

Province of Newfoundland and Labrador



Public Accounts Consolidated Summary Financial Statements

FOR THE YEAR ENDED
MARCH 31, 2025



Province of Newfoundland and Labrador

Public Accounts

Consolidated Summary Financial Statements

**For The Year Ended
31 March 2025**

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Message from the President of Treasury Board

I am presenting the public accounts of the Government of Newfoundland and Labrador for the 2024-25 fiscal year. These audited financial statements are preceded by a discussion and analysis which highlights the fiscal health of the province.

Newfoundland and Labrador's economy is strong and resilient, showing growth in key economic indicators including real gross domestic product and employment since 2024.

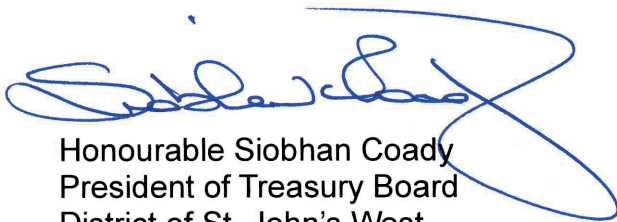
The Provincial Government is focused on strategic treasury management which includes a Future Fund, a European borrowing program, and a focus on repayment of debt maturities. Liquidity has been strengthened, so that cash reserves are available to meet obligations. Sinking funds are attached to bonds to ensure the funds are available when the principal comes due.

The bond rating agencies - DBRS Morningstar, S&P Global Ratings, and Moody's - have confirmed the rating at A/A1, with a stable outlook, which was improved in 2022 and 2023, and maintained in 2024 and 2025.

We note that the deficit confirmed for 2024-25 is \$296.6 million. Compared to the original estimate, the deficit in the public accounts reflects an increase in revenues of \$68.8 million, primarily due to higher than anticipated taxation revenue, and an increase in expenses of \$213.5 million, mainly attributed to health care costs.

We are pleased to advise that we are presenting the 2024-25 public accounts much earlier than last year to enable tabling in the House of Assembly in advance of the upcoming provincial election. We would like to thank the public accounts teams at the Office of the Comptroller General and the Office of the Auditor General for their ongoing efforts and cooperation to ensure the accounts were completed in a timely manner.

All efforts are towards a stronger, smarter, self-sufficient, sustainable province.



Honourable Siobhan Coady
President of Treasury Board
District of St. John's West

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Understanding the Financial Health of the Province of Newfoundland and Labrador

For the Fiscal Year Ended 31 March 2025

INTRODUCTION

This financial statement discussion and analysis report precedes the Public Accounts to provide an overview of changes in government's financial position and highlight key figures and comparatives. The report is prepared by the Office of the Comptroller General and is not subject to an audit opinion; however, the information analyzed in the report is based on what is reported in the audited Public Accounts.

FINANCIAL REPORTS

The Public Accounts are the audited consolidated summary financial statements of the Province. They are prepared using the **accrual basis** of accounting in accordance with standards established by the Public Sector Accounting Board (PSAB) and audited by the Auditor General. The financial statements contain Original Budget figures for comparison purposes, where applicable.

Within the annual Original Budget Speech is a series of statements which are comparable to the Public Accounts as both are prepared using the accrual basis of accounting and both consolidate the financial statements of core government departments with that of various Crown Corporations, Boards and Authorities, as approved by Treasury Board. These organizations are controlled by government and are accountable to either a Minister of the government department or directly to the Legislature for the administration of their financial affairs and resources.

The Public Accounts also contain supplemental financial information of the Consolidated Revenue Fund. The Consolidated Revenue Fund is comprised of all public money that is controlled by government. This financial information is essentially the unaudited financial statements of the aggregate core government departments. These statements are prepared on an accrual basis in accordance with standards established by the PSAB and can be found as an appendix within the Public Accounts.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund is an additional annual financial report prepared during the Public Accounts process. It is prepared using the modified **cash basis** of accounting. It presents the details of the actual revenues and expenditures of core government departments that were receipted and disbursed in the fiscal year. It is the companion document to the Estimates as it portrays actual cash revenues received and compares amounts spent against the amounts appropriated. This report is not subject to an audit opinion, but is tabled in the House of Assembly and is published on the Executive Council website.

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

All of these, as well as other financial reports can be found on the Executive Council website at:

<https://www.gov.nl.ca/exec/tbs/home/publications/public-accounts/>

WHAT TO EXPECT IN THIS REPORT

In this report you can expect to find variance analysis between the Original Budget deficit as per the Original Budget Speech and the actual deficit as per the Statement of Operations found in the Public Accounts. The Original Budget Speech represents government's forecast for the fiscal year while the Public Accounts report the financial results of that fiscal year. The comparison of Original Budget to actual promotes accountability and provides explanations of significant variances.

A comparison of current and previous year financial results and trend analysis is included to illustrate how the financial results of the current year relate to the results of prior years. It demonstrates government's position and highlights any significant changes that have occurred.

A summary of risks that may impact the financial position of the Province is presented to highlight potential changes and government's plans to mitigate them.

The financial statement discussion and analysis report will also summarize an outlook on 2025 by providing available information on what can be expected to impact government's financial position in the future.

Refer to the glossary of terms on page 51 for definitions and explanations of key terms that have been bolded throughout the document.

FINANCIAL HIGHLIGHTS

The Public Accounts contains six financial statements. Each statement includes important information that is necessary to obtain a complete understanding of the Province's financial position. The financial statements present prior year results and Original Budget figures, where possible, for comparative purposes. Certain comparative figures have been reclassified to conform to the basis of presentation adopted during the current reporting period. This section provides a summary of key financial statement highlights of the Public Accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- Presents **financial assets**, liabilities and **non-financial assets** at a point in time. The statement calculates **net debt**, the difference between financial assets and liabilities, and **accumulated deficit**, the net financial position of government from all years of operations at a point in time. The statement discloses separately the two components comprising the accumulated deficit: the accumulated operating deficit and the accumulated remeasurement gains and (losses).
- Net debt for the 2024-25 fiscal year is \$18.4 billion. The accumulated deficit is \$12.2 billion, consisting of an accumulated operating deficit of \$12.3 billion and an accumulated remeasurement gain of \$126.9 million.
- As at 31 March 2025, both net debt and accumulated deficit are in line with previous projections and higher than they were at the end of the previous fiscal year. This is due to an increase in liabilities, primarily related to borrowings, which increased \$2.7 billion; offset by an increase in financial assets of \$1.7 billion, largely due to a \$1.0 billion increase in cash and temporary investments and a \$479.1 million increase in equity in government business enterprises and partnerships, and a decrease in the unfunded pension liability of \$377.2 million, which includes the change in promissory notes. Non-financial assets increased by \$502.3 million compared to fiscal 2023-24 which had a positive impact on the accumulated deficit, resulting in the increase in the accumulated deficit being less than the increase in net debt.

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

- Highlights the changes in Net Debt from the previous fiscal year and provides a comparison to Original Budget figures. The statement also discloses the impact of net remeasurement gains and (losses) on net debt.
- This statement shows that net debt totaled \$18.4 billion in the 2024-25 fiscal year and increased 4.0% in comparison to the prior year (31 March 2024 - \$17.7 billion).
- The assets and liabilities contributing to the change in net debt are presented in the Consolidated Statement of Financial Position. The intent of this statement is to report the extent the operating surplus/deficit and net remeasurement gains and (losses) have impacted net debt after removing the effects of changes to non-financial assets (i.e. **tangible capital assets**) from the operating surplus/deficit. As well, any changes in accounting policy or restatements of prior year's results are also reflected on this statement.

CONSOLIDATED STATEMENT OF OPERATIONS

- Reports the revenues and expenses from operations in a fiscal year, the resulting operating surplus or deficit and provides a comparison to Original Budget figures and previous year actuals.
- The **annual deficit** in 2024-25 was \$296.6 million. This was a decrease of \$162.4 million from the prior year's deficit (31 March 2024 - \$459.0 million) and an increase of \$144.7 million compared to the \$151.9 million deficit originally budgeted for 2024-25.
- For the fiscal year ended 31 March 2025, total revenue was \$10.4 billion (31 March 2024 - \$9.6 billion) and total expenses were \$10.7 billion (31 March 2024 - \$10.1 billion).
- Revenues increased by 7.6% from the prior year, primarily due to an increase in offshore royalties and corporate and personal income taxes. Revenues increased by 0.7% from the Original Budget. Expenses increased by 5.7% from the prior year, primarily due to increased grants and subsidies, partially offset by decreased salaries and employee benefits. Expenses increased from the Original Budget by 2.0%, primarily due to greater than expected operating costs.
- In comparison to the prior year, the increase in revenues exceeded the increase in expenses resulting in a lower deficit for 2024-25.

CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED DEFICIT

- Highlights the changes in accumulated deficit from the Original Budget and the previous fiscal year. The statement also distinguishes the accumulated deficit components, the accumulated operating deficit and the accumulated remeasurement gains and (losses), disclosing both.
- The main increase in accumulated deficit in 2024-25 is due to the deficit for the current year.
- The accumulated deficit of \$12.2 billion for 2024-25 increased by \$0.3 billion in comparison to the 2023-24 accumulated deficit of \$11.9 billion.

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

- Reports unrealized changes in the value of certain financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value.
- The government's proportionate share of other comprehensive income of the government business enterprises and partnership is also reported in the statement of remeasurement gains and losses.
- There was a net remeasurement gain for fiscal year 2024-25 of \$28.5 million (31 March 2024 - \$22.3 million), resulting in an accumulated remeasurement gain of \$126.9 million at March 31, 2025 (31 March 2024 - \$98.4 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

- Explains the change in cash and temporary investments from the previous fiscal year to the government generated and disbursed cash in the current fiscal year.
- Cash and temporary investments increased by 113.2% from the previous fiscal year. Cash flows increased due to higher debt issuances and a reduction in accounts receivable and capital spending compared to 2023-24; offset by expenditures exceeding revenues as represented in the annual deficit.

KEY FINANCIAL HIGHLIGHTS

For the fiscal year ended 31 March 2025

(In \$ millions)

	Original Budget 2024-25 ¹	Actual Results 2024-25	Actual Results 2023-24	Change from Original Budget			Change from Prior Year Actual Results		
				\$	%	↕	\$	%	↕
REVENUE									
Provincial									
Taxation	4,405.6	4,793.3	4,466.2	387.7	8.8	↑	327.1	7.3	↑
Investment	80.9	236.9	239.2	156.0	192.8	↑	(2.3)	(1.0)	↓
Fees and fines	397.2	590.3	677.5	193.1	48.6	↑	(87.2)	(12.9)	↓
Offshore royalties	1,551.3	1,360.4	904.5	(190.9)	(12.3)	↓	455.9	50.4	↑
Other	593.2	655.8	545.1	62.6	10.6	↑	110.7	20.3	↑
Total Provincial	7,028.2	7,636.7	6,832.5	608.5	8.7	↑	804.2	11.8	↑
Federal	2,412.3	1,886.6	1,828.8	(525.7)	(21.8)	↓	57.8	3.2	↑
Net income of government business enterprises and partnership	856.0	842.0	968.9	(14.0)	(1.6)	↓	(126.9)	(13.1)	↓
Total Revenue	10,296.5	10,365.3	9,630.2	68.8	0.7	↑	735.1	7.6	↑
EXPENSE									
Salaries and employee benefits	3,972.7	4,015.8	4,500.6	43.1	1.1	↑	(484.8)	(10.8)	↓
Grants and subsidies	2,666.7	2,427.8	1,534.7	(238.9)	(9.0)	↓	893.1	58.2	↑
Operating costs	1,572.3	1,731.9	1,706.6	159.6	10.2	↑	25.3	1.5	↑
Debt expenses	1,153.2	1,172.6	1,148.6	19.4	1.7	↑	24.0	2.1	↑
Professional services	605.2	685.2	629.4	80.0	13.2	↑	55.8	8.9	↑
Other	478.3	628.6	569.3	150.3	31.4	↑	59.3	10.4	↑
Total Expense	10,448.4	10,661.9	10,089.2	213.5	2.0	↑	572.7	5.7	↑
ANNUAL OPERATING DEFICIT	(151.9)	(296.6)	(459.0)	(144.7)	95.3	↑	162.4	35.4	↓

¹ The Budget figures are from pages 10 and 14 of the Budget 2024 Statements and Schedules and certain figures have been restated as consistent with the Public Accounts.

HISTORICAL DATA

For the past 5 fiscal years

(\$ thousands)

	2021	2022	2023	2024	2025	5 Year Trend
Total Revenue	7,328,109	8,589,429	10,190,199	9,630,208	10,365,302	↑
Total Expense	8,819,930	8,866,699	9,868,832	10,089,182	10,661,939	↑
(Deficit) Surplus	(1,491,821)	(277,270)	321,367	(458,974)	(296,637)	↓
Financial Assets	13,088,762	13,446,264	13,818,747	14,236,770	15,941,235	↑
Liabilities:						
Borrowings	17,323,129	18,345,310	18,107,086	19,341,169	22,026,661	↑
Group Health/ Life Insurance	3,247,979	3,353,621	3,461,738	3,520,700	3,530,455	↑
Pension	4,904,687	4,629,673	4,371,159	4,150,931	3,773,743	↓
Other Liabilities	3,629,148	4,032,715	4,382,481	4,890,490	5,046,290	↑
Net Debt	16,016,181	16,915,055	16,503,717	17,666,520	18,435,914	↑
Non-Financial Assets	4,850,403	5,027,638	5,060,712	5,780,112	6,282,443	↑
Accumulated Deficit	11,165,778	11,887,417	11,443,005	11,886,408	12,153,471	↑

CONSOLIDATED FINANCIAL RESULTS

The largest revenue variance between actual results and the Original Budget figures relates to federal revenue and taxation revenues. Federal revenue was \$525.7 million lower than the Original Budget primarily due to lower cost-shared programs revenue and net profits interest revenues. Taxation revenue was \$387.6 million higher than the Original Budget due to higher personal income taxes and corporate income taxes.

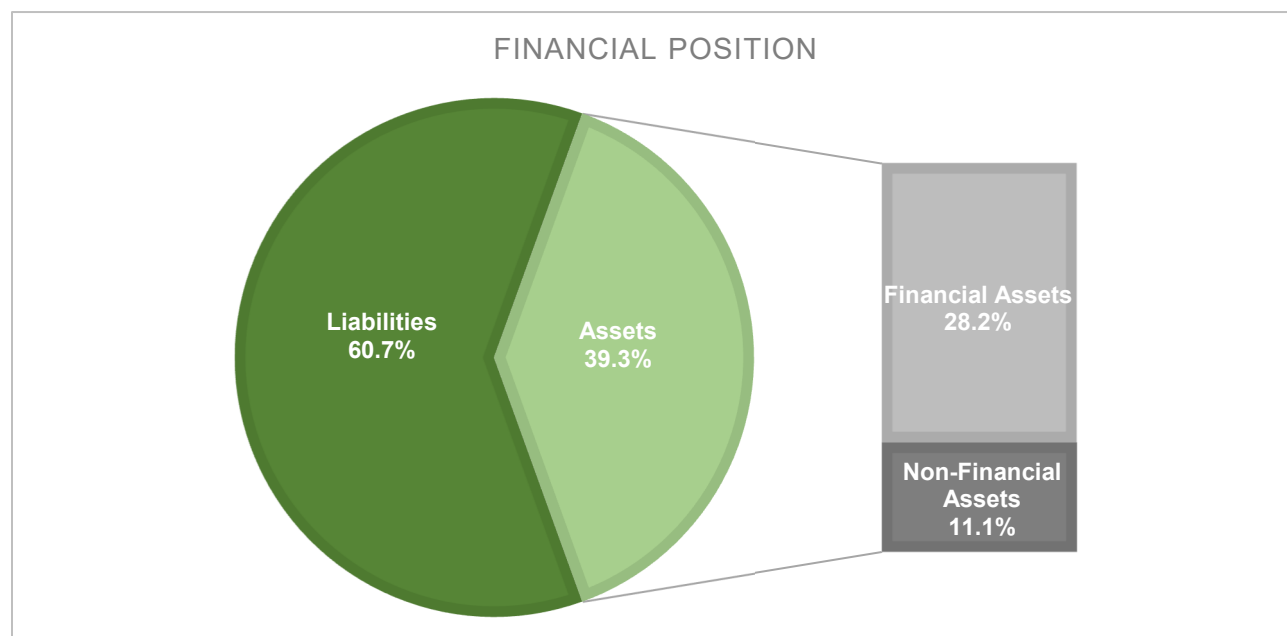
Offshore royalties revenue and taxation revenue were the largest revenue variances between 2024-25 actuals and 2023-24 actuals. Offshore royalties increased \$455.9 million from 2023-24 actuals. Taxation revenue was \$327.0 million higher than 2023-24 actuals due to increases in corporate and personal income taxes.

Grants and subsidies expense was the largest expense variance between 2024-25 actuals and both the 2023-24 actuals and the Original Budget, with a decrease of \$238.9 million from the Original Budget and an increase of \$893.1 million from 2023-24. This is offset by variances in other expense categories. The increase in grants and subsidies compared to 2023-24 is mainly due the accounting for the integration of the Newfoundland and Labrador English School District (NLESD) into the Department of Education in the prior fiscal year.

Further details regarding these and other significant variances can be found later in this report.

FINANCIAL POSITION

Newfoundland and Labrador's economy is strong and resilient, showing growth in key economic indicators including real gross domestic product and employment since 2024. The Provincial Government is focused on strategic treasury management which includes a Future Fund, a European borrowing program, and a focus on repayment of debt maturities. Liquidity has been strengthened, so that cash reserves are available to meet obligations. Sinking funds are attached to bonds to ensure the funds are available when the principal comes due. The bond rating agencies - DBRS Morningstar, S&P Global Ratings, and Moody's - have confirmed the rating at A/A1, with a stable outlook, which was improved in 2022 and 2023. All efforts are towards a stronger, smarter, self-sufficient, sustainable province.



