of significant interest in the past. In recent years, the improved ability to handle and process large amounts of information has made fulfilling such requests more attainable and this, among other factors, has increased the demand for better, more detailed and precise information for decision making purposes. In many cases, the data and information requirements are not readily available, and have to be collected and assembled into a user friendly format. These demands have brought greater pressure on the Economics and Statistics Branch, in particular from departments and groups outside the Department of Finance, by increasing the reliance on the department as the central statistical and economic agency of government.

The Branch is working on a number of initiatives to achieve this goal. Policy or “issue specific” data collection efforts such as the data regarding demographic change, population shifts within the province and regional economic activity levels and dynamics and a range of other strategic data collection efforts are being administered to fill key information needs or gaps. Throughout 2005-06 efforts were made with the Department of Business to increase the quantity and quality of available business development and prospecting data. In addition, the Branch has been working with the Department of Human Resources, Labour and Employment providing technical support and developing detailed regional labour market data and an occupational projection model for the province. This will support the needs of these Departments as well as others who need the data within and out side Government.

Efforts will continue to provide current economic and statistical information through the Branch’s web sites. The Community Accounts and the GeoStats Geographic Information System (GIS) are providing sub-provincial data and analytical tools to meet new data and geographically based analytical requirements. The Branch introduced population projections by health institutional boards, health and community service boards, school districts and judicial centres early in 2004 and in 2005, new estimates were provided to conform to new boundaries. Significant efforts have also been made to improve the availability and access to crime and community safety data.

Proactive measures continue to be taken to ensure that the Branch identifies information requirements and data gaps in anticipation of the needs of clients, and adjusts its activities accordingly. Increased and improved data collection and development capacity along with monitoring of policy directions, and consultations with industry leaders and government officials, are some of the approaches which continue to be used to identify emerging information requirements.

Strategic Issue 4:

How to achieve a balanced cash budget.

By 2008, government wishes to achieve a balanced cash budget. In an effort to achieve this goal, at the beginning of the fiscal year 2005-06 the Department of Finance set an annual objective that the cash deficit would not exceed \$320 M.

The consolidated net debt of the province has been steadily growing for the past ten years. For fiscal year 2003-04 the consolidated net debt was \$11.5 billion. The debt will continue to grow if Government continues to incur annual deficits. Therefore, the first priority is to balance the cash component of the deficit by 2007-08 by maintaining a strong discipline over spending and increasing revenues.

Government has been diligently pursuing new avenues to increase general revenue. As well, the Department of Finance through cooperation from its various divisions has become very active at tracking expenditures, offering advice on various operational tasks to control spending as well as conducting reviews of expenditure areas that may result in cost reductions (i.e. overtime, cell phone, vehicle fleet review).

In achieving governments goal of a balanced cash budget the province recorded a cash surplus of \$524 M for 2006.

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Contact Information

Department of Finance
www.gov.nl.ca/fin

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Economics and Statistics

Economic Research and Analysis Division

Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-3255
Facsimile: (709) 729-6944
E-mail: infoera@gov.nl.ca

Newfoundland and Labrador Statistics Agency

Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2913
Facsimile: (709) 729-6944
E-mail: infostats@gov.nl.ca

Financial Planning & Benefits Administration

Budgeting

2nd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2467
Facsimile: (709) 729-2156

Capital Markets and Financial Assistance Programs

2nd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2926
Facsimile: (709) 729-2095

Insurance

2nd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2310
Facsimile: (709) 729-2156

Investments, Debt Servicing and Financial Risk

2nd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2926
Facsimile: (709) 729-2095

Pensions Administration Division

2nd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-3932
Facsimile: (709) 729-6790

Office of the Comptroller General

Comptroller General of Finance

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-5926
Facsimile: (709) 729-2098

Government Accounting Division

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2341
Facsimile: (709) 729-2098

Expenditure Control and Compliance Section

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6008
Facsimile: (709) 729-2098

Public Accounts and Banking Services Section

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-4137
Facsimile: (709) 729-2098

Revenue and Payroll Section

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6517
Facsimile: (709) 729-4117

Operational Management and Strategic Planning (FMS) Division

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6530
Facsimile: (709) 729-2098

Professional Services and Internal Audit Division

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-0702
Facsimile: (709) 729-2098

Corporate Services (Financial)

Petten Building
30 Strawberry Marsh Road
St. John's, Newfoundland A1B 4R4
Telephone: (709) 729-7181
Facsimile: (709) 729-1404