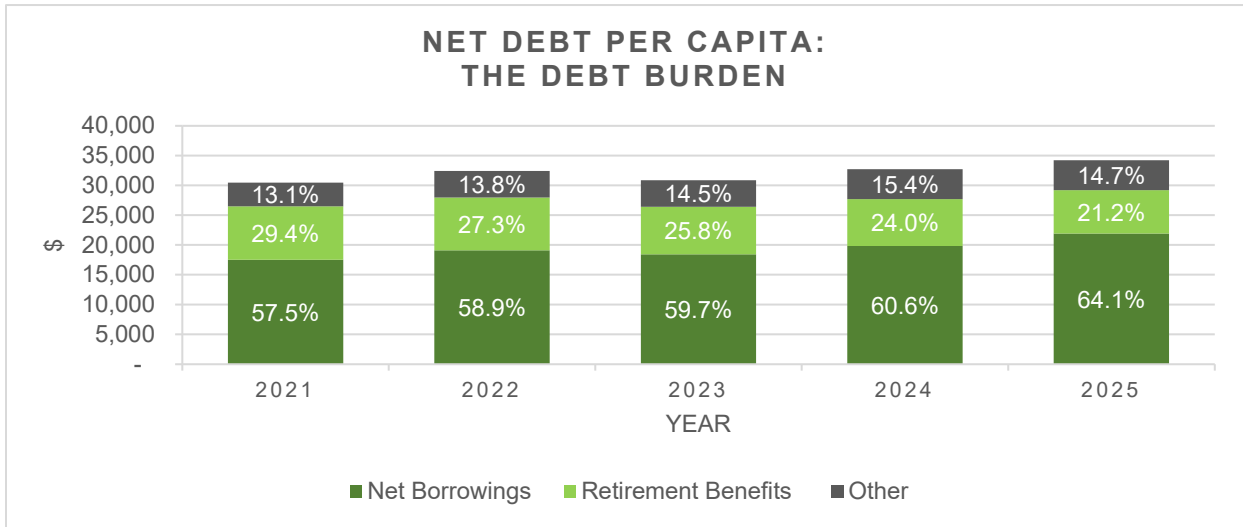
The Province’s accumulated deficit position and net debt as at 31 March 2025 is presented in the following chart. The Province’s net debt totals \$18.4 billion and represents the amount needed to be funded from future generations to pay for past activities.

Net debt increased by \$0.7 billion and accumulated deficit increased by \$0.3 billion from the previous year mainly due to the annual deficit. Details of the annual deficit will be discussed later in this report.

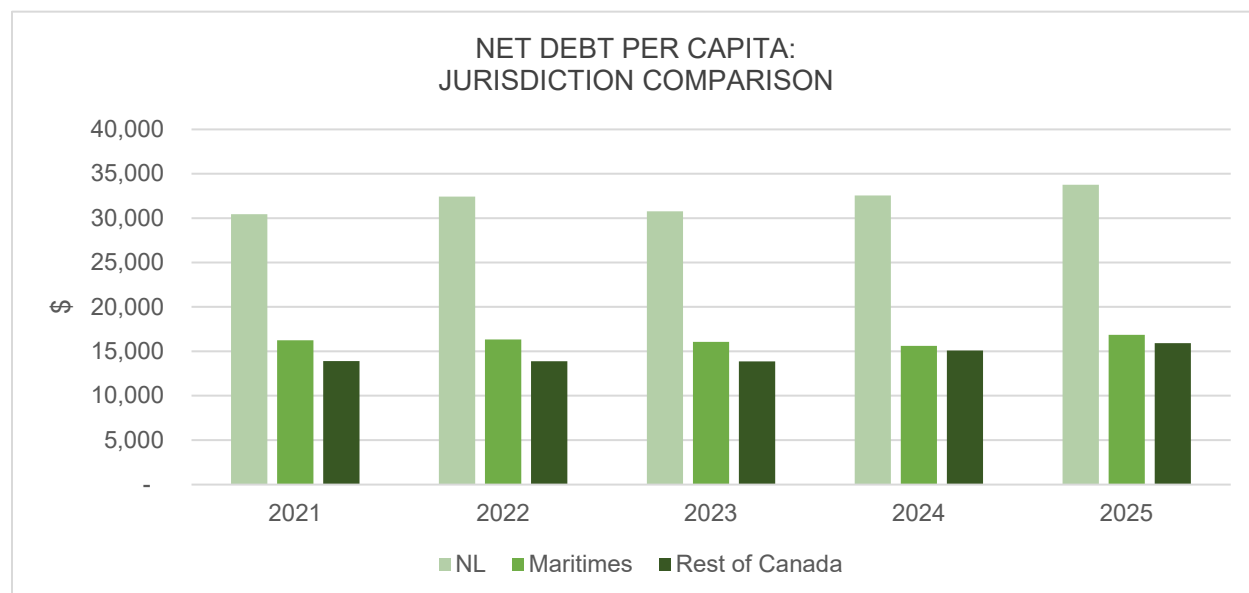


NET DEBT PER CAPITA

Net debt per capita indicates the average amount of the Province’s net debt attributed to each citizen of the Province and is calculated by dividing the net debt by the Province’s population. As presented in the chart that follows, net debt per capita increased from \$32,545 in 2023-24 to \$33,799 in 2024-25. This increase of \$1,254 per person is primarily the result of the increase in the Province’s net debt and is partially offset by a population growth of 2,323 individuals between March 31, 2024 and March 31, 2025. The following graph also indicates the portion of each type of debt that makes up the net debt per capita.



The following chart presents the Province's net debt per capita in comparison to the Maritime Provinces and the rest of Canada.



*Note: Original Budget figures were used where the Public Accounts actual results were not available.

Newfoundland and Labrador's net debt per capita has been greater than the average of the other jurisdictions for the past five years and is greater than it was in 2020-21. Net debt per capita for the Maritimes and the rest of Canada has increased from 2023-24, but remains under half of that of Newfoundland and Labrador.

The Province has a smaller population to carry the net debt burden. The average population for the last five years for the Province, and the Maritimes and the rest of Canada per jurisdiction is presented below. As shown, the average population for the country has grown steadily.

Average Population per jurisdiction (in 000's)	2021	2022	2023	2024	2025 ^[1]	5 Year Change
NL	526.2	529.0	536.7	543.2	545.5	19.3
Maritimes	644.7	657.8	677.0	697.2	706.0	61.3
Rest of Canada	3,955.4	4,007.3	4,103.6	4,237.5	4,318.4	363.0

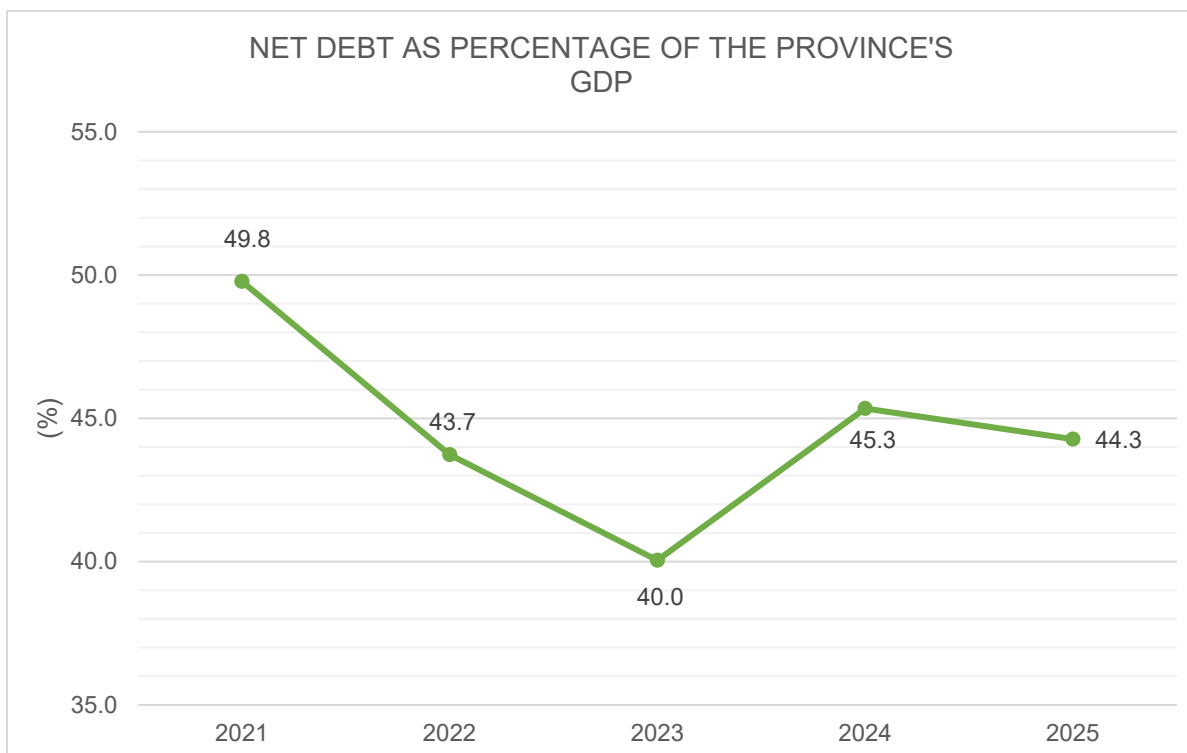
^[1] Source: Statistics Canada, Centre for Demography

NET DEBT AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT (GDP)

This ratio measures the level of debt that the Province carries as a percentage of its **GDP**.

As presented in the following graph, there has been a decrease in net debt as a percentage of GDP in the current year. The ratio reached its peak in 2020-21, which can be attributed to the decrease in GDP due to the economic impacts of the COVID-19 pandemic, and the lower ratio in 2022-23 was a result the subsequent economic recovery. On a five-year basis, the relationship implies that the rate of increase in GDP has been higher than the rate of increase in net debt and as such, it indicates that Government has decreased its demands on the provincial economy during this time.

The 2024-25 ratio is 44.3%, a decrease of 1.0 percentage point from 2023-24 and at the third lowest point of the last five years. The average of this ratio over the past five years is 44.6%. Since 2020-21, the ratio has decreased by 5.5 percentage points.



Note: Figures shown in the above graph use the GDP figures from Newfoundland and Labrador Statistics Agency's website (Selected Economic Indicators Forecast 2015-2029f published as of April 9, 2025). The GDP figures have been restated based on the real GDP for 2021-2024.

NET DEBT AND ACCUMULATED DEFICIT

For the fiscal year ended 31 March 2025, net debt of \$18.4 billion included borrowings of \$22.0 billion. Net debt for the fiscal year ended 31 March 2025 increased from the previous year by \$0.7 billion or 4.0% and borrowings increased by \$2.7 billion which represents a 14.0% increase.

The net debt is the difference between total financial assets of \$16.0 billion and liabilities of \$34.4 billion. The Province's net debt, less non-financial assets of \$6.3 billion, results in an accumulated deficit of approximately \$12.2 billion.

Net debt and accumulated deficit are comprised of the following components:

(\$ billions)	2021	2022	2023	2024	2025
Borrowings	17.3	18.3	18.1	19.3	22.0
Unfunded Pension Liability	4.9	4.6	4.3	4.2	3.8
Group Health and Life Insurance Retirement Benefits	3.2	3.4	3.5	3.5	3.5
Other Liabilities	3.7	4.0	4.4	4.9	5.0
Less: Total Financial Assets	(13.1)	(13.4)	(13.8)	(14.2)	(15.9)
Net Debt	16.0	16.9	16.5	17.7	18.4
Less: Tangible Capital Assets	(4.7)	(4.8)	(4.8)	(5.6)	(6.0)
Less: Other Non-financial Assets	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)
Accumulated Deficit	11.2	11.9	11.4	11.9	12.2

As shown in the above table, the accumulated deficit and net debt increased in each of the last five years, with the exception of 2022-23, attributable primarily due to additional borrowings by the Province during these years. In 2024-25, the accumulated deficit and net debt increased compared to 2023-24. While financial and non-financial assets increased \$2.1 billion, liabilities increased more by \$2.4 billion, with borrowings increasing by \$2.7 billion from 2023-24, partially offset by the unfunded pension liability decreasing by \$0.4 billion from 2023-24.

BORROWINGS

For the fiscal year ended 31 March 2025, net borrowings totaled \$20.9 billion and increased by \$2.5 billion from 2023-24.

DEBT RELATED RISK

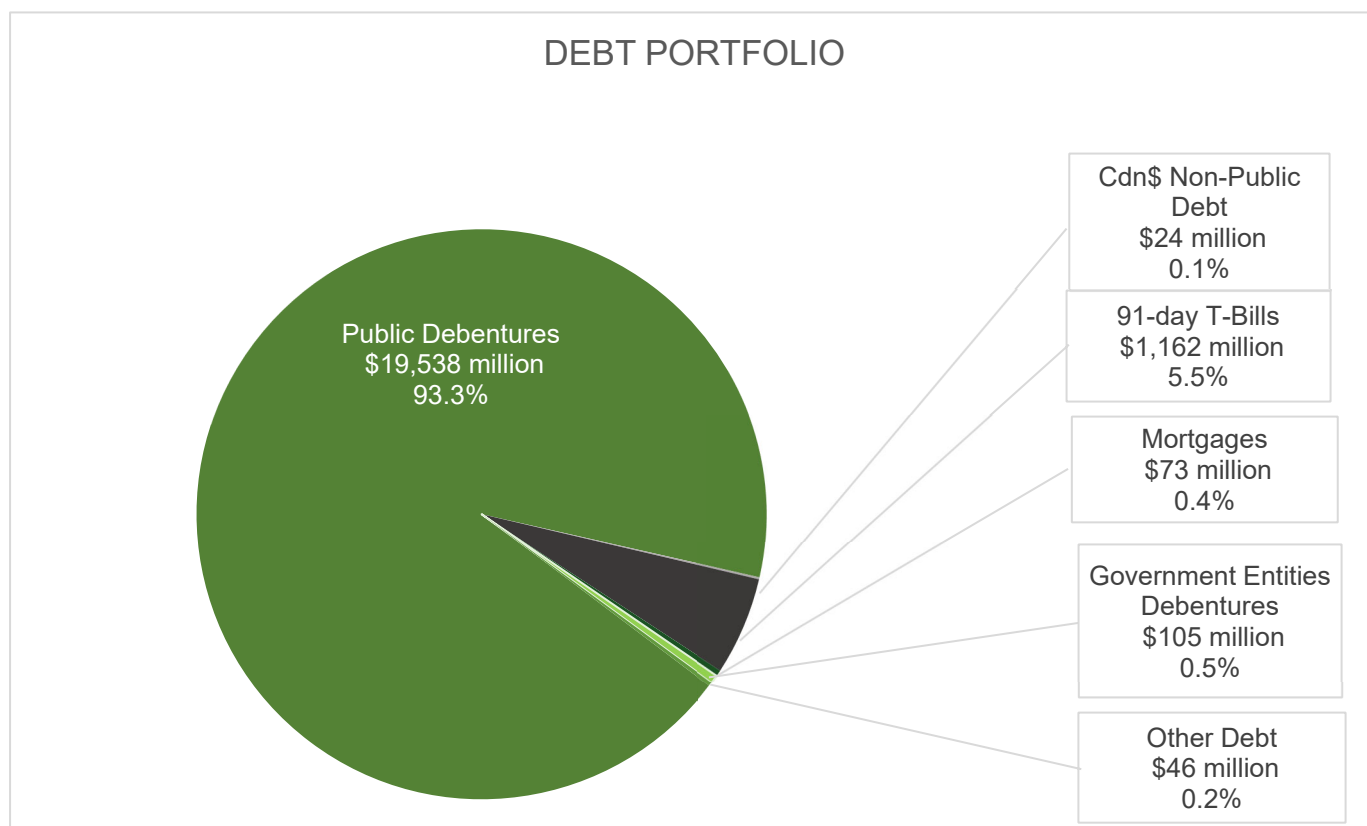
The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including foreign exchange risk, liquidity risk, interest rate risk, and credit risk.

- **Foreign exchange risk:** Foreign exchange risk exists when a financial transaction is denominated in a currency other than that of the base currency of the Province (CAD). While the majority of the Province's debt is domestic in nature, with the introduction of the new European borrowing program, the Province has opened two new outstanding debentures. These contracts are denoted in Euros and Swiss Francs, respectively, and have both been hedged for risk through cross-currency basis swaps with counterparties to effectively convert the debt into Canadian dollars.
- **Liquidity risk:** Liquidity risk is the risk that a party cannot meet its short-term debt obligations. Exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and, based on cash flow monitoring and forecasting, holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.
- **Interest rate and credit risk:** Interest rate risk is the risk that debt-servicing costs will increase due to changes in interest rates. Credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a financial instrument contract. To mitigate these risks, the Province's debt portfolio is structured such that a high degree of its debt is long-term with fixed interest rates and fixed repayment terms, with limited exposure to floating rate debt obligations. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Additionally, the Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy.

DEBT PORTFOLIO

The Province's debt portfolio is comprised of the following:

- \$19.5 billion in public debentures, net of \$1.5 billion in sinking fund assets, of which 26% are due in 25 years or more, pertaining to the Consolidated Revenue Fund. 99.5% is Canadian debt, with the remaining 0.5% foreign debt.
- \$1.2 billion of 91-day T-bills (floating-rate revolving debt).
- \$24.0 million of Canadian non-public debentures; Canadian Pension Plan (CPP) related debt.
- \$72.6 million in various mortgages and debt assumed relating to electricity generating assets. Mortgages pertaining to Canada Mortgage and Housing Corporation (CMHC) represents 71% of total mortgages.
- \$104.5 million in debenture debt, net of \$33.6 million in sinking fund assets, held by government entities.
- \$46.0 million in various other debt.



CREDIT RATING

The Province’s credit rating has remained the same for S&P Global Ratings (S&P), Moody’s Investors Service’s (Moody’s), and DBRS Morningstar, which demonstrates that the Province’s financial situation is moving steadily in the right direction.

The ratings reflect Newfoundland and Labrador’s improving fiscal outlook, along with the commissioning and operation of major projects.

Moody’s has rated the Province’s long-term debt at A1 (stable). The outlook has remained stable in July 2025.

S&P confirmed its rating on the Province’s long-term debt at A and short-term debt at A-1. The outlook remains stable. S&P is expecting that in the next two years forecast economic gains and slowing operating spending will support fiscal recovery and that the Province will continue with its prudent financial management despite challenging socio-economic conditions.

DBRS Morningstar has maintained the Province’s long-term debt at A, and the trend on all long-term ratings remained stable. Factors included minimal direct exposure to tariff impacts and an expected improvement in real GDP growth, primarily because of increased mineral production and higher capital investment. However, DBRS Morningstar has expressed some uncertainty surrounding unpredictable commodity prices and the potential for lower offshore royalties.

The Province’s long-term and short-term ratings were recently affirmed as follows:

	Long-Term	Short-Term	Outlook	Date
S&P	A	A-1	Stable	July 21, 2025
Moody’s	A1	Not rated	Stable	July 31, 2025
DBRS Morningstar	A	R-1 (low)	Stable	July 18, 2025

NON-FINANCIAL ASSETS

The total non-financial assets of \$6.3 billion in 2024-25 included prepaid and deferred charges of \$75.7 million; inventory of supplies of \$109.9 million; purchased intangibles of \$40.1 million; and tangible capital assets of \$6.1 billion, the most significant component.

Tangible Capital Assets

Tangible capital assets are capitalized on the Consolidated Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets.