Taxation and Fiscal Policy

Fiscal Policy Division

2nd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-3166
Facsimile: (709) 729-2070

Project Analysis Division

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2776
Facsimile: (709) 729-3038

Tax Administration Division

3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6297
Facsimile: (709) 729-2856

Tax Policy Division

2nd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-3166
Facsimile: (709) 729-2070
E-mail: taxpolicy@gov.nl.ca

Web sites:

Department of Finance: www.gov.nl.ca/fin

Economics: www.economics.gov.nl.ca

Statistics: www.stats.gov.nl.ca

Pensions: www.gov.nl.ca/fin/pensions

Community Accounts:
www.communityaccounts.ca

GeoStats: www.geostats.ca

Tax Administration: www.gov.nl.ca/fin/etax

Taxation and Fiscal Policy:
www.fin.gov.nl.ca/fin/fisctax/fisctax.htm

Financial Planning and Benefits Administration:
www.fin.gov.nl.ca/fin/finplanning

Office of the Comptroller General:
www.fin.gov.nl.ca/comptrollergeneral

Associated Boards, Commissions and agencies:
www.fin.gov.nl.ca/fin/boards.htm

Departmental Publications

The department produces an array of publications and information bulletins.



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Financial

- *Budget Speech*
- *The Department of Finance Annual Report*

Taxation

- *Tax Information Bulletins*
 - *Sales Tax*
 - *Gasoline Tax*
 - *Tobacco Tax*
 - *Health and Post Secondary Education Tax*
 - *Insurance Companies Tax*
 - *Utilities and Cable Television Companies Tax*
 - *Mining and Mineral Rights Tax*

Financial Planning and Benefits Administration

- *Plan Member Guide to the Public Service Pension Plan*
- *Annual Report for the Province of Newfoundland Pooled Pension Fund*
- *Annual Report from the Government Money Purchase Pension Plan*
- *The Estimates*
- *The Salary Details*

Economic and Statistical

- *The Economy*
- *The Economic Review*
- *Estimating the Value of the Marine, Coastal and Ocean Resources of Newfoundland and Labrador Updated for the 2001-04 Period*
- *Estimating the Value of the Marine, Coastal and Ocean Resources of Newfoundland and Labrador - Regional Breakout for the Placentia Bay Area*
- *The Flashsheet (Labour Force and Consumer Price Index)*
- *Trends and Usage of Employment Insurance (E.I.) in Newfoundland and Labrador*

Annual Reports - Crown Agencies

- *C.A. Pippy Park Commission*
- *Newfoundland and Labrador Liquor Corporation*
- *Newfoundland and Labrador Municipal Financing Corporation*
- *The Department of Finance Annual Activity Reports for Crown*

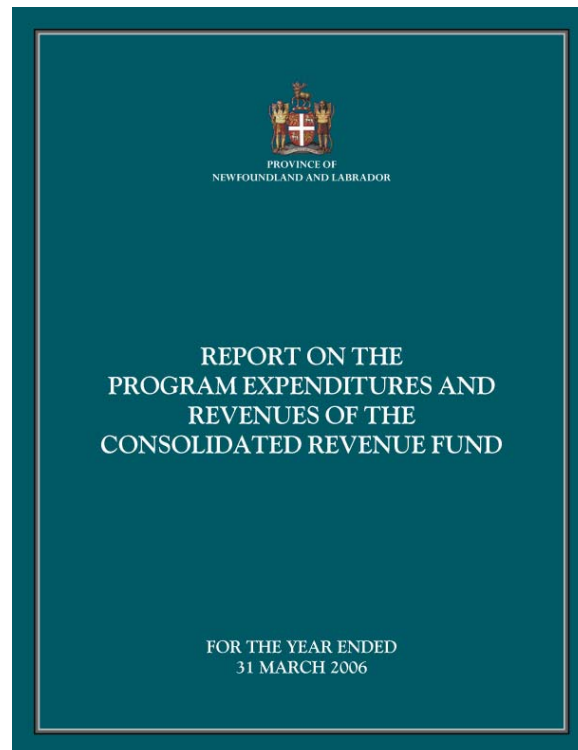
Office of the Comptroller General

- *Public Accounts*
- *Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund*
- *Financial Management Circulars*
- *Financial Management Handbook*
- *Financial Management Policy Manual*
- *Modern Management - Managing Together (Modern Comptrollerships)*
- *Oracle FMS User Manuals*