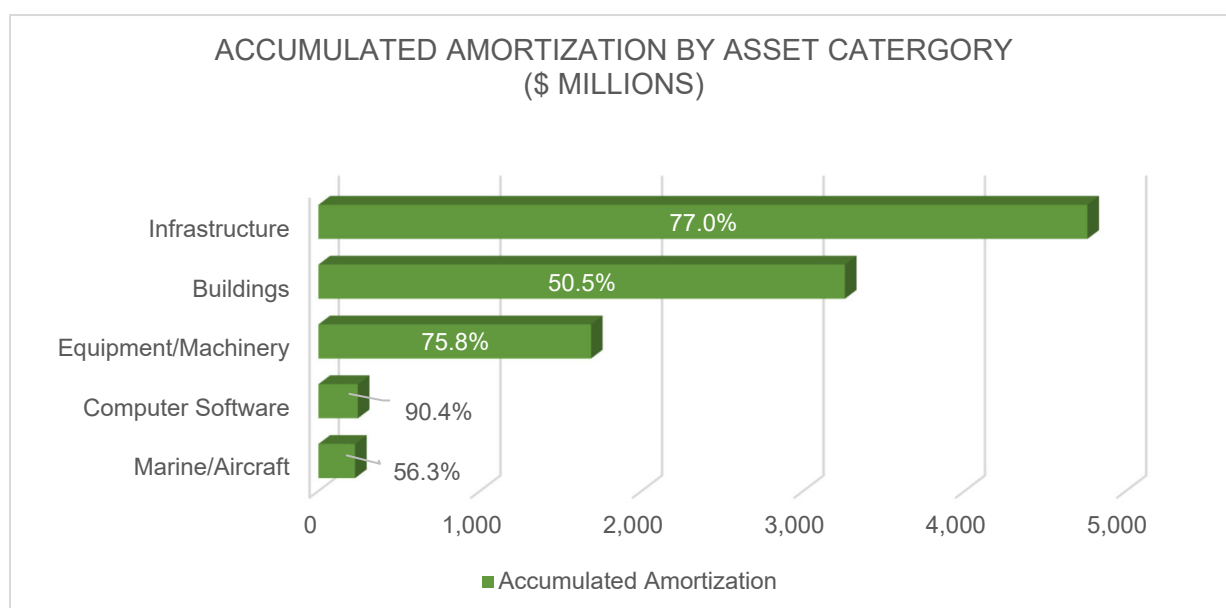
Accumulated Amortization

Total accumulated amortization of tangible capital assets (excluding work in progress assets) represents 65.5% of the cost of tangible capital assets. The most significant of the asset categories that are amortized are computer software, infrastructure, and equipment and machinery where 90.4%, 77.0% and 75.8% of the original cost has been amortized respectively.

The Province's infrastructure, such as bridges and roads, has less than one quarter of its useful life remaining. Computer software, as well as equipment and machinery have a relatively short useful life. It is expected that these assets will be replaced more frequently due primarily to changing technologies.

The Province currently has a number of projects under construction or development. Work in progress assets consists of \$703.3 million as at 31 March 2025 which is a \$302.2 million or a 30.1% decrease from 2023-24. This was primarily driven by the Corner Brook Acute Care Hospital being placed into service during 2024-25 in June 2024. Work in progress is considered to be a tangible capital asset; however, it is not subject to amortization as it is not currently available for use.

The following chart presents the tangible capital asset cost (excluding work in progress) and accumulated amortization by category at 31 March 2025.



Capital Acquisitions

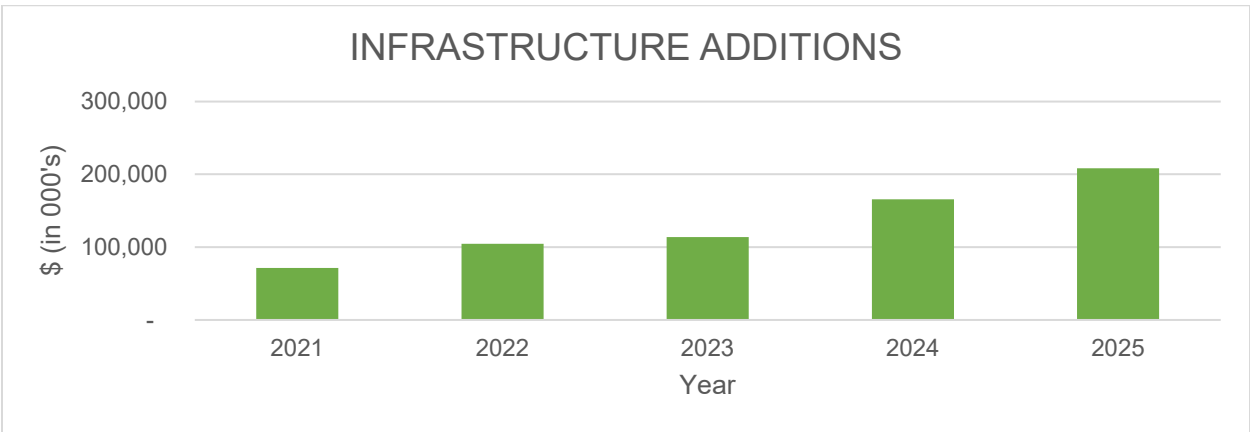
Capital acquisitions in the current year totaled approximately \$935.5 million and includes capital additions of \$1,231.8 million and net additions to work in progress assets of \$628.8 million, less \$925.1 million of work in progress assets capitalized in the year. Acquisitions decreased in 2024-25 by \$217.8 million from 2023-24 (\$1.2 billion). The Province continues to invest in capital assets and is forecasting capital acquisitions of \$994.4 million in 2025-26.

Original Budget for fiscal 2025-26 invests more than \$1.1 billion (both capital acquisitions and repairs and maintenance costs) in key infrastructure projects, including \$477.1 million in transportation infrastructure improvements as part of the 5-year \$1.4 billion roads and highways initiative announced in 2022-23, \$188.7 million in municipal capital projects to help communities deliver strong municipal services and promote economic growth, \$70.5 million for early learning and education infrastructure, \$41.3 million in law enforcement and correctional infrastructure improvements, and \$25.8 million in health care facility improvements. Acquisitions to tangible capital assets for the past five years were reported as follows:



Infrastructure Additions

Although infrastructure is reported as 77.0% amortized, this does not necessarily describe the age of this asset category. The Province continues to invest in roads, bridges, waterways and dams. The following graph presents reported infrastructure additions for the last five fiscal years. Note that this graph does not include work-in-progress infrastructure.



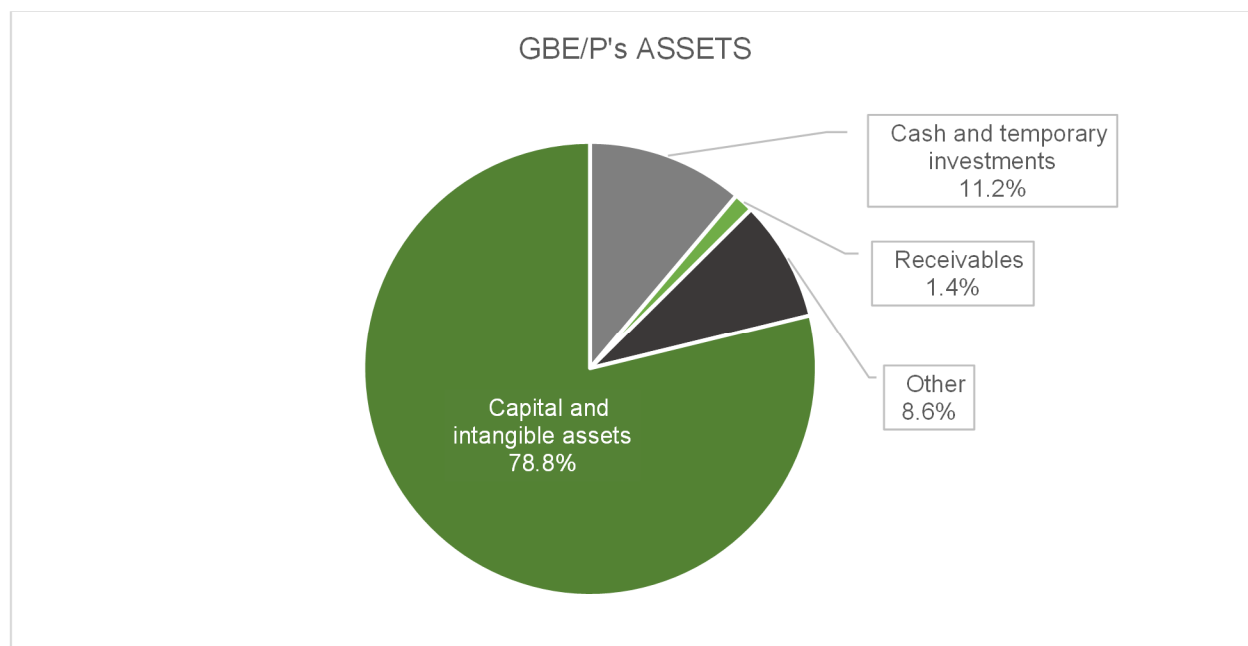
GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIP

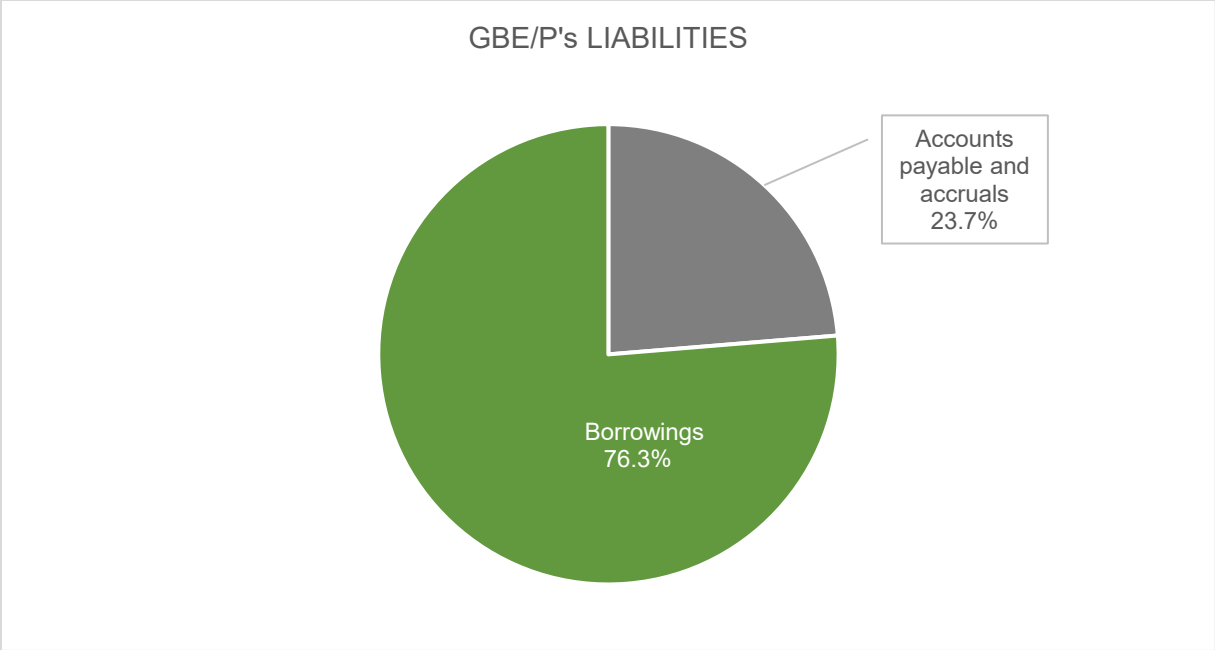
The Province has two Government Business Enterprises (GBEs), Newfoundland and Labrador Liquor Corporation (NLC) and Newfoundland and Labrador Hydro (NL Hydro); and one Government Business Partnership (GBP), Atlantic Lottery Corporation Inc. (ALC). NLC is a provincial crown corporation responsible for managing the importation, sale and distribution of alcohol beverages and cannabis throughout the Province. NL Hydro is incorporated as a crown corporation and its business includes the development, generation, transmission and sale of electricity, oil and gas, industrial fabrication and energy marketing. ALC has been appointed to undertake, conduct and manage lotteries by and on behalf of the Provinces of Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island.

Equity In Government Business Enterprises and Partnership

Equity in GBEs and GBP accounts for more than half of the Province's consolidated financial assets in 2024-25. Financial figures for ALC, NLC, and NL Hydro can be found in Schedules 3 and 4 of the Consolidated Summary Financial Statements.

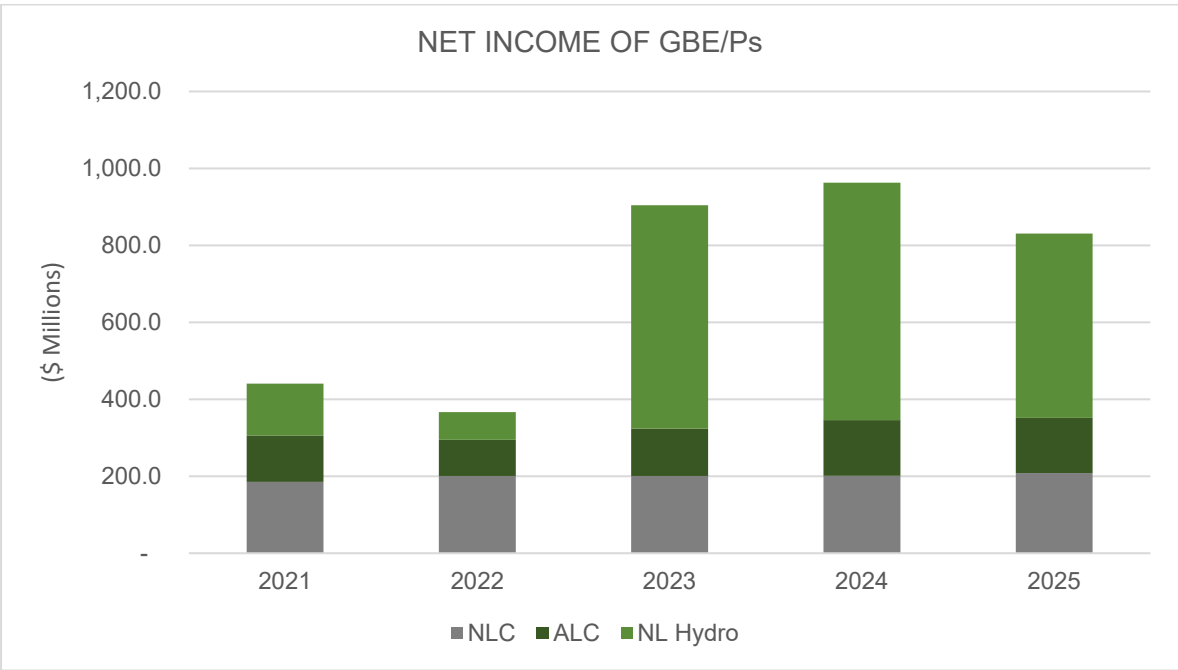
GBEs and GBP are considered investments therefore their assets and liabilities are not combined with the assets and liabilities of other government entities; they are recorded in one line as 'Equity in government business enterprises and partnership' on the Consolidated Statement of Financial Position. To provide further information on the financial position of these organizations the following provides an overview of their asset and liability components. A significant portion of these components pertain to NL Hydro. In fact, 99.8% of GBE/GBP borrowings relate to NL Hydro, as does 99.6% of the GBE/GBP capital and intangible assets.





Net Income of Government Business Enterprises and Partnership

The following graph shows the five-year trend in GBEs and GBP net income. Total net income for the current year from GBE/GBPs was \$842.0 million. This is a decrease of \$126.9 million, or 13.1%, from 2023-24 (\$968.9 million). The decrease in net income is mainly due to the financial results of NL Hydro. NL Hydro's net income decreased by \$138.3 million, from \$617.3 million in 2023 to \$479.0 million in 2024.



Key drivers relating to the decrease of \$138.3 million in net income for NL Hydro relate to the following:

- Revenue decreased by approximately \$105.3 million primarily due to:
 - \$101.7 million increase in electricity sales relating to higher consumption and energy prices.
 - \$15.0 million increase in renewable energy certificate sales.
 - \$10.0 million decrease due to an increase in royalty expense netted against revenue as a result of unfavourable foreign exchange.
 - \$26.0 million decrease in petroleum and natural gas sales.
 - \$190.0 million decrease in government grants due to rate mitigation support received from the Province in the prior year to repay the balance of the supply cost deferral account.
- Expenses increased by approximately \$33.0 million primarily relating to:
 - \$108.0 million increase in depreciation, depletion, amortization and impairment, primarily due to Muskrat Falls and Lower Churchill Transmission Line depreciation expenses.
 - \$68.0 million increase in net finance expenses relating to lower interest capitalization due to the completion of the Lower Churchill Transmission Line improvements, offset by higher interest income earned.
 - \$56.0 million increase in operating costs, primarily due to increases in salaries and benefits, professional services, and the implementation of the Impacts and Benefits Agreement with indigenous communities.
 - \$33.0 million increase in power purchased.
 - \$41.0 million increase in various other expenses, primarily due to losses on the disposal of assets and increases in rent and royalty costs.
 - \$18.0 million decrease in fuel costs.
 - \$255.0 million decrease due to regulatory adjustments.

Investment in Government Business Enterprises and Partnership

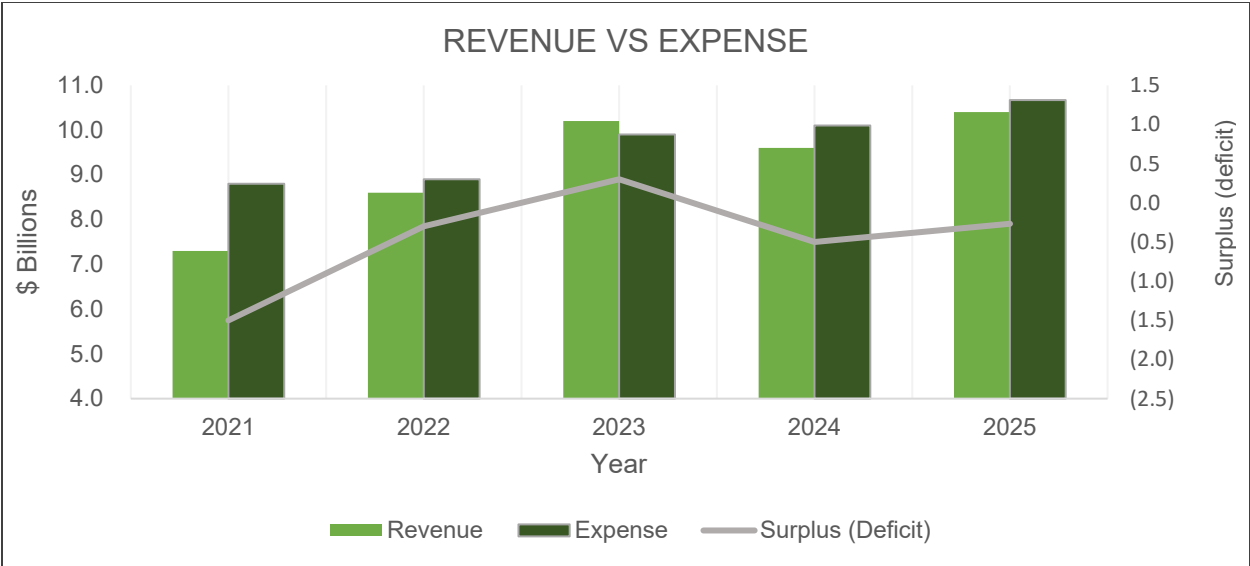
During 2024-25, ALC and NLC transferred a combined total of \$366.9 million in dividends to the Province. There were no dividends paid to the Province by NL Hydro during 2024-25. Equity contributions to NL Hydro have generally decreased over the last 5 years. For 2024-25, capital transfers from the Province to NL Hydro were nil.

Capital Transactions

	2021	2022	2023	2024	2025
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Equity Contributions from the Province:					
NL Hydro	1,000	250,000	-	-	-
NLC	-	-	-	-	-
ALC	-	-	-	-	-
Total	1,000	250,000	-	-	-
Dividends Received by the Province:					
NL Hydro	-	-	-	300,000	-
NLC	195,000	210,000	208,000	203,000	214,545
ALC	94,392	123,111	144,590	143,485	152,305
Total	289,392	333,111	352,590	646,485	366,850

CONSOLIDATED FINANCIAL OPERATIONS

For the fiscal year ended 31 March 2025, total revenue was \$10.4 billion (31 March 2024 - \$9.6 billion) and total expenses were \$10.7 billion (31 March 2024 - \$10.1 billion), resulting in a provincial deficit of \$0.3 billion (31 March 2024 – \$0.5 billion). The Province reported revenues and expenses for the previous five years as follows:



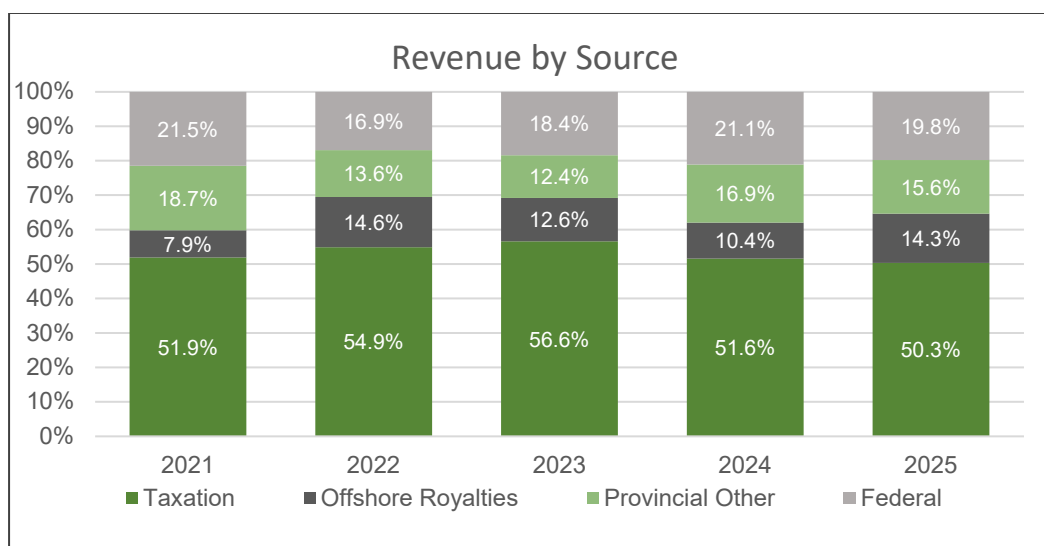
In the graph above, the five-year trend in (deficit) surplus is shown in relation to revenues and expenses. The Province has incurred deficits in four of the last five years, with the highest deficit in 2020-21 reaching \$1.5 billion. There was a surplus of \$0.3 billion in 2022-23. The annual deficit for 2024-25 has declined to \$0.3 billion, from \$0.5 billion in 2023-24.

Revenue Highlights

Revenues of \$10.4 billion for 2024-25 were \$68.8 million higher than the Original Budget of \$10.3 billion, largely due to lower federal revenues and offshore royalties, offset by higher personal and corporate income taxes, fees and fines, and investment revenue. Reported revenues in 2023-24 were \$9.6 billion. Compared to the prior year, revenues increased by \$735.1 million, primarily due to increased offshore royalties and corporate and personal income taxes.

Revenues by Source – Five Year Trend

The province and federal sources that constitute total revenues for the past five fiscal periods are presented in the following graph.



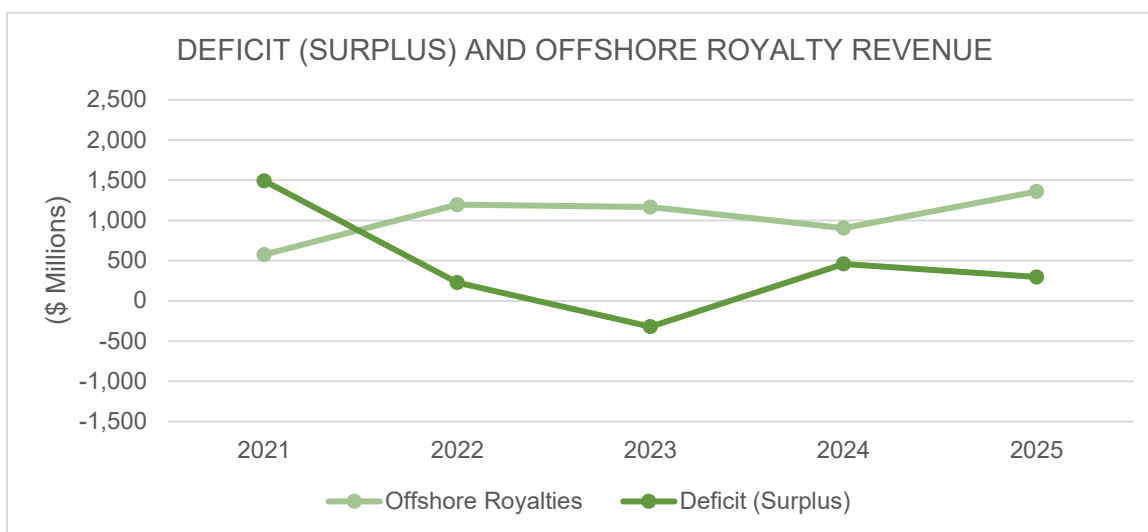
Offshore Royalties

Oil royalties, which were forecasted at Original Budget to be \$1.6 billion, resulted in actuals of \$1.4 billion. There was a \$0.2 billion decrease in offshore royalties compared to Original Budget mainly due to lower oil prices and production for White Rose, Hibernia, Hebron, and Terra Nova. As well, the Hebron Project's anticipated royalty rate increase occurred later in 2024-25 than expected. This was partially offset by lower CAD/USD exchange rates than budgeted.

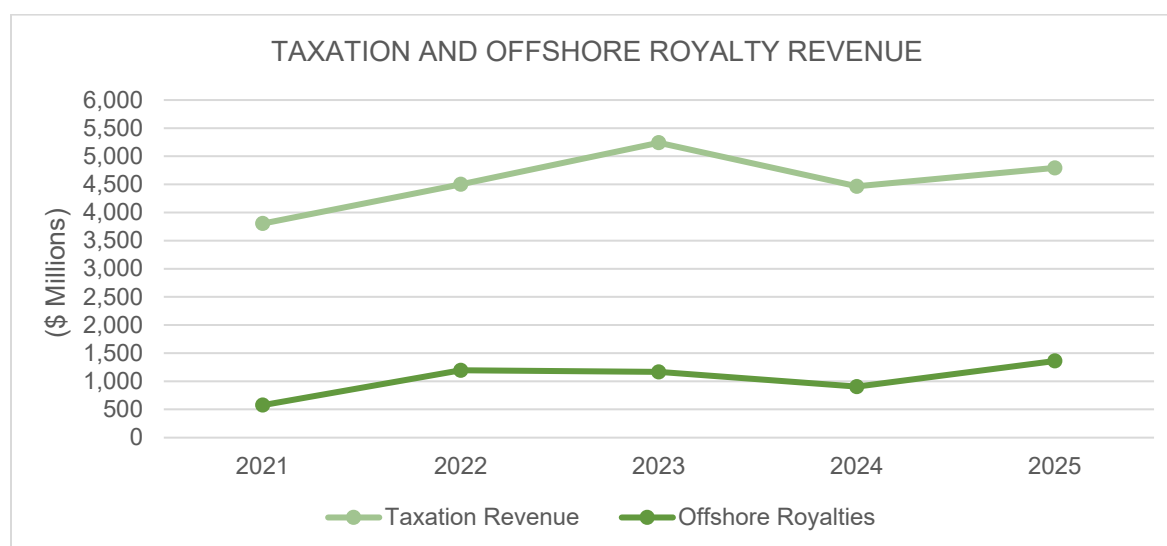
Total oil production was 7.6 million barrels lower than projected due to lower White Rose, Hibernia, Terra Nova, and Hebron production than forecasted.

Offshore Oil Royalties, Actuals and Original Budget For Fiscal year ended 31 March 2025			
	Actuals	Budget	Variance
Royalties (\$M)	\$1,360.4	\$1,551.3	\$(190.9)
Average oil price per barrel (\$US)	\$78.77	\$82.00	\$(3.23)
Average exchange rate (\$US/\$CA)	0.719	0.747	(0.028)
Production (millions of barrels):			
Hibernia	26.0	28.7	(2.7)
Terra Nova	9.7	10.3	(0.6)
White Rose	0.1	2.9	(2.8)
Hebron	43.0	44.5	(1.5)
Total Oil Production	78.8	86.4	(7.6)

Notes: Figures shown are for fiscal year 2024-25 and will differ from the calendar year figures presented in *The Economy* publications. Variances and totals may not calculate, due to rounding.



Offshore Royalty and Taxation Revenue – Five Year Trend



Taxation Revenue

- Actual results for fiscal 2024-25 in comparison to the prior year resulted in increased revenues of \$327.0 million, primarily attributed to:
 - \$286.1 million increase in corporate income tax primarily due to higher tax assessments.
 - \$152.7 million increase in personal income tax primarily due to income growth.
 - \$82.4 million decrease in sales tax primarily due to large positive prior year adjustments associated with fiscal year 2023-24.

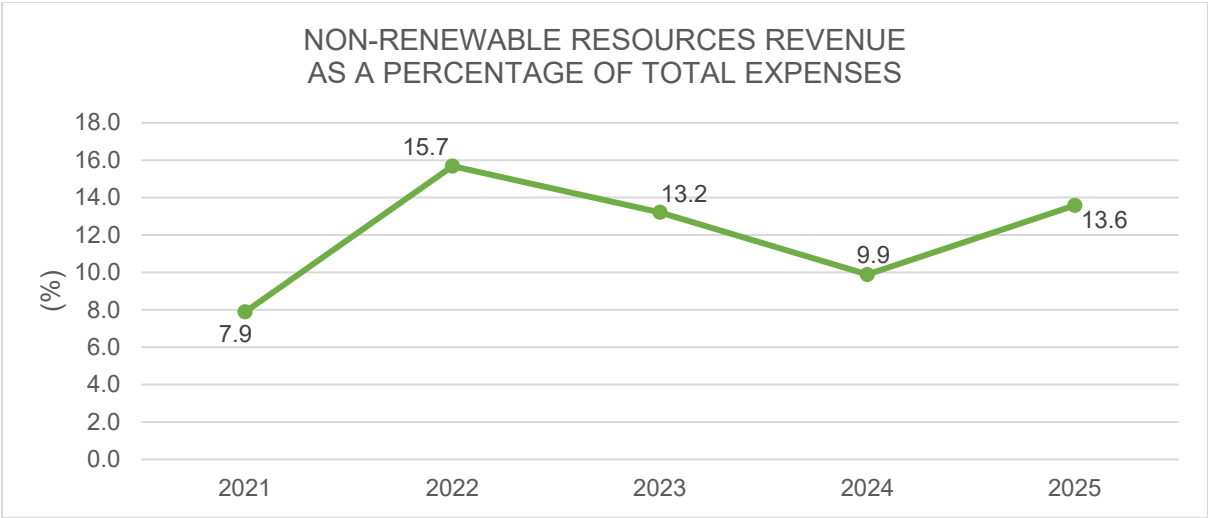
- Actual results for fiscal 2024-25 in comparison to the Original Budget resulted in an increase of \$387.6 million, primarily relating to:
 - \$198.2 million increase in personal income tax primarily due to positive prior year adjustments as a result of an increase in taxes assessed.
 - \$132.5 million increase in corporate income tax due to an increase in taxes assessed including higher offshore tax assessments.
 - \$89.3 million increase in sales tax due to less negative prior year adjustments than anticipated at Budget.

Federal Source Revenue

- There was an increase of \$57.8 million in 2024-25 federal source revenue in comparison to the prior year, primarily due to the receipt of Equalization of \$218.2 million in 2024-25 and \$126.9 increase in cost-shared program revenues, largely due to the Canada Wide Early Learning and Child Care Agreements. This was partially offset by a decrease in net profits interest of \$280.2 million due to the timing of payment approval.
- Actual revenue from federal sources for 2024-25 was \$525.7 million lower than the Original Budget. This is mainly due to a decrease of \$187.0 million in net profits interest due to the timing of payment approval, \$150.0 million in funding for the new penitentiary being recorded as deferred revenue, rather than revenue, due to fact funds not spent to date, and a decrease of \$139.8 million in cost-shared programs, largely due to the Canada Wide Early Learning and Child Care Agreements, Low Carbon Economy Leadership Fund, Oil to Electric Incentive Program, and other federal programs.

NON-RENEWABLE RESOURCES REVENUE AS A PERCENTAGE OF TOTAL EXPENSES

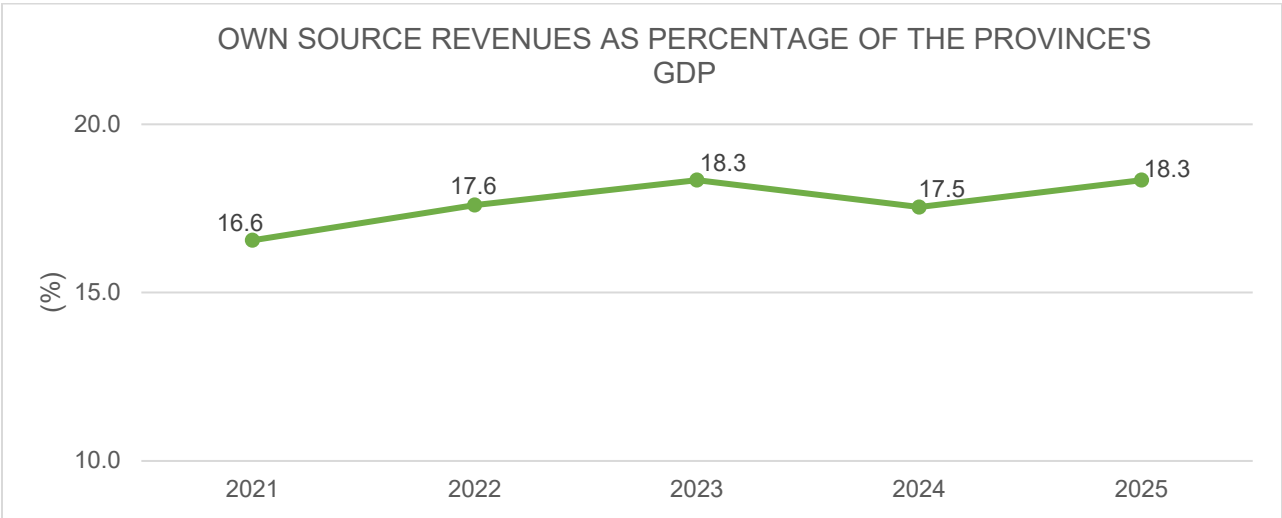
- Non-renewable resources revenue is affected by price, sales and other factors that are often beyond the Province's direct control. Non-renewable resources revenue as a percentage of total expenses is an indicator of how vulnerable the Province is as a result of its dependence on non-renewable resources revenue to fund its expenses.
- The following graph indicates that the Province's non-renewable resources revenue as a percentage of total expenses has increased from 7.9% in 2021 to 13.6% in 2025, but is down from the peak of 15.7% in 2022.



Note: Figures shown in the above graph include revenues for offshore royalties and mining and mineral rights tax.

PROVINCIAL REVENUES AS A PERCENTAGE OF GDP

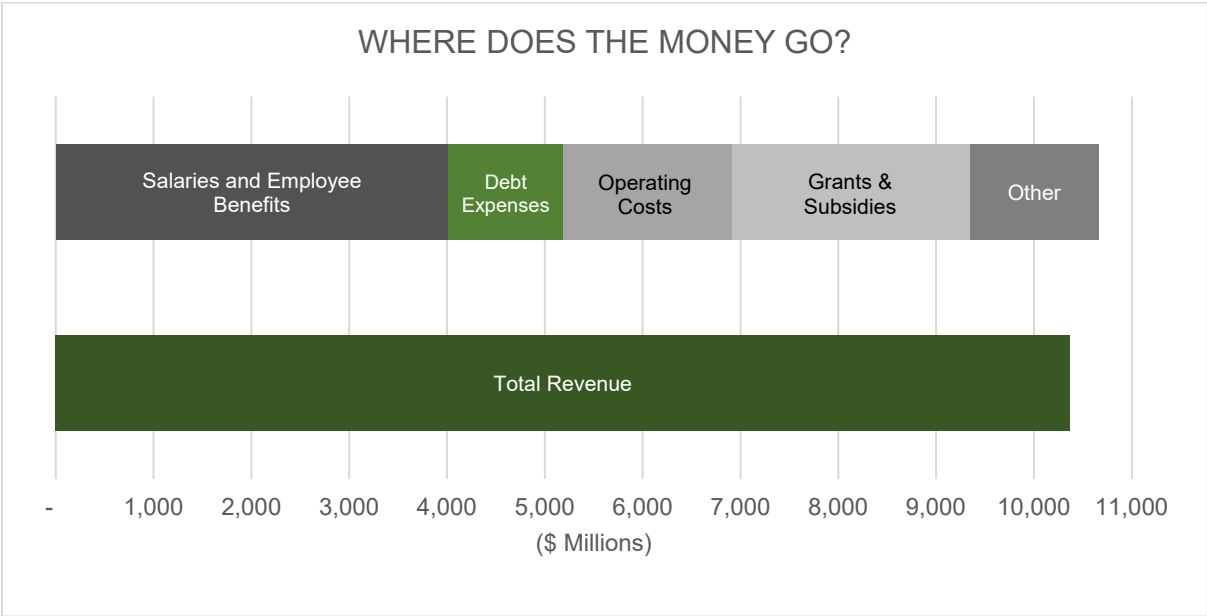
- The purpose of this indicator is to show the extent to which a government is taking income out of the economy in its jurisdiction, through both taxation and user charges.
- The following graph indicates that provincial revenues as a percentage of GDP in the current year increased from 2023-24. The Province’s GDP increased in 2024-25 which coincided with a increase in provincial source revenue.
- The 2024-25 own source revenues as percentage of the Province's GDP ratio is 18.3%. The percentage increased 0.8 percentage points from 17.5% in 2023-24. This ratio is slightly higher than the five-year average of 17.7%.