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Financial Statements

*Enclosed is the Statement of
Expenditure and Related Revenue for
the Department of Finance for 2005-06.*



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DEPARTMENT OF FINANCE
Statement of Expenditure and Related Revenue
FOR THE YEAR ENDED 31 MARCH 2006

	<u>Actual</u>	<u>Estimates</u>	
		<u>Amended</u>	<u>Original</u>
	\$	\$	\$
EXECUTIVE AND SUPPORT SERVICES			
MINISTER'S OFFICE			
<i>CURRENT</i>			
1.1.01. MINISTER'S OFFICE			
01. Salaries	200,667	202,300	202,300
03. Transportation & Communications	23,579	50,000	50,000
04. Supplies	4,910	5,000	5,000
06. Purchased Services	3,218	8,300	8,300
Total: Minister's Office	232,374	265,600	265,600
TOTAL: MINISTER'S OFFICE	232,374	265,600	265,600
GENERAL ADMINISTRATION			
<i>CURRENT</i>			
1.2.01. EXECUTIVE SUPPORT			
01. Salaries	691,405	893,100	927,600
01. Salaries (Statutory)	101,379	101,400	101,400
02. Employee Benefits	7,430	7,500	1,000
03. Transportation & Communications	39,849	71,800	71,800
04. Supplies	6,285	6,900	4,900
05. Professional Services	2,438	19,000	20,000
06. Purchased Services	5,963	6,300	5,300
Total: Executive Support	854,749	1,106,000	1,132,000
1.2.02. ADMINISTRATIVE SUPPORT			
02. Employee Benefits	1,777	2,400	1,400
03. Transportation & Communications	231,604	236,000	176,000
04. Supplies	27,239	29,700	34,800
05. Professional Services	845	2,000	1,000
06. Purchased Services	43,468	56,900	35,900
07. Property, Furnishings & Equipment	10,714	12,300	2,800
	315,647	339,300	251,900
02. Revenue - Provincial	(82,841)	(80,000)	(80,000)
Total: Administrative Support	232,806	259,300	171,900
TOTAL: GENERAL ADMINISTRATION	1,087,555	1,365,300	1,303,900

DEPARTMENT OF FINANCE (CONTINUED)

	Actual	Estimates	
		Amended	Original
	\$	\$	\$
EXECUTIVE AND SUPPORT SERVICES			
GENERAL GOVERNMENT			
<i>CURRENT</i>			
1.3.01. GOVERNMENT PERSONNEL COSTS			
01. Salaries	-	1,211,100	2,886,200
02. Employee Benefits	<u>41,463,712</u>	<u>43,863,500</u>	<u>44,213,500</u>
	<u>41,463,712</u>	<u>45,074,600</u>	<u>47,099,700</u>
02. Revenue - Provincial	<u>(195,411)</u>	<u>(125,000)</u>	<u>(125,000)</u>
Total: Government Personnel Costs	<u>41,268,301</u>	<u>44,949,600</u>	<u>46,974,700</u>
TOTAL: GENERAL GOVERNMENT	<u>41,268,301</u>	<u>44,949,600</u>	<u>46,974,700</u>
TOTAL: EXECUTIVE AND SUPPORT SERVICES	<u>42,588,230</u>	<u>46,580,500</u>	<u>48,544,200</u>
FINANCIAL ADMINISTRATION			
FINANCIAL ADMINISTRATION			
<i>CURRENT</i>			
2.1.01. PENSIONS ADMINISTRATION			
01. Salaries	<u>1,560,750</u>	1,595,700	1,605,700
02. Employee Benefits	<u>3,748</u>	3,800	3,000
03. Transportation & Communications	<u>41,184</u>	55,700	55,700
04. Supplies	<u>79,628</u>	106,700	106,700
05. Professional Services	<u>314,158</u>	396,300	397,100
06. Purchased Services	<u>61,530</u>	110,400	110,400
07. Property, Furnishings & Equipment	<u>31,022</u>	33,000	23,000
	<u>2,092,020</u>	<u>2,301,600</u>	<u>2,301,600</u>
02. Revenue - Provincial	<u>(1,934,437)</u>	<u>(2,301,600)</u>	<u>(2,301,600)</u>
Total: Pensions Administration	<u>157,583</u>	-	-
2.1.02. DEBT MANAGEMENT			
01. Salaries	<u>543,398</u>	638,400	638,400
02. Employee Benefits	<u>300</u>	1,000	1,000
03. Transportation & Communications	<u>12,835</u>	15,600	15,600
04. Supplies	<u>3,187</u>	3,700	2,700
05. Professional Services	<u>17,353</u>	17,400	-
06. Purchased Services	<u>140</u>	1,300	1,300
	<u>577,213</u>	<u>677,400</u>	<u>659,000</u>
02. Revenue - Provincial	<u>(256,240)</u>	<u>(293,300)</u>	<u>(293,300)</u>
Total: Debt Management	<u>320,973</u>	<u>384,100</u>	<u>365,700</u>
2.1.03. FINANCIAL ASSISTANCE			
10. Grants and Subsidies	<u>3,088,000</u>	3,600,000	5,100,000
02. Revenue - Provincial	<u>(53,587,992)</u>	<u>(54,201,100)</u>	<u>(54,201,100)</u>
Total: Financial Assistance	<u>(50,499,992)</u>	<u>(50,601,100)</u>	<u>(49,101,100)</u>
2.1.04. SPECIAL ASSISTANCE			
09. Allowances and Assistance	<u>185,471</u>	370,000	370,000
Total: Special Assistance	<u>185,471</u>	<u>370,000</u>	<u>370,000</u>