Note: Figures shown in the above graph use the GDP figures from Newfoundland and Labrador Statistics Agency’s website (Selected Economic Indicators Forecast 2015-2029f published as of April 9, 2025). The GDP figures have been restated based on the real GDP for 2021-2024.

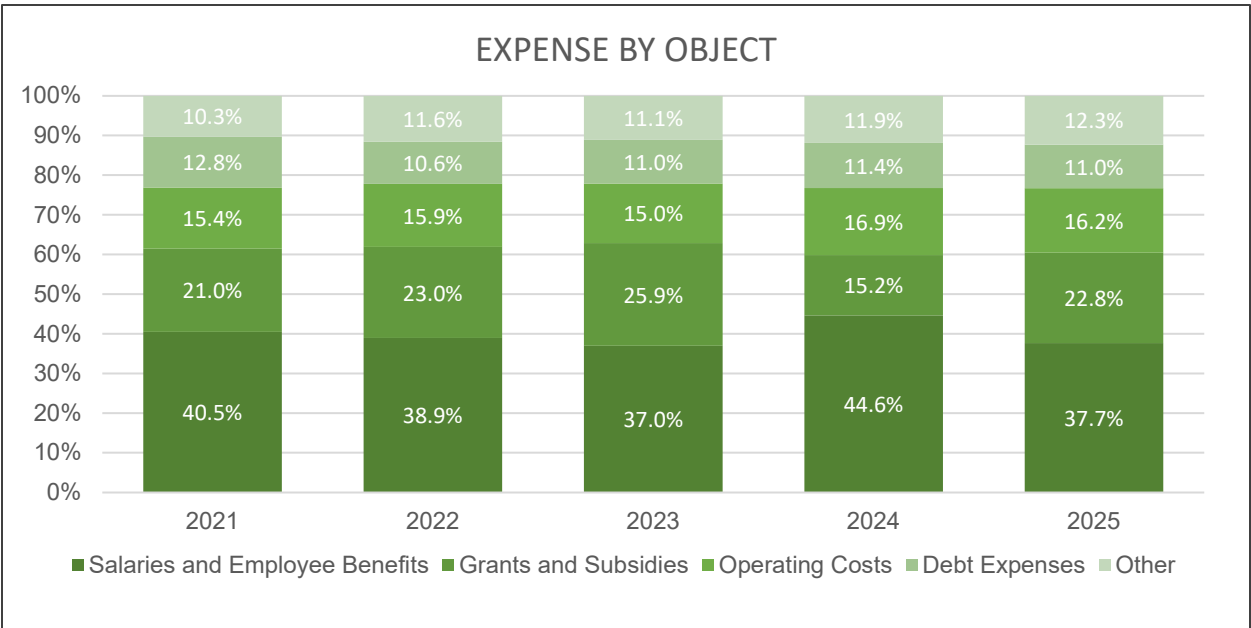
EXPENSE HIGHLIGHTS

The Province’s expenses are classified into the following: salaries and employee benefits; grants and subsidies; operating costs; debt expenses; and other expenses including professional services; amortization and (gain)/loss on the sale of tangible capital assets; property, furnishings and equipment; and valuation allowances (recovery). Total expenses of \$10.7 billion were \$213.5 million higher than the Original Budget (\$10.5 billion) and increased by \$572.7 million from the previous year.



Expenses by Object

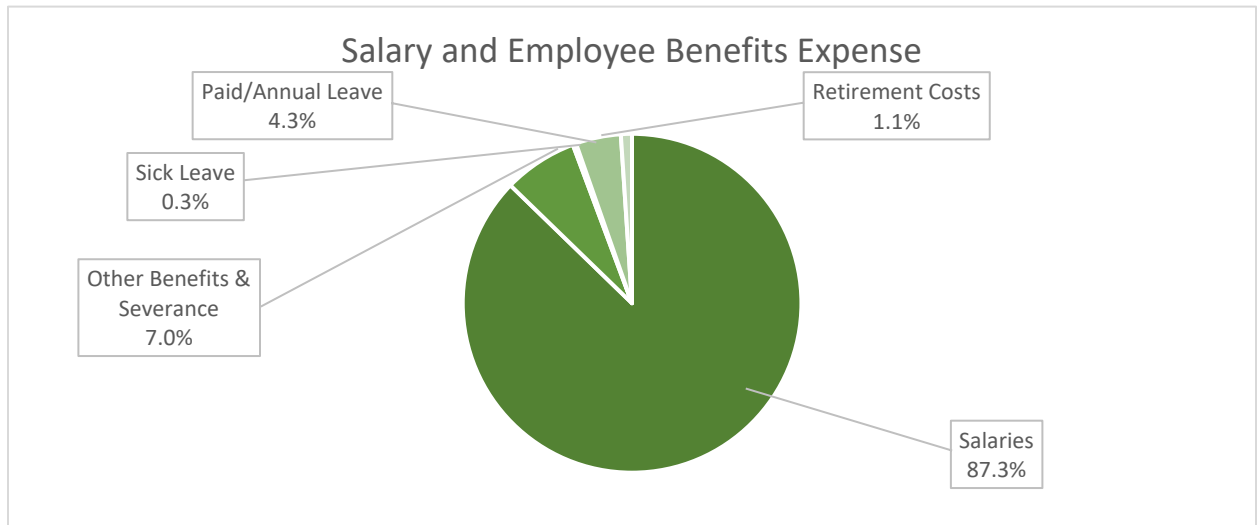
The following graph presents the percentage of expenses by object for the previous 5-year period. Salaries and employee benefits were the Province’s most significant expense type in each of the last five years, reflecting the nature of government in providing services to the Province. Salaries and employee benefits expense as a percentage of total expenses decreased 6.9 percentage points over the prior year, primarily due to the accounting for the integration of NLESD into the Department of Education in the prior year and actuarial adjustments in 2024-25 related to pension valuations and extrapolations.



Salaries and Employee Benefits

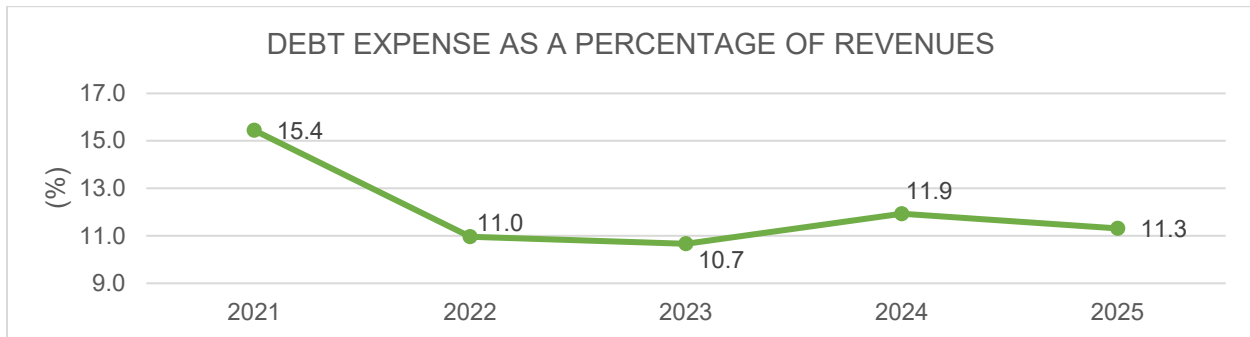
Salaries and employee benefits consists of the following:

	2024 (\$mil)	2025 (\$mil)
Salaries	3,756.9	3,504.0
Retirement costs	267.4	42.8
Other benefits	280.4	280.6
Paid and annual leave	165.4	173.0
Sick leave	27.4	12.9
Severance	3.1	2.5
Total	4,500.6	4,015.8



Debt Expense

The following graph presents the percentages of revenue used to pay debt expenses for the past five years. In 2024-25, the Province spent 11.3 cents of each revenue dollar on interest (11.9 cents in 2023-24). This ratio has decreased 26.6% over the five-year period. The decrease in this ratio for 2024-25 is primarily driven by higher revenue growth compared to the prior year.



Compared to Previous Year

The increase in total expenses of \$572.7 million from 2023-2024 to 2024-2025 can be attributed to the following:

- Increase of \$893.1 million in grants and subsidies mainly because of the accounting for the integration of NLESD into core government in the prior year, mostly offset by a related reduction in salaries and benefits. There was also increased funding paid to municipalities in 2024-25 compared to 2023-24 for municipal infrastructure due to the completion of more projects. This was partially offset by reduced requirements under the oil and gas industry support program and Green Transition Fund.
- Increase of \$55.7 million in professional services mainly due to legal fees.
- \$68.8 million net increase in other expenses, including valuation allowances (recovery), operating costs, debt expenses, and property, furnishings, and equipment.
- Increase of \$39.9 million in amortization and (gain)/loss on the sale of tangible capital assets due to the continued investment in capital infrastructure, buildings, and equipment and machinery.
- Decrease of \$484.8 million in salaries and employee benefits, primarily resulting from the accounting for the integration of NLESD into core government in the prior year. There was also a decrease in retirement costs due to actuarial adjustments arising from the 2024-25 pension valuations and extrapolations. This was partially offset by increases related to ongoing recruitment and retention of health care professionals and costs related to information technology initiatives in the health care sector to support virtual care.

Compared to Original Budget

The increase in total expenses of \$213.5 million for 2024-25 compared to Original Budget can be attributed to the following:

- Increase of \$159.6 million in operating costs predominately due to higher than expected health care sector costs.
- Increase of \$80.0 million in professional services, mainly due to legal fees and increased requirements for physician and law enforcement services.
- Increase of \$63.7 million in property, furnishings and equipment mainly due to increased resources required in the education and health care sectors for property, furnishings and equipment.
- \$59.4 million net increase in other expenses, including valuation allowances (recovery) and debt expenses.
- Increase of \$46.6 million in amortization and (gain)/loss on the sale of tangible capital assets due to higher investment in capital infrastructure, buildings, and equipment and machinery than expected.
- \$43.1 million increase in salaries and employee benefits, primarily due to ongoing recruitment and retention of health care professionals. This was partially offset by lower than expected retirement costs due to actuarial adjustments arising from the 2024-25 pension valuations and extrapolations.
- Decrease of \$238.9 million in grants and subsidies largely due to by lower than anticipated requirements related to various municipal, climate, and other funding programs, including the Canada community-building fund, low carbon economy leadership fund II, oil to electric incentive program, green transition fund, and oil and gas industry support program.

RISK ANALYSIS

The Province is subject to various forms of risk inherent in the nature of certain financial statement elements and financial markets.

Exposure to risk from the use of accounting and other estimates in recording certain transactions is discussed in Note 23 – Measurement Uncertainty, of the consolidated financial statements of this publication.

Debt related risk including foreign exchange risk, interest rate risk, credit risk, and liquidity risk was discussed previously in the consolidated financial results section, page 16, of this publication.

In terms of Government Business Enterprises and Partnership risk, ALC and NL Hydro operate in an environment with various forms of financial risk including changes in interest rates, and fluctuation in foreign currency exchange rates and commodity prices. A combination of financial instruments and portfolio management tools and techniques are utilized to manage these risks.

OPPORTUNITIES

While there is a greater degree of uncertainty than usual regarding the medium-term economic outlook for the Province due to world events, including the conflicts in Ukraine and the Middle East, the United States' (U.S.'s) tariff increases, and high global inflation rates that remain above pre-pandemic levels, there is reason to be optimistic in the longer term. Various opportunities in the economic forecast exist for oil and gas, wind-powered green hydrogen production, electricity generation, mining, aquaculture, aerospace and defence, technology, manufacturing industries, and digital media and film.

Oil and Gas

- Hibernia oil production resumed in 2022 following drill rig upgrades. These upgrades will unlock resources currently not reachable and enable an additional 10+ years of future drilling. As of July 31, 2025, Hibernia has an estimated 510 million barrels of recoverable reserves remaining.
- In the first half of 2025, the Hebron Project produced at around 130,000 barrels per day. As of July 31, 2025, Hebron has an estimated 494 million barrels of recoverable reserves remaining.
- Both Hibernia and Hebron have substantial remaining undeveloped potential, including 2.3 trillion cubic feet of gas for Hibernia and 276 million barrels of oil for Hebron. Both these fields are anticipated to continue producing beyond 2040.
- The Terra Nova Floating Production, Storage and Offloading (FPSO) currently has encountered subsurface valve issues causing 13 wells to be shut-in and only three wells producing. The current long-term production is uncertain with mitigation efforts ongoing which will likely involve rig workovers to restart these wells. The Terra Nova project has an estimated 68 million barrels of recoverable reserves remaining.
- The White Rose's SeaRose FPSO vessel has completed its asset life extension in Northern Ireland and production resumed March 12, 2025. White Rose and North Amethyst have 167 million barrels and 9 million barrels of recoverable reserves remaining respectively.
- Q2/Q3 2025 the West White Rose gravity-based structure and topsides were floated out to location and the platform was lifted into place on top of the structure. First oil is expected in 2026 with peak

production anticipated to reach 80,000 barrels per day by 2029. The project is expected to add an additional 14 years of production. As of June 2025, there were 729 Newfoundland and Labrador residents working on the West White Rose Project.

- Equinor's Bay du Nord project received environmental approval from the Government of Canada in April 2022. This project is also expected to generate significant economic benefits for the Province. Initial reserve estimates totaled approximately 300 million barrels of recoverable oil with an expected field life between 12 and 20 years and 11,000 person-years of in-province employment. Recent discoveries of oil resources have brought the total estimate to be greater than 500 million barrels of recoverable oil. In May 2023, Equinor announced that it would be postponing the Bay du Nord offshore oil and gas project for up to three years. The company indicated that they would utilize this postponement to continue to actively mature Bay du Nord towards a successful development. In October 2023, Equinor established a new Bay du Nord project team to oversee the Project's execution strategy. Over the past year, Equinor progressed feasibility studies related to various project work scopes including Subsea Field Development; Drilling and Well Concepts; Feasibility for FPSO Development; and Operations and Maintenance Concepts. In January 2025, Equinor awarded preliminary front-end engineering design (pre-FEED) work related to the FPSO to BW Offshore and Altera Infrastructure. According to Equinor, a final investment decision is expected in 2027 with first oil in 2031.
- Exploration drilling programs have potential to create significant activity in the Newfoundland and Labrador offshore area and bode well for the future of the industry in the Province. In May 2025, the Canada – Newfoundland and Labrador Offshore Energy Regulator (C-NLOER) announced a call for bids for exploration licenses in the Labrador South and Eastern Newfoundland regions.

Wind to Hydrogen Energy

- Wind reserves on crown lands were established to give companies some degree of site control which is necessary to raise capital for project development activities, such as wind resource assessments, geotechnical analysis, securing offtake agreements, and to proceed with identified regulatory pathways (environmental assessments, crownland applications, etc.). Proponents are evolving projects to meet project timelines, continue sourcing financial investment, determine engineering and design parameters, and to meet identified regulatory approvals. Only one project World Energy GH2 Corporation (WEGH2) has been released from environmental assessment, and none of the wind application recommendation letter holders have secured binding offtake agreements.
- Since the 2022 call for bids and subsequent award process, there have been challenges with both the industry and individual projects. The offtake market for green hydrogen and ammonia has developed at a lower rate than had been speculated during the Crown Lands Call for Bids for Wind Energy Projects, which has introduced delays and obstacles in securing offtake agreements necessary to raise the capital required for project development. Delays in key European infrastructure, like ammonia import terminals and hydrogen pipelines, are creating uncertainty around timelines, making it harder for buyers to sign an offtake agreement. Proponents have advised the Province that while there is a downturn in development activity and investor confidence globally in green hydrogen/ammonia, they continue to believe in the industry long-term.
- Just last fall, in October 2024, the International Energy Agency (IEA) concluded that annual demand for low-emission hydrogen could be over 6 million tonnes by 2030 and 67 million tonnes by 2050. According to the IEA, in 2023, private sector companies signed offtake agreements for more than 2

million tonnes of low-emission hydrogen-equivalent per year. Purchasing industries include the chemical, refining, steel, electricity generation and aviation sectors.

- Based on 2024 IEA projections, Australia and the United States are expected to lead in hydrogen exports by 2030, while the European Union and Asia, particularly Japan and Korea, are projected to be key import markets. Some projections show that Germany intends to import up to 50 to 70 percent of its hydrogen demand by 2030, while the Netherlands could import up to 50 percent. Moreover, Belgium seeks to position itself as a key import and transit hub for renewable hydrogen in Europe by 2030. Over the past two years, the Province has signed memorandums of understanding (MOUs) with key stakeholders in these three countries, including the two largest ports in the European continent (Port of Rotterdam and Port of Antwerp-Bruges).
- Canada and Germany have each committed up to \$300.0 million to support bi-lateral clean hydrogen trade. The funds will help to establish an Atlantic Canada hydrogen industry, namely by closing gaps between sale price and purchase price of hydrogen sold in what's termed a double-sided auction. This framework is expected to be operational in summer 2025. According to independent and published studies, green hydrogen and ammonia made in the Province has the potential to be among the cheapest globally.
- A January 2025 third-party market analysis for Exploits Valley Renewable Energy Corporation noted that of the global projects it assessed, the Newfoundland and Labrador project is the most competitive source of green ammonia to all target markets versus potential alternative suppliers.
- The Department of Industry, Energy and Technology monitors global markets, tracking trends in the green hydrogen sector and continues to work with the companies to address project specific and industry wide challenges as projects evolve.
 - The EverWind Fuels Company (EverWind) continues to pursue offtake agreements, with delays tied to pricing uncertainties and concerns about commercial risk.
 - The Exploits Valley Renewable Energy Corporation (EVREC) faces delays in securing government support, which is pushing back the company's Final Investment Decision (FID) to Q1 2027. Local project spending totals \$11.9 million to date.
 - The Toqlukuti'k Wind and Hydrogen Project (TQK) and WEGH2 are advancing steps to acquire firm buyers / off takers for green hydrogen, however the high cost and slow market growth has pushed their timelines for FID to Q4 2029 and Q4 2026 respectively.
 - The Pattern Energy Group Inc. (Pattern) highlights a major gap between production costs and buyer expectations as a direct result of short contract terms and global market uncertainty. While long-term agreements are needed to support project economics, most off takers are now preferring shorter 10-year commitments. Pattern is shifting its immediate focus toward the opportunity of the upcoming NL Hydro Request for Proposals as a result.
 - North Atlantic Refining Limited (NARL) is pursuing expansion of its existing terminal infrastructure to support the development of hydrogen for export to the global market. NARL has expanded its European investment and is currently in the process of acquiring a controlling interest in Esso Société Anonyme Française SA and 100% of ExxonMobil Chemical France SAS.

Proponent	FID Estimate	Local Project Spending	Local Employment
EverWind	Q1 2028	\$3.5 million	1 FTE
EVREC	Q1 2027	\$11.9 million	3,350 person hours per month
WEGH2	Q4 2026	\$36.0 million	18 FTEs
TQK	Q4 2029	\$12.5 million	2 FTEs
Pattern	Not available	Not available	Not available
NARL	Q2 2026	\$9.2 million	7.7 FTEs

- In April 2022, the Province and the Government of Canada announced that the mandate of the C-NLOPB would be expanded to include the regulation of offshore renewables. To implement these changes, the Government of Canada introduced Bill C-49 to amend the **Canada–Newfoundland and Labrador Atlantic Accord Implementation Act**, and the Province introduced mirroring legislative amendments. The federal amendments passed in October 2024 and the Province's passed in March 2025. In March 2023, the Government of Canada and the Province launched an 18-month regional assessment of the Newfoundland and Labrador offshore area for wind development, which was completed in January 2025. The assessment is intended to help inform future decisions about specific offshore wind projects. In December 2023, the Government of Canada and the Province signed a MOU to enable the Province to solely regulate offshore wind projects within its inland bays, with work ongoing to delineate those areas.
- On August 23, 2022, a declaration of intent was signed to form a Canada-Germany Hydrogen Alliance between the Governments of Canada and Germany in Stephenville. On September 27, 2022, the Province signed a declaration of intent with the Free and Hanseatic City of Hamburg, on cooperation in the field of green hydrogen and hydrogen technologies. On May 9, 2023, the Province signed a MOU with the Port of Rotterdam to cooperate on green hydrogen opportunities. In September 2024, during an incoming energy delegation from Belgium, the Department of Industry, Energy and Technology signed an MOU with the Port of Antwerp-Bruges to further enhance cooperation and assist in establishing a green shipping corridor to connect our Canadian renewable energy supply with European demand. On May 19, 2025, in advance of the World Hydrogen Summit in Rotterdam, the Province also signed a MOU with the Port of Amsterdam. The Department of Industry, Energy and Technology continues to evolve communication pathways and discussions to support future opportunities for global energy business opportunities.

Electricity

- On December 12, 2024, Newfoundland and Labrador entered into a MOU with Hydro-Quebec to terminate and replace the 1969 Upper Churchill contract and undertake expansion projects. It is anticipated that the Agreements will be finalized in 2026.
- Under the terms of the MOU it is projected that Newfoundland and Labrador will receive \$225.0 billion to the provincial treasury over the life of the agreement, including an immediate increase in the price for Upper Churchill power, increasing annual revenue to the province by an average of \$1.0 billion per year over the next 17 years.
- It includes plans to construct the Gull Island Generating Station with an installed capacity of 2,250 MW and a new powerhouse to be built at Churchill Falls adding 1,100 MW. It also includes plans for the existing units at Churchill Falls to be upgraded to increase capacity by 550 MW and new transmission lines to be built in Labrador and Québec to enable these new generation projects.

- The cost of these combined construction projects is estimated to be at least \$33.0 billion. With access to more power from the existing Churchill Falls plant and increased capacity from new developments, NL Hydro will access 1,990 MW, which is approximately four times the capacity it has today in Labrador. This will be available for industrial development in Labrador, increasing the opportunity for economic development and employment for this Province.

Mining

- Mineral exploration continues to be a key economic driver for Newfoundland and Labrador. To date, the province has over 138,000 active exploration claims and has approved nearly 300 additional mineral exploration applications. Natural Resources Canada reported exploration spending of \$243.9 million in 2024, with projected expenditures of \$258.1 million in 2025.
- Gold exploration in central Newfoundland continues to attract investment, driven by record-high gold prices and the discovery of new deposits. Uranium and lithium exploration are also advancing in 2025, supported by favourable geology and mineral development policies. For the third consecutive year, the Province ranked among the world's top ten jurisdictions for mining investment attractiveness in the Fraser Institute's Annual Survey of Mining Companies.
- As part of the Critical Minerals Plan, the Province committed to advancing the development of Exempt Mineral Lands (EML). In 2024, the Province issued an Expression of Interest for the Julianne Lake high-purity iron ore EML. In June 2025, detailed proposals were received for the potential development of Julianne Lake. In November 2024, the Province issued a Request for Proposals for the Glover Island gold EML and in July 2025, mineral rights were awarded.
- Newfoundland and Labrador is home to eight operating mines, which play a significant role in the Province's economy. Mineral shipments were valued at \$4.6 billion in 2024 and are estimated to reach \$6.3 billion in 2025, driven primarily by new gold production and increased production of nickel and iron ore.
- Iron ore shipments totaled nearly 24 million tonnes in 2024 and are projected to exceed 27 million tonnes in 2025 due to anticipated increased production at multiple iron ore mines in the Province. Newfoundland and Labrador produced 34% of Canada's iron ore in 2023.
- On June 17, 2025, Equinox Gold Corporation acquired Calibre Mining Corporation, which had made significant process on the Valentine Gold Project. First gold production is on track for the third quarter of 2025. The mine is expected to produce 180,000 ounces of gold annually over a 14-year mine life. The expected employment is 498 person years in 2025.
- Maritime Resources Corporation acquired the Point Rousse Project in 2023. Refurbishment of the Pine Cove mill began in October 2024, with stockpiled and tailings material being processed to support re-commissioning. Operations are expected to commence at the Hammerdown Gold Project in the second half of 2025, which will also feed into the Pine Cove mill. The life of the mine is currently estimated at 5 years, with forecast employment of 101 person years in 2025.

- On December 3, 2024, Vale Base Metals completed construction and commissioning of the Voisey's Bay Mine Expansion Project, which marked the transition from open-pit to underground mining. The company expects to employ 2,257 person years in 2025. The project's production capacity is approximately 45,000 tonnes of nickel, 20,000 tonnes of copper and 2,600 tonnes of cobalt. The project has extended the life of the mine until at least 2035.
- Newfoundland and Labrador is home to a strong pipeline of developing mineral projects, with several advancing through key regulatory and planning milestones: Canada Fluorspar estimates that there is potential ore for a 20 to 30-year mine life once operations restart at their St. Lawrence Fluorspar Mine; Atlas Salt's Great Atlantic Salt Project was released from environmental assessment (EA) in April 2024, FireFly Metals' Green Bay Ming Mine Copper-Gold Project was released from EA in June 2025, and Champion Iron registered their Kami Iron Ore Project for EA in May 2024 and most recently submitted their environmental impact statement. These developments signal growing investor confidence and long-term production potential across the Province.

Aquaculture

- Aquaculture continues to expand throughout the Province, with salmon, trout, mussels and oysters, creating many direct and indirect employment opportunities. The first commercial seaweed license has been issued by the department of Fisheries, Forestry and Agriculture, with growing interest in other marine plants, as well as halibut and wolffish.
- Risks to aquaculture include mortality events caused by diseases and climate change impacts such as warming water temperatures and storms. Concerns that may negatively influence investment have been expressed by companies regarding the proposed South Coast Fjords National Marine Conservation Area, the British Columbia transition to land based facilities, and potential US tariffs.
- In 2024, the aquaculture sectors salmonid production reached 23,159 tonnes with a value of \$264.0 million. Shellfish reached 3,024 tonnes with a value of \$18.0 million. There was a 22% total increase from 2023.

Aerospace and Defense

- In June 2025, Prime Minister Mark Carney announced plans for Canada to increase defence spending to reach the 5% of GDP goal by 2035. The Federal Government estimates this will result in \$150.0 billion spent per year during this period on direct military spending and defence-related infrastructure. This increased spending creates significant opportunities for all provinces and territories.
- Newfoundland and Labrador offers emerging opportunities for growth in the aerospace and defence industry, driven by its strategic geographic location, proximity to key international shipping and air routes, and access to Arctic corridors. The Province is well positioned to support surveillance, search and rescue, and marine defence operations, particularly as global interest in Arctic security intensifies.
- Existing infrastructure in the Province, such as airports, ice free deepwater ports, and military facilities, such as the Canadian Forces Base, 5-Wing in Goose Bay, can be leveraged for expanded armed forces operations and partnerships in the defence industry. In Labrador, there is potential to establish forward operating bases on the Labrador coast that can support the Arctic operations of the Navy and Coast Guard.

- In addition, the Province's skilled workforce has experience in delivering complex infrastructure projects, particularly offshore, and can be relied upon to build and support large scale operations. There are approximately 50 aerospace and defence companies in Newfoundland and Labrador with over 1,600 employees and \$330.0 million in annual sales and service contracts.
- Aerospace and defence companies are central to the growth of the provincial technology sector as they are increasingly doing business internationally, both as partners in the supply chain and directly with aerospace and defence procurement. This includes companies developing advanced drone technologies and ocean tech companies producing advanced imaging and sensory technologies that can be deployed on unmanned aerial vehicles and remotely operated underwater vehicles.
- The Bull Arm Fabrication Site (Bull Arm) has proven capacity in offshore oil and gas and there is emerging potential for the site to support marine defence and infrastructure. Bull Arm is Atlantic Canada's largest fabrication site and spans over 25 square kilometres with 10 kilometres of paved roadway and 20,600 square metres of enclosed fabrication facilities and marine infrastructure. With rising federal investment in Arctic security, Bull Arm is well suited for vessel repair, decommissioning activities, construction projects, and infrastructure support. In July of 2025, the Province announced that it had entered into a non-binding MOU with North Atlantic Refining Ltd. (North Atlantic) for the lease of the Bull Arm site. The MOU states that North Atlantic agrees to negotiate in good faith with all parties seeking to utilize the Bull Arm site for activities that are compatible with the overall use of the site and will provide access to those parties on commercially reasonable terms.
- In July 2024, the federal government launched the Canadian Patrol Submarine Project (CPSP), with plans to acquire up to 12 under-ice capable submarines. The build contract is anticipated by 2028, and initial deliveries are expected by 2035. Separate contracts will be awarded for construction and long-term sustainment. This presents a significant strategic opportunity for Newfoundland and Labrador to position itself as a key location for submarine sustainment. With its deep-water ports, and proximity to Arctic operations, the Province is uniquely suited to support this capability. The Province is actively advocating to ensure the region's advantages are fully recognized in the planning and execution of the CPSP.
- Newfoundland and Labrador's existing infrastructure and skilled marine workforce also positions the Province as a cost-effective and strategic location for naval ship decommissioning and end-of-life vessel operation. Leveraging these strengths, the Province can play a critical role in supporting Canada's naval lifecycle strategy, creating long-term economic benefits, high-value employment, and reinforcing its position as a key player in national defense and marine sustainability.
- The Atlantic Spaceport Complex (ASX) is aiming to be the first operational Canadian spaceport. The spaceport, located in St. Lawrence, is being designed and built by NordSpace for year-round launches. ASX will feature two launch pads to support NordSpace's own vehicle, as well as partner launch vehicles and companies. ASX will offer the widest range of orbital inclinations among all spaceports in North America, ranging from approximately 46 degrees to 100 degrees allowing for more efficient access to all orbits from equatorial to polar.

Technology

- The Province has made significant investments in the technology ecosystem. This sector contributed \$1.8 billion to the Provincial GDP in 2023—a 24% increase since 2016. Startups that several years ago were raising \$500,000 in venture capital are now raising up to \$20.0 million, and the sector's momentum is only increasing. With the success of local companies such as Verafin, Mysa Smart Thermostats, Spellbook, and CoLab Software, there has been exponential increase in employment.

- The Province, along with IBM Canada and the Government of Canada, have committed to support Memorial University with a more than \$18.0 million investment for the Centre for Analytics, informatics and research, and accelerated analytics and machine learning initiatives. The collaboration will provide the Province access to high-performance computing and more opportunities for researchers, industry partnerships, and start-up entrepreneurs in the technology sector.
- The Province's technology sector is seeing growth and increasing international recognition and trade in a number of industries, including health tech, ocean tech, clean tech, aerospace and defense, information technology, and software as a service. In response, the Department of Industry, Energy and Technology is increasing both trade promotion and investment attraction efforts to help these industries capitalize upon opportunities.
- In 2024, venture capital investment in Newfoundland and Labrador's technology industry surged, nearly tripling compared to 2023, with a total of \$81.0 million across nine deals. One of the Province's standout transactions was CoLab Software's \$27.0 million Series B round. Another notable raise included a \$10.0 million round by Sparrow BioAcoustics. These investments highlight the potential of this industry to drive economic diversification, attract top-tier talent, and position Newfoundland and Labrador as a growing hub for innovation and technology in Atlantic Canada.
- CGI Inc. (CGI) is the largest independent information and communications technology (ICT) and business consulting services company in Canada, and fifth largest in the world. CGI is currently preparing to set up operations in Newfoundland and Labrador by creating 60 new positions in the next three years, at a total project cost of more than \$14.3 million. The company is the first approved to receive support from the Province under its Job Accelerator and Growth Program, with a maximum amount of approximately \$1.4 million. The planned start date for the project is August 1, 2025. CGI has hired a new NL-based director to execute its local operations and signed a multi-year lease for an office in St. John's.
- The Co. Innovation Centre (COIC) opened in June 2024, fostering industry, business, and ecosystem collisions across multiple sectors with a focus on support for Remote Operations. This dynamic space serves as an innovation hub for some of the Province's greatest homegrown technology talent, capabilities, and companies.
- In 2024, the Department of Industry, Energy and Technology launched the HealthTech and BioTech Ecosystem Action Plan to set a foundation supporting new and innovative technologies, including accelerating access, investing's in research and development, enhancing collaboration, and allowing companies to develop locally to grow and scale globally. The Department of Industry, Energy and Technology made investments to key institutional stakeholders including Memorial University, Newfoundland and Labrador Health Services, and Bounce Health. Innovations providing infrastructure and human resources to foster growth in the health and biotech sector.
- The Department of Industry, Energy and Technology supports a strong tech start-up entrepreneurial support network through which research, ideas, business innovation, and ecosystem support can be resourced effectively to maximize opportunities for innovators and advance provincial economic growth. Since technology presents significant employment and business growth opportunities for the Province, the Province has increased support to incubators and accelerators, such as the Genesis Centre, Memorial Centre for Entrepreneurship (MCE), Propel, and Navigate to support the creation and growth of innovation-driven companies.

Manufacturing

- Cresta Fund Management purchased a controlling equity in the idled Come By Chance oil refinery in late 2021 and have renamed the company to Braya Renewable Fuels. The company is converting the refinery to make renewable diesel and sustainable aviation fuel. Construction began in 2021 on a conversion project, with a commitment to maintain employment at no less than 200 full time equivalent positions. The bio-fuel refinery began operations in February 2024, with projections to supply 18,000 barrels per day of low carbon renewable fuel into the foreseeable future. Expansion plans to increase capacity, enhance production of sustainable aviation fuel, and explore green hydrogen production are in progress.
- In January 2025, Boeing invested \$10.0 million in Solace Power, a wireless power technology company, to establish a surface mount technology (SMT) production facility in Newfoundland and Labrador. The funding will nearly double the company's local workforce in support of the expansion, which also includes support for the company's entry into related industries, such as automotive and telecommunications sectors.
- Corvus Tactical Aircraft Corporation is an aircraft manufacturer based in Mount Pearl that is seeking to manufacture a line of dual-purpose, best-in-class agricultural and firefighting aircraft in the Province. The company acquired intellectual property and global rights for the aircraft from Airbus and in September 2024 closed a multi-million-dollar funding round with investors from Synerjet Corporation, based in Latin America.

Digital Media and Film

- The continued growth of Newfoundland and Labrador's screen production industry presents a strategic opportunity for economic diversification and year-round employment. The Department of Industry, Energy and Technology has received two proposals for a purpose-built soundstage in the Province. Both projects directly respond to infrastructure gaps identified in the PictureNL Strategic Assessment and Roadmap (2025). This facility would enhance the Province's capacity to attract larger-scale productions, extend filming into the winter months, and support workforce development through partnerships with local training institutions.
- As the industry matures, investments in studio infrastructure and production services are expected to generate long-term economic benefits and position the Province as a competitive destination for domestic and international film and television projects.

RISKS

The Province's financial position and fiscal forecast are also subject to various risks in the economic forecast. These risks have the potential to significantly impact the provincial economy and, in turn, the Province's fiscal position. These risks pertain to such items as the commodity market, tariffs, and demographic factors.

Market Conditions

- The Canadian economy ended 2024 in a strong position. However, continued trade conflict and the threat of tariffs with the US are expected to slow growth and add to price pressures in all provinces. In 2024, Canada's Consumer Price Index (CPI) rose by 2.4%, down from the increase of 3.9% recorded in 2023, which indicates a slower pace of inflation. The 2024 increase was the lowest since 2020, but still higher than pre-pandemic levels. In Newfoundland and Labrador, the CPI increased by 1.8% in 2024, slightly lower than the Canadian average.
- As inflation eased, the Bank of Canada began lowering interest rates. Since the summer of 2024, the Bank has cut rates seven consecutive times, holding the policy rate at 2.75% since March 2025. However, the threat of tariffs and potential retaliatory measures are expected to slow the economy, while simultaneously pushing up prices for businesses and consumers. This creates a dilemma for the central bank: whether to cut rates further to support economic growth through an economic downturn or raise/hold them to contain inflation.
- Business owners may face challenges under either scenario. If interest rates are kept high or increased to combat inflation, borrowing costs will remain elevated, making it more expensive for businesses to finance operations, invest in growth, or manage debt. On the other hand, if rates are cut to stimulate the economy, the resulting inflationary pressures, especially from tariffs and supply chain disruptions, could drive up input costs, reduce consumer purchasing power, and squeeze profit margins.
- Labour and skill shortages are being reported across jurisdictions and sectors and presenting increasing challenges to the ability of businesses to maintain or expand operations. The Province is forecasting a shortage of 70,000 workers between 2025 and 2034. In particular, this can significantly impact the ability of companies to launch and complete large, complex investment and infrastructure projects of the kind the Province is depending upon to drive future economic growth and development. The Province has increased efforts to attract and retain skilled workers.
- Economic conditions have also caused investors to become more conservative, which has made it more difficult for startups and smaller companies to access capital to establish and/or expand.

Tariffs

- Ongoing frictions with major trading partners introduce a range of potential pressures on Newfoundland and Labrador's export sectors. Tariff measures, policy shifts and compliance complexities contribute to an environment where outcomes remain uncertain rather than predetermined. While preferential trade agreements mitigate some direct duties, residual vulnerabilities persist in documentation, supply-chain costs and market access.

- The United States has applied a 35% tariff on most Canadian exports, 50% for steel and aluminum; and 10% on energy. Goods that qualify under the Canada-US-Mexico Agreement generally avoid these duties, but companies still navigate evolving certification rules and episodic policy updates.
- In response to Canadian duties on electric vehicles and certain metals, China imposed steep counter-tariffs in March 2025. Canola oil, meal and peas now face 100% duties, while seafood and pork carry 25%. Given China's status as primary destination for Canadian seafood, these measures could dampen competitiveness and amplify the challenges in that sector.
- The Department of Industry, Energy and Technology is working to mitigate the foregoing impacts and risks by assisting companies in diversifying their export markets. This includes supporting the participation of seafood producers in conferences in international destinations other than the U.S., and by supporting a project seeking to establish live shipments of local seafood products to European markets. The department of Industry, Energy and Technology has also substantially increased travel stipend rates to non-US destinations to help de-risk the costs of pursuing opportunities in other markets such as Europe and the Indo-Pacific.
- The Department of Industry, Energy and Technology has also partnered with the Atlantic Provinces and the Government of Canada to deliver the Tariff and Customs Advisory Program (TCAP), a project supported by the Atlantic Trade and Investment Growth Agreement (ATIGA). This program is a new initiative to help Atlantic Canadian businesses not just navigate tariffs, but optimize supply chains and stay compliant with trade regulations. TCAP provides expert guidance from customs brokers, trade consultants, and trade lawyers to help businesses tackle challenges related to tariffs and customs.