DEPARTMENT OF FINANCE (CONTINUED)

	<u>Actual</u>	<u>Estimates</u>	
		<u>Amended</u>	<u>Original</u>
	\$	\$	\$
FINANCIAL ADMINISTRATION			
FINANCIAL ADMINISTRATION			
<i>CURRENT</i>			
2.1.05. BUDGETING AND INSURANCE			
01. Salaries	901,281	917,400	892,400
02. Employee Benefits	750	1,000	-
03. Transportation & Communications	10,439	19,800	19,800
04. Supplies	14,024	16,400	2,400
06. Purchased Services	37,024	45,000	48,000
	<u>963,518</u>	<u>999,600</u>	<u>962,600</u>
02. Revenue - Provincial	(1,560)	(15,000)	(15,000)
Total: Budgeting and Insurance	<u>961,958</u>	<u>984,600</u>	<u>947,600</u>
TOTAL: FINANCIAL ADMINISTRATION	<u>(48,874,007)</u>	<u>(48,862,400)</u>	<u>(47,417,800)</u>
TAXATION AND FISCAL POLICY			
<i>CURRENT</i>			
2.2.01. TAX POLICY			
01. Salaries	366,539	449,700	449,700
02. Employee Benefits	-	300	300
03. Transportation & Communications	16,575	20,400	20,400
04. Supplies	5,473	7,700	1,700
05. Professional Services	1,250	4,400	4,500
06. Purchased Services	517,903	1,371,200	1,609,100
Total: Tax Policy	<u>907,740</u>	<u>1,853,700</u>	<u>2,085,700</u>
2.2.02. FISCAL POLICY			
01. Salaries	272,279	272,600	238,100
02. Employee Benefits	-	300	300
03. Transportation & Communications	21,797	25,400	25,400
04. Supplies	1,388	3,200	3,200
05. Professional Services	-	2,400	2,300
06. Purchased Services	2,438	4,700	2,700
Total: Fiscal Policy	<u>297,902</u>	<u>308,600</u>	<u>272,000</u>
2.2.03. PROJECT ANALYSIS			
01. Salaries	360,232	462,500	472,500
02. Employee Benefits	-	1,100	1,100
03. Transportation & Communications	3,125	14,400	17,600
04. Supplies	3,418	8,700	8,700
05. Professional Services	57,077	57,200	10,000
06. Purchased Services	2,122	3,900	1,900
07. Property, Furnishings & Equipment	-	-	800
Total: Project Analysis	<u>425,974</u>	<u>547,800</u>	<u>512,600</u>

DEPARTMENT OF FINANCE (CONTINUED)