Demographic Factors

- Aging of the population is one of the most important demographic challenges confronting the Province because of its significant implications for program delivery of many public services, in particular, health care. On March 31, 2025, the Province had the highest median age of 47.8 years and highest average age of 45.7 years across Canada.
- Overall, the Canadian population grew by 758,790 individuals from March 2024 to March 2025 to a total of 41,528,680 individuals, an increase of 1.9% from the prior year population of 40,769,890 individuals. The Province saw a much lower population growth rate at 0.4% over the same period, predominantly due to net gains in international migration. This was offset by net losses to interprovincial migration and a negative natural population change resulting from the lowest birth to death ratio in Canada, with 0.5 births per death.

Muskrat Falls Project

- On March 31, 2023, as one of the steps to implement rate mitigation, the Province announced the provision of \$190.0 million of rate mitigation funding to offset increases in supply costs primarily associated with the Lower Churchill Project (LCP) which have accumulated in the Supply Cost Variance Deferral Account (SCVDA). The SCVDA was established through the Public Utilities Board in Fall 2021 in order to defer payments under the Muskrat Falls Project agreements, rate mitigation funding, project cost recovery from customers and supply cost variances primarily associated with the LCP.

- In July 2023, LIL (2021) Limited Partnership (LIL (2021) LP) and the Government of Canada executed an agreement which allows LIL (2021) LP access to a \$1.0 billion unsecured convertible debenture with compounding interest at 3.03%, maturing on December 31, 2071, with payments of principal and accrued interest starting in January 2042. Under the terms of the agreement, the debenture is convertible into Class B Limited partnership units of LIL (2021) LP at the option of the holder at the earlier of the date in which the debentures are fully drawn and December 31, 2041. In August 2023, the first drawing on the convertible debenture of \$145.0 million was received by LIL (2021) LP, and the funds were transferred to NL Hydro Regulated for the purpose of rate mitigation in order to pay down the balance that has accumulated in the SCVDA.
- In May 2024, the Province finalized its rate mitigation plan, formalizing the Province's plan to maintain NL Hydro's increase in domestic electricity rates at an annual target of 2.25% through to 2030. The plan will ensure domestic residential rate increases, for customers subject to Island Interconnected System rates, attributable to NL Hydro's costs, are targeted at 2.25% annually up to and including 2030. The rate mitigation plan also requires that any additional funding required to reduce the balance in the SCVDA and achieve the 2.25% targeted rate increase come from NL Hydro's own sources, to the extent possible, and for NL Hydro to retire the 2023 ending SCVDA balance of \$271.0 million over the 2024–2026 period.
- In February 2025, NL Hydro applied \$441.0 million to the SCVDA accounts. This included \$90.6 million of rate mitigation relating to the retirement of the 2023 SCVDA and the remaining \$350.4 million was applied to the 2024 SCVDA. As at December 31, 2024, the balance of the SCVDA was \$531.7 million and as at May 31, 2025, the balance in the SCVDA was \$337.3 million.
- As of December 31, 2024, long-term debt outstanding on the Lower Churchill Project is \$8.6 billion.

Other

- On December 15, 2023, the Lieutenant-Governor in Council issued Order in Council OC2023-272 to increase the level of short-term borrowings permitted by NL Hydro to \$700.0 million, effective until January 1, 2026, at which time the level will be \$500.0 million.
- On December 12, 2024, NL Hydro signed a MOU with Hydro-Québec to terminate and replace Churchill Falls (Labrador) Corporation's existing power contracts, develop Gull Island, expand capacity of the Churchill Falls plant, and develop associated transmission. The non-binding MOU provides the basis for the negotiation of definitive agreements, with the negotiation of the agreements planned to be completed by April 30, 2026.

ECONOMIC OUTLOOK AND OVERVIEW

In advance of receiving results of actual revenues collected, the Province relies on its economic and demographic forecasts, and known relationships with administrative data to estimate revenues. Some components of nominal Gross Domestic Product (GDP), such as consumer expenditure, are used to forecast growth in specific tax bases. Other indicators such as household income (including earned income), consumer inflation and population are also used in the projection and estimation of certain revenues.

The following discussion provides an overview of the economic and demographic performance of Newfoundland and Labrador in 2024, as well as an estimate on the expected performance for 2025. Given the use of estimates and Statistics Canada revisions, this data is subject to change as updated information becomes available. It should also be noted that all data discussed in this section are reported on a calendar year basis.

ECONOMIC PERFORMANCE IN 2024

Newfoundland and Labrador's economy showed growth in 2024. Real GDP is estimated to have increased by 2.4 per cent, supported by higher resource production and strong consumer spending. Employment increased by 6,700 persons, or 2.8 per cent in 2024, and the unemployment rate stayed near-historic lows at 10.0 per cent. The housing market saw a surge in new home construction and sales of existing homes were above 2023 levels. Economic growth was further supported by lower inflation and interest rates. The Province's population grew by 1.2 per cent in 2024, one of the highest annual increases in decades, bolstered by record high international in-migration and positive interprovincial migration.

On an industry basis, the oil and gas industry advanced construction on the West White Rose oil project and crude oil production increased mainly due to the return of production from the Terra Nova FPSO. In the mining industry, nickel production in the province increased significantly in 2024 compared to the previous year, as construction concluded and production ramped up at the Voisey's Bay underground mines. In the fishery and aquaculture sector, the wild fishery benefitted from higher market prices for key species, particularly snow crab, while production in the aquaculture industry further increased. Additionally, the tourism industry continued to rebound from the pandemic, and there were several positive developments in the emerging wind-hydrogen sector.

International exports from the province totaled \$13.9 billion in 2024, an increase of 11.6 per cent compared to 2023. The export value of crude oil and seafood products both increased due to increased crude oil production and higher prices for snow crab, while renewable fuel exports also provided a substantial boost to overall value. However, increased production levels for both iron ore and nickel were not enough to offset lower prices for those commodities in 2024.

Capital investment in Newfoundland and Labrador is estimated to have totaled \$10.3 billion in 2024, an increase of 6.3 per cent from 2023. Investment increased across most categories, led by intellectual property and residential investment. The latter was largely due to an increase in housing starts in 2024 compared to 2023.

UNDERSTANDING THE FINANCIAL HEALTH OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

Economic Indicators

Newfoundland and Labrador

	<u>2023</u>	<u>2024e</u>	<u>2025f</u>
GDP at Market Prices (\$ Millions)	38,959	41,642	43,419
% Change	-5.5	6.9	4.3
% Change, Real	-2.6	2.4	4.4
Household Income (\$ Millions)	31,440	33,248	33,864
% Change	7.6	5.8	1.9
% Change, Real	4.2	3.9	-0.6
Household Disposable Income (\$ Millions)	21,173	22,530	23,054
% Change	7.0	6.4	2.3
% Change, Real	3.5	4.5	-0.2
Retail Sales (\$ Millions)	11,433	12,214	12,452
% Change	1.9	6.8	2.0
% Change, Real	-0.9	6.2	-0.5
Consumer Price Index (2002=100)	159.0	161.9	166.0
% Change	3.3	1.8	2.5
Investment, Gross Fixed Capital Formation (\$ Millions)	9,662	10,272	9,958
% Change	11.0	6.3	-3.1
% Change Real	7.8	2.8	-4.0
Housing Starts	978	1,672	1,901
% Change	-29.1	71.0	13.7
Employment ('000s)	238.3	245.0	242.1
% Change	1.8	2.8	-1.2
Labour Force ('000s)	264.6	272.0	271.4
% Change	0.2	2.8	-0.2
Unemployment Rate (%)	9.9	10.0	10.8
Participation Rate (%)	57.6	58.3	57.9
Population ('000s)	538.9	545.2	546.1
% Change	1.4	1.2	0.2

Updated May 17, 2025

f: forecast

e: estimate

Source: Economics Division, Department of Finance

Consumer spending consists of expenditures on all goods and services within an economy. Despite a challenging and evolving economic landscape, many measures of consumer spending in the Province were strong in 2024, such as retail sales and sales at food services and drinking places, and were led by a notable rebound in new motor vehicle sales. Overall, consumer spending increased by an estimated 5.6 per cent to \$22.2 billion in 2024.

Retail sales generally account for over half of the consumer spending in the Province. Retail sales totaled \$12.2 billion in Newfoundland and Labrador in 2024, an increase of 6.8 per cent compared to 2023. Growth was robust throughout the year, driven by higher employment and wages, easing inflation, and lower interest rates. In 2024, retail sales growth was especially strong in 'Motor vehicle and parts dealers', which increased 12.9 per cent compared to 2023. Growth in this category reflects new and used car sales, as well as sales of parts and services labour. Notable growth was also seen in 'Gasoline stations and fuel vendors' (+23.1 per cent). Increases in these categories were partly offset by lower sales at 'Food and beverage retailers' (-6.1 per cent), mainly reflecting a lower value of sales at grocery and convenience stores, despite higher prices for those retailers.

Newfoundland and Labrador's labour market displayed signs of growth and stability in 2024. Employment increased by 6,700 persons, or 2.8 per cent, continuing a multi-year trend in job growth. This contributed to another near-record low unemployment rate of 10.0 per cent, indicating improved job opportunities and a more dynamic labour market. With increased international and interprovincial migration, the Province's population growth contributed positively to the labour supply.

The services-producing sector was a key driver of job growth in 2024, particularly in education and health care. Total service sector employment increased by 6,600 persons, or 3.5 per cent. This was driven by a 3,300 person gain in 'Educational services' employment and an 1,800 person gain in 'Health care and social assistance' employment. Other service-sector industries, such as 'Wholesale and retail trade', also posted strong employment growth (+1,400 persons). The goods-producing sector showed stable employment, increasing by 100 persons, or 0.2 per cent, led by a 200 person gain in both 'Construction' and 'Forestry, fishing, mining, quarrying, oil and gas'.

The Province's labour force increased by 2.8 per cent in 2024, mainly due to an increase in the working age population (those 15 years of age and older) and an increase in the overall participation rate (+0.7 percentage points). Much of the growth in these indicators can be attributed to high levels of international in-migration.

Wages continued to grow in the Province in 2024, driven by increased employment, particularly in full-time positions, further increases to the minimum wage, and general salary increases in both the public and private sectors. Household income increased by 5.8 per cent, reflecting higher average weekly earnings, which was \$1,243.06 in 2024, compared to the Canadian average of \$1,260.54.

Newfoundland and Labrador's population stood at 545,464 as of March 31, 2025, an increase of 2,323 persons, or 0.4 per cent, compared to March 31, 2024, where the Province saw a growth rate of 1.2 per cent, the second largest population increase since 1975. The 2024-25 growth was primarily driven by gains in international migration which mitigated losses due to net negative interprovincial migration and natural population change (lower births than deaths).

Net international migration reached 5,963 persons during 2024-25. This was due to an increase of 5,911 immigrants, 166 returning emigrants, and 164 additional non-permanent residents, offset by 278 emigrants. Net interprovincial migration was negative for the first time since 2019-2020, with 6,923 losses to other provinces, offset by 6,815 inter-provincial gains, resulting in a net loss of 108 persons. Losses from natural population change totaled 3,532 and have been accelerating for the last nine consecutive years, reflecting an aging population.

ECONOMIC OUTLOOK

At the time of Budget 2025, Newfoundland and Labrador's real GDP was forecast to increase by 4.4 per cent to \$34.9 billion (\$2017) in 2025, primarily due to increased oil and mineral production. Since then, the Province's economy has remained resilient despite the persistence of global uncertainty. Anticipated tariff impacts have been much less than assumed at budget time, while year-to-date consumer spending and employment have been stronger than forecasted.

Capital investment is also doing better than forecasted at budget time, driven by rising housing starts, government infrastructure spending, and pre-construction activity related to Churchill River development.

Retail sales have been very strong so far in 2025, increasing 8.3 per cent in the January to May period, much stronger than the 2.0 per cent annual forecast in Budget 2025.

At budget time, housing starts in the Province were expected to increase by 13.7 per cent in 2025. Year-to-date data for January to June shows a mixed performance, with strong gains in urban areas of the Province being offset by weaker numbers in rural areas.

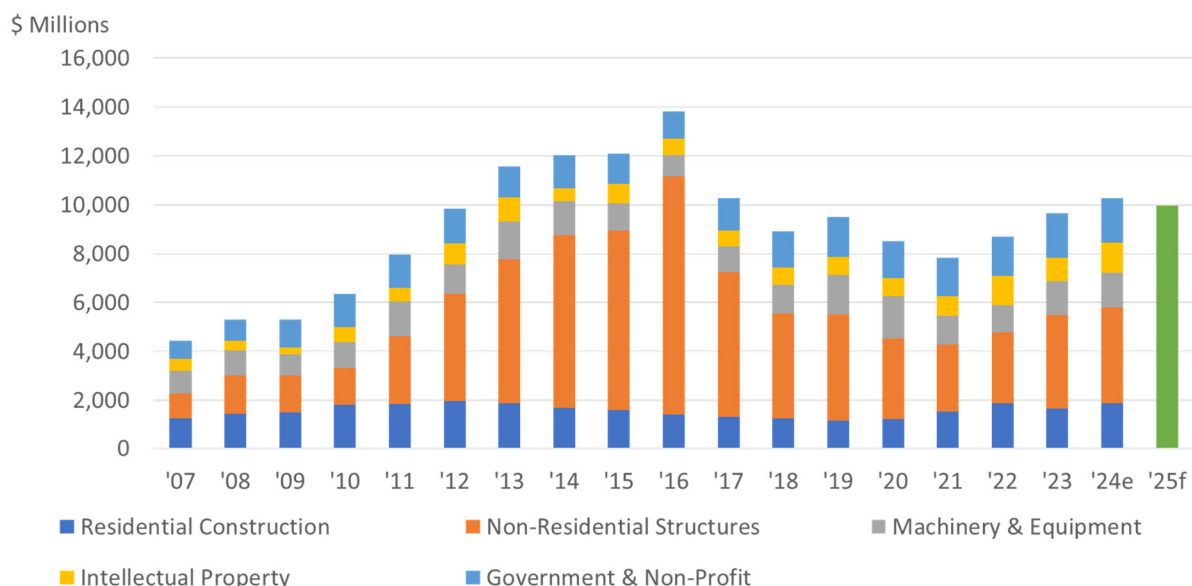
The Province's population is forecast to remain relatively stable in 2025, with net natural losses being offset by international and interprovincial in-migration.

Employment has been stronger than expected in the Province through July, increasing 0.1 per cent, as tariff impacts so far have been much less than assumed at budget time. The unemployment rate has also been lower than expected so far this year, increasing 0.2 percentage points through July, compared to an annual increase of 0.8 per cent forecast at budget time.

Year-to-date inflation for the Province has averaged just 0.8 per cent in the first six months of 2025, much lower than the 2.5 per cent annual forecast in Budget 2025. This can be partly attributed to smaller tariff impacts than were initially assumed.

In the medium-term, investment is forecast to accelerate, driven by construction activity associated with wind-hydrogen projects, the Bay du Nord deepwater oil project, and Upper Churchill-related construction activity. This is expected to result in significant real GDP growth over the period and a tightening of local labour markets.

Capital Investment, NL, 2007-2025f



e: estimate; f: forecast

Source: Statistics Canada; Department of Finance

RISKS AND ADJUSTMENTS

At the time of Budget 2025, real GDP was forecast to increase by 4.4 per cent in 2025. Although these economic indicators for 2024 and 2025 form the basis for the final revenues presented in the 2024-25 Public Accounts, they are still projections and are subject to change. Further economic and administrative data relating to 2024 and 2025 are expected in the future. New data may result in adjusted revenues with respect to the taxation years reported in this document. Such differences will be reflected in subsequent fiscal years as prior year adjustments. As a result, differences may arise between estimated and actual revenues reported in these Public Accounts.

There are risks to the short-term outlook for the Province related to tariffs placed on Canadian goods entering the U.S. and China. As a result, Newfoundland and Labrador may see negative impacts on economic growth, employment and inflation. The impacts of these tariffs have been broadly captured in the economic forecast.

GLOSSARY OF TERMS

To assist in understanding the discussion and analysis in this report, definitions of the various terms used are provided below:

<i>Accrual Basis:</i>	A method of accounting whereby revenues are recorded when earned and expenses are recorded when liabilities are incurred.
<i>Accumulated Deficit:</i>	Liabilities less total assets. This equals the net accumulation of all annual surpluses and deficits experienced by the Province.
<i>Annual Surplus/ (Deficit):</i>	The excess of annual revenues (expenses) over annual expenses (revenues).
<i>Original budgetary Contribution/ (Requirement):</i>	The difference between revenues and expenditure cash flows of the Consolidated Revenue Fund generated as a result of the operations of government departments during the year.
<i>Cash Basis:</i>	A method of accounting whereby revenues are recorded when received and expenditures are recorded when paid.
<i>Deferred Revenue:</i>	Represents funding received in advance of revenue recognition criteria being met.
<i>Derivative Asset:</i>	A financial contract whose value is derived from a related asset, index, or rate.
<i>Financial Assets:</i>	Assets (such as cash, receivables and investments) to be used to reduce existing or future liabilities.
<i>GDP:</i>	Gross Domestic Product (at market prices) of the Province.
<i>Interest Cost:</i>	Interest on the Province's debt (e.g. borrowings, unfunded pension liability), as well as, other debt related expenses.
<i>Net Borrowings:</i>	Total borrowings (debentures, treasury bills, etc.) less sinking funds. Also referred to as provincial debt in this report.

<i>Net Debt:</i>	Liabilities less financial assets.
<i>Non-Financial Assets:</i>	Assets consumed in the delivery of government services, but not intended to reduce existing or future liabilities. Non-financial assets are primarily comprised of tangible capital assets.
<i>Purchased Intangibles:</i>	Non-financial assets which are non-physical assets acquired through an arm's length exchange transaction.
<i>Remeasurement Gains (Losses):</i>	Unrealized gains (losses) in relation to fair market value changes in investments and foreign exchange which are recognized in the Statement of Remeasurement Gains and Losses until realized.
<i>Tangible Capital Assets:</i>	Non-financial assets which are held for use in the production or supply of goods and services and have useful economic lives extending beyond an accounting period. Examples include buildings, roads, infrastructure, marine vessels, heavy equipment and machinery.
<i>Unfunded Pension Liability:</i>	The total unpaid pension benefits earned by existing/former employees and retirees less the value of assets set aside to fund the benefits. Also included is the outstanding balance of the promissory notes as issued from the pension reform.