	Actual	Estimates	
		Amended	Original
	\$	\$	\$
FINANCIAL ADMINISTRATION			
TAXATION AND FISCAL POLICY			
<i>CURRENT</i>			
2.2.04. TAX ADMINISTRATION			
01. Salaries	2,710,108	2,842,100	2,857,100
02. Employee Benefits	3,594	5,300	3,700
03. Transportation & Communications	131,362	167,200	185,200
04. Supplies	51,620	64,500	91,600
05. Professional Services	36,296	44,700	47,200
06. Purchased Services	46,602	50,600	17,600
07. Property, Furnishings & Equipment	26,156	27,100	-
10. Grants and Subsidies	2,250	3,000	3,000
	<u>3,007,988</u>	<u>3,204,500</u>	<u>3,205,400</u>
02. Revenue - Provincial	(16,795)	-	-
Total: Tax Administration	<u>2,991,193</u>	<u>3,204,500</u>	<u>3,205,400</u>
TOTAL: TAXATION AND FISCAL POLICY	<u>4,622,809</u>	<u>5,914,600</u>	<u>6,075,700</u>
ECONOMIC POLICY AND STATISTICS			
<i>CURRENT</i>			
2.3.01. ECONOMICS AND STATISTICS			
01. Salaries	1,629,469	1,809,100	1,809,100
02. Employee Benefits	4,528	6,800	1,800
03. Transportation & Communications	48,294	84,800	102,800
04. Supplies	43,354	94,300	44,300
05. Professional Services	104,570	235,900	267,900
06. Purchased Services	154,151	188,000	18,000
07. Property, Furnishings & Equipment	6,280	44,100	219,100
	<u>1,990,646</u>	<u>2,463,000</u>	<u>2,463,000</u>
01. Revenue - Federal	(75,000)	(95,000)	(95,000)
02. Revenue - Provincial	(1,086,288)	(1,377,400)	(1,377,400)
Total: Economics and Statistics	<u>829,358</u>	<u>990,600</u>	<u>990,600</u>
TOTAL: ECONOMIC POLICY AND STATISTICS	<u>829,358</u>	<u>990,600</u>	<u>990,600</u>

DEPARTMENT OF FINANCE (CONTINUED)

	<u>Actual</u>	<u>Estimates</u>	
		<u>Amended</u>	<u>Original</u>
	\$	\$	\$
FINANCIAL ADMINISTRATION			
OFFICE OF THE COMPTROLLER GENERAL			
<i>CURRENT</i>			
2.4.01. OFFICE OF THE COMPTROLLER GENERAL			
01. Salaries	2,260,605	2,302,700	2,305,700
02. Employee Benefits	41,988	42,400	3,800
03. Transportation & Communications	43,387	71,400	82,000
04. Supplies	64,938	67,600	64,600
05. Professional Services	13,427	27,400	50,000
06. Purchased Services	368,175	383,000	383,000
07. Property, Furnishings & Equipment	35,144	38,900	-
	<u>2,827,664</u>	<u>2,933,400</u>	<u>2,889,100</u>
01. Revenue - Federal	(146,440)	-	-
02. Revenue - Provincial	(48,150)	(38,400)	(38,400)
Total: Office of the Comptroller General	<u>2,633,074</u>	<u>2,895,000</u>	<u>2,850,700</u>
TOTAL: OFFICE OF THE COMPTROLLER GENERAL	<u>2,633,074</u>	<u>2,895,000</u>	<u>2,850,700</u>
TOTAL: FINANCIAL ADMINISTRATION	<u>(40,788,766)</u>	<u>(39,062,200)</u>	<u>(37,500,800)</u>
TOTAL: DEPARTMENT	<u>1,799,464</u>	<u>7,518,300</u>	<u>11,043,400</u>

DEPARTMENT OF FINANCE (CONTINUED)

Summary of Gross Expenditure and Unexpended Balances

	\$
Original estimates (net)	11,043,400
Add (subtract) transfers of estimates	(3,525,100)
Addback revenue estimates net of transfers and statutory payments	<u>58,425,400</u>
Original estimates of expenditure	65,943,700
Supplementary supply	-
Total appropriation	<u>65,943,700</u>
Total net expenditure	1,799,464
Add revenue less transfers and statutory payments	<u>57,329,775</u>
Total gross expenditure (budgetary, non-statutory)	<u>59,129,239</u>
Unexpended balance of appropriation	<u><u>6,814,461</u></u>

Summary of Cash Payments and Receipts

	<u>Payments</u>	<u>Receipts</u>	<u>Net</u>
	\$	\$	\$
Current Account	<u>59,230,618</u>	<u>57,431,154</u>	<u>1,799,464</u>

TERRY PADDON
Deputy Minister and Secretary to
Treasury Board
Finance