Province of Newfoundland and Labrador

Consolidated Summary Financial Statements

**For The Year Ended
31 March 2025**

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03 September 2025

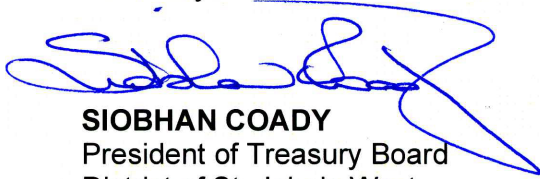
STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity and fair presentation of the consolidated summary financial statements of the Province of Newfoundland and Labrador rests with the Government. As required under Section 59 of the **Financial Administration Act**, these consolidated summary financial statements are prepared by the Comptroller General, Office of the Executive Council in accordance with the applicable legislation and in accordance with the accounting policies as disclosed in Note 1 to these consolidated summary financial statements. These consolidated summary financial statements are prepared based upon information provided by the various Government departments and the noted Crown corporations, boards and authorities pursuant to Section 19 of the **Transparency and Accountability Act** and Section 20 of the **Financial Administration Act**.


The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

The consolidated summary financial statements in this volume include a Consolidated Statement of Financial Position, a Consolidated Statement of Change in Net Debt, a Consolidated Statement of Operations, a Consolidated Statement of Change in Accumulated Deficit, a Consolidated Statement of Cash Flows, a Consolidated Statement of Remeasurement Gains and Losses, and notes. Other schedules and notes that are included also form an integral part of these statements.

Pursuant to Section 16 of the **Auditor General Act, 2021**, the Auditor General of Newfoundland and Labrador provides an independent opinion on the consolidated summary financial statements.



SIOBHAN COADY
President of Treasury Board
District of St. John's West



Brendan Hanlon, CPA, MBA
Comptroller General
Treasury Board Secretariat

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OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

Independent Auditor's Report

To the House of Assembly
Province of Newfoundland and Labrador

Report on the Audit of the Consolidated Summary Financial Statements

Opinion

I have audited the consolidated summary financial statements of the Province of Newfoundland and Labrador, which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of change in net debt, operations, change in accumulated deficit, remeasurement gains and losses and cash flows for the year then ended, and notes to the consolidated summary financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated summary financial statements present fairly, in all material respects, the consolidated financial position of the Province of Newfoundland and Labrador as at March 31, 2025, and its consolidated results of operations, change in its net debt, change in its accumulated deficit, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Summary Financial Statements section of my report. I am independent of the Province of Newfoundland and Labrador in accordance with the ethical requirements that are relevant to my audit of the consolidated summary financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independent Auditor's Report (cont.)

Other Information

Management is responsible for the other information. The other information comprises the information in the Public Accounts of Newfoundland and Labrador, but does not include the consolidated summary financial statements and my auditor's report thereon.

My opinion on the consolidated summary financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated summary financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated summary financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Summary Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated summary financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated summary financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated summary financial statements, management is responsible for assessing the Province of Newfoundland and Labrador's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Province of Newfoundland and Labrador's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Summary Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated summary financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Independent Auditor's Report (cont.)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated summary financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated summary financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Province of Newfoundland and Labrador's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Province of Newfoundland and Labrador's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated summary financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Province of Newfoundland and Labrador to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated summary financial statements, including the disclosures, and whether the consolidated summary financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (cont.)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated summary financial statements to express an opinion on the consolidated summary financial statements. I am responsible for the direction, supervision, and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



DENISE HANRAHAN, CPA, MBA, ICD.D
Auditor General

September 5, 2025
St. John's, Newfoundland and Labrador

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Financial Position As at 31 March 2025 with comparative figures for 2024

		Actuals 2025 (\$000)	Actuals 2024 (\$000)
FINANCIAL ASSETS			
	Cash and temporary investments - note 2	1,890,208	886,659
Sch. 1	Receivables (net of valuation allowances)	3,657,333	3,783,984
	Inventories held for resale - note 3	3,422	3,016
Sch. 2	Loans, advances and investments (net of valuation allowances) - note 4 and 24	818,343	663,740
Sch. 6	Sinking fund assets	1,550,629	1,363,383
	Derivative asset - note 4	6,217	-
Sch. 3	Equity in government business enterprises and partnership - note 1(b)	8,015,083	7,535,988
	Total Financial Assets	15,941,235	14,236,770
LIABILITIES			
Sch. 5	Payables, accrued and other liabilities - note 5,13 and 14	4,502,009	4,369,867
	Deferred revenue - note 6	544,281	520,623
Sch. 6	Borrowings	22,497,835	19,753,667
	Plus: Unamortized premiums (discounts) and issuance fees - note 7	(471,174)	(412,498)
		22,026,661	19,341,169
	Group health and life insurance retirement benefits - note 8	3,530,455	3,520,700
	Unfunded pension liability - note 9	(7,229)	275,060
	Plus: Promissory notes - note 9	3,780,972	3,875,871
		3,773,743	4,150,931
	Total Liabilities	34,377,149	31,903,290
NET DEBT		18,435,914	17,666,520
NON-FINANCIAL ASSETS			
Sch. 10	Tangible capital assets	6,056,736	5,548,356
	Prepaid and deferred charges - note 10	75,703	88,640
	Inventories of supplies - note 3	109,888	106,600
	Purchased intangibles - note 11	40,116	36,516
	Total Non-Financial Assets	6,282,443	5,780,112
ACCUMULATED DEFICIT		12,153,471	11,886,408
Accumulated deficit is comprised of:			
	Accumulated operating deficit	12,280,395	11,984,854
	Accumulated remeasurement gains	126,924	98,446
		12,153,471	11,886,408
	Contractual Rights - note 20	Contingent Assets - note 21	
	Externally Restricted Assets - note 16	Contingent Liabilities - note 12	
Sch. 7	Guaranteed Debt - notes 12(a) and 17	Contractual Obligations - note 15	
Sch. 9	Trust Accounts - note 12(c)(i)		

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Net Debt For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 Unaudited (Note 26) (\$000)	Actuals 2024 (Note 18) (\$000)
NET DEBT - beginning of period	17,666,520	17,235,983	16,503,717
Add (Deduct):			
Adjustments - note 18			
Government organization changes	(1,096)	-	6,734
ADJUSTED NET DEBT - beginning of period	17,665,424	17,235,983	16,510,451
Operating Deficit for the period	(296,637)	(151,949)	(458,974)
Changes in tangible capital assets			
Acquisition of tangible capital assets	935,163	820,081	1,153,381
Net book value of tangible capital asset disposals/adjustments	(29,567)	-	(65,819)
Amortization of tangible capital assets	(397,216)	(390,380)	(383,379)
Increase (Decrease) in net book value of tangible capital assets	508,380	429,701	704,183
Changes in other non-financial assets			
Acquisition of purchased intangibles	14,151	-	1,370
Amortization of purchased intangibles	(10,551)	-	(8,936)
Acquisition of prepaid and deferred charges (net of usage)	(12,937)	-	11,414
Acquisition of inventories of supplies (net of consumption)	3,288	-	11,369
Increase (Decrease) in other non-financial assets	(6,049)	-	15,217
Increase (Decrease) in net debt excluding net remeasurement gains and (losses)	798,968	581,650	1,178,374
Net remeasurement gains			
Net remeasurement gains for the year	28,478	-	22,305
Increase (Decrease) in net debt	770,490	581,650	1,156,069
NET DEBT - end of period	18,435,914	17,817,633	17,666,520

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Operations For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 Unaudited (Note 26) (\$000)	Actuals 2024 (\$000)
REVENUE			
Sch. 11 Provincial			
Sch. 11 Taxation	4,793,259	4,405,633	4,466,240
Sch. 11 Investment	236,893	80,869	239,146
Sch. 11 Fees and fines	590,303	397,146	677,495
Sch. 11 Offshore royalties	1,360,410	1,551,303	904,510
Sch. 11 Miscellaneous	655,796	593,144	545,138
Sch. 11 Federal	<u>1,886,603</u>	<u>2,412,338</u>	<u>1,828,788</u>
	9,523,264	9,440,433	8,661,317
Sch. 4 Net income of government business enterprises and partnership	<u>842,038</u>	<u>856,011</u>	<u>968,891</u>
Total Revenue	<u>10,365,302</u>	<u>10,296,444</u>	<u>9,630,208</u>
EXPENSE			
Sch. 12 General Government Sector and Legislative Branch	2,573,868	2,685,472	2,298,214
Sch. 12 Resource Sector	634,652	710,882	672,670
Sch. 12 Social Sector	<u>7,453,419</u>	<u>7,052,039</u>	<u>7,118,298</u>
Sch. 13 Total Expense	<u>10,661,939</u>	<u>10,448,393</u>	<u>10,089,182</u>
ANNUAL OPERATING DEFICIT	<u>(296,637)</u>	<u>(151,949)</u>	<u>(458,974)</u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Accumulated Deficit For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 Unaudited (Note 26) (\$000)	Actuals 2024 (Note 18) (\$000)
ACCUMULATED OPERATING DEFICIT - beginning of period	11,984,854		11,519,146
Add (Deduct):			
Adjustments - note 18			
Government organization changes	(1,096)		6,734
ADJUSTED ACCUMULATED OPERATING DEFICIT - beginning of period	11,983,758		11,525,880
Operating Deficit for the period	(296,637)	(151,949)	(458,974)
Accumulated operating deficit – end of period	12,280,395		11,984,854
Accumulated remeasurement gains – end of period	126,924		98,446
ACCUMULATED DEFICIT - end of period	<u>12,153,471</u>		<u>11,886,408</u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Remeasurement Gains and Losses For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Actuals 2024 (\$000)
ACCUMULATED REMEASUREMENT GAINS - beginning of period	98,446	76,141
UNREALIZED GAINS (LOSSES) ATTRIBUTABLE TO:		
Foreign exchange	(5,285)	632
Derivatives	6,124	36
Portfolio investments	21,550	25,778
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange	(14)	6,177
Portfolio investments	2,196	6
Sch.3 Other comprehensive income (loss)	3,907	(10,324)
Net remeasurement gains for the period	<u>28,478</u>	<u>22,305</u>
ACCUMULATED REMEASUREMENT GAINS – end of period	<u><u>126,924</u></u>	<u><u>98,446</u></u>
Accumulated remeasurement gains is comprised of:		
Foreign exchange	(5,323)	(24)
Derivatives	6,246	122
Portfolio investments	68,713	44,967
Sch.3 Accumulated other comprehensive income	<u>57,288</u>	<u>53,381</u>
Total accumulated remeasurement gains	<u><u>126,924</u></u>	<u><u>98,446</u></u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Cash Flows For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Actuals 2024 (\$000)
Funds provided from (applied to):		
OPERATIONS		
Annual operating deficit	(296,637)	(458,974)
Add (Deduct) non-cash items:		
Accounts receivable	86,555	(392,350)
Accounts payable	132,142	337,555
Amortization of (premiums)/discounts and issuance fees	18,241	16,208
Amortization of tangible capital assets	397,216	383,379
Retirement costs	(270,558)	(70,290)
Valuation allowances	44,624	16,225
Unremitted net income of government business enterprises and partnership	(475,188)	(322,406)
Sinking fund earnings	(77,433)	(70,897)
Deferred revenue	23,658	170,454
Other	(41,017)	(73,504)
Special purpose funds/contractors' holdback funds	7,635	17,475
Net cash provided from (applied to) operating transactions	<u>(450,762)</u>	<u>(447,125)</u>
CAPITAL		
Acquisitions	(935,163)	(1,153,381)
Disposals	269	829
Net cash provided from (applied to) capital transactions	<u>(934,894)</u>	<u>(1,152,552)</u>
FINANCING		
Debt issued	2,839,332	2,117,267
Debt retirement	(74,940)	(767,426)
Retirement of pension liabilities	(1,976)	(1,169)
Retirement of promissory notes	(94,899)	(89,527)
Sinking fund contributions	(114,225)	(65,000)
Sinking fund proceeds	-	154,786
Treasury bills purchased	7,390,427	8,418,808
Treasury bills redeemed	(7,384,169)	(8,420,175)
Net cash provided from (applied to) financing transactions	<u>2,559,550</u>	<u>1,347,564</u>
INVESTING		
Loan repayments	46,646	43,916
Loan advances	(69,095)	(39,716)
Investments	(147,896)	(240,559)
Net cash provided from (applied to) investing transactions	<u>(170,345)</u>	<u>(236,359)</u>
Net cash provided (applied)	<u>1,003,549</u>	<u>(488,472)</u>
Cash and temporary investments - beginning of period	886,659	1,375,131
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	<u><u>1,890,208</u></u>	<u><u>886,659</u></u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Consolidated Financial Statements For the year ended 31 March 2025

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of organizations, as approved by Treasury Board, which are controlled by Government. These organizations are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislature.

A listing of organizations included in these financial statements is provided in Schedule 15 - Government Reporting Entity.

(b) Method of Consolidation

The accounts of government organizations, except those designated as government business enterprises and government business partnership, are consolidated after adjusting them to a basis consistent with the accounting policies described below. Inter-organizational transactions and balances are eliminated.

Government business enterprises are organizations, included in the reporting entity, that have the financial and operating authority to carry on a business and sell goods and services to individuals and non-government organizations as its principal activity and source of revenue.

A government partnership exists when the Government has entered into a contractual arrangement with one or more partners outside the government reporting entity where these partners cooperate to achieve clearly defined common goals and share on an equitable basis, the significant risks and benefits associated with operating a government partnership.

A government business partnership is a government partnership that has the financial and operating authority to carry on a business and sell goods and services to individuals and organizations other than the partners as its principal activity and source of revenue.

Government business enterprises and government business partnerships are recorded on the modified equity method. Under this method, the Government's proportionate share of equity in these organizations are adjusted annually to reflect the net income/loss and other net equity changes of the organizations without adjusting the organization's financial statements to conform with the accounting policies described below. Inter-organizational transactions and balances are not eliminated.

Adjustments are not made to the financial results of government organizations because of fiscal year-ends different than that used for the consolidated entity, unless it would have a significant impact on the consolidated operating results.

(c) Basis of Accounting

(i) Method

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(ii) *Revenues*

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known. Government transfers are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue when the funds are used as intended.

Revenues from provincial tax sources are accrued in the year earned based upon estimates using statistical models and prior year actuals. Tax revenues are recorded at the amount estimated, after considering certain adjustments for non-refundable tax credits and other adjustments from the federal government. Refundable tax credits are not recognized as a reduction of tax revenues. Tax revenues are recorded net of any tax concessions or expenditures that reduce the amount of tax payable. Transfers made through the tax system that do not affect the amount of tax payable are recorded as expenses.

Other revenues are recorded on an accrual basis. Revenue from transactions with no performance obligations is recognized at their realizable value when the authority to claim or retain an inflow of economic resources exists, and the transactions or events giving rise to the revenue have occurred. Revenue from transactions with performance obligations, such as fees or sales of goods, services, licenses, or permits is recognized when those performance obligations have been satisfied. Typical revenue streams and performance obligations of the Province are as follows: (i) licenses or permits revenue are recognized at the point of sale upon issuance of the licenses or permits when the right is provided, (ii) tuition fees are recognized as instruction is provided, and (iii) fines do not have performance obligations and are recognized when collectible under the applicable legislation.

There is no significant revenue from non-recurring activities presented in these financial statements.

(iii) *Expenses*

Expenses are recorded on an accrual basis.

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

(iv) *Assets*

Cash and temporary investments represent the cash position including bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash. Temporary investments are recorded at cost or market value, whichever is lower.

Accounts receivable are recorded for all amounts due for work performed and goods or services supplied. Taxes receivable are recorded for all amounts due for levies that are authorized and for which the taxable event has occurred. Valuation allowances are provided when collection is considered doubtful.

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

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Loans, advances, and mortgages receivable are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the loan and are accounted as expenses on the Consolidated Statement of Operations. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. If recovery of a loan is subsequently assessed as likely, the valuation allowance is reduced. When a loss is known with significant precision, and there is no feasible prospect of recovery, the loan is written down to reflect that loss. Once all or part of a loan has been written off, the write-off is not reversed. Write-downs and write-offs are approved by an authorized official. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments in equity instruments that are quoted in an active market are measured at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized and then transferred to the Consolidated Statement of Operations. Other investments administered by Memorial University of Newfoundland which includes its bond portfolio have been recorded at fair value as the university manages and reports performance of it on a fair value basis. Sinking fund investments in fixed income securities are recorded at amortized cost using the effective interest method. Other investments are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the investment and are accounted as expenses on the Consolidated Statement of Operations. Investments are written down when there is a loss in value that is other than a temporary decline.

Derivative financial instrument assets are recorded at fair value. Derivative financial instrument assets include cross-currency basis and interest swaps. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized and then are transferred to the Consolidated Statement of Operations. Any fees associated with the derivative are expensed in the period the derivative is acquired. Interest rate swaps and cross currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates.

For financial instruments recorded at fair value, fair value is the estimated amount for which a financial instrument could be exchanged based on current market conditions in an arm's length transaction between a willing buyer and seller. Fair value measurements are classified using the following fair value hierarchy that reflects the inputs used to determine the valuation:

Level 1 – Unadjusted quoted prices from active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices used in Level 1 that are observable either directly as prices or indirectly as derived from prices.

Level 3 – Valuation for the financial instrument is not based on observable market data.

Financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is recorded in the Consolidated Statement of Operations, and any applicable unrealized gain and loss is adjusted through the Consolidated Statement of Remeasurement Gains and Losses.

(v) *Liabilities*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

A liability for asset retirement obligations is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be required to be given up, and a reasonable estimate of the amount can be made. These liabilities include the costs directly attributable to asset retirement activities and are measured based on the best estimate of expenditures required to complete the retirement activities as at year-end. Asset retirement costs are capitalized by increasing the carrying value of the related tangible capital assets by the same amount as the liability and amortized on the same basis as the related tangible capital assets. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed. The carrying value of asset retirement obligations are reviewed at each financial reporting date for any new information and the appropriateness of assumptions used with any changes recognized as an increase or decrease to the carrying value of the related tangible capital assets.

A liability for remediation of contaminated sites is recognized when an environmental standard exists, contamination exceeds the environmental standard, the government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. An obligation is not recognized unless all criteria above are satisfied.

A liability recognized in relation to a P3 arrangement is initially measured at the same amount as the related infrastructure asset reduced for any consideration previously provided to the private sector partner. Subsequent measurement of a liability is done at amortized cost using the effective interest method.

Derivative financial instrument liabilities are recorded at fair value. Derivative financial instrument liabilities included cross-currency basis and interest swaps. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized and then are transferred to the Consolidated Statement of Operations. Any fees associated with the derivative are expensed in the period the derivative is acquired. Interest rate swaps and cross currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates.

Deferred revenue represents amounts received but not earned.

Borrowings, except treasury bills, are recorded at amortized cost using the effective interest method. Treasury bills are recorded at net proceeds. The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect at that date and the amount is recognized as unrealized foreign exchange gains and losses in the Consolidated Statement of Remeasurement Gains and Losses. Premiums and discounts relating to the issuance of debentures as well as issuance fees are measured using the effective interest method and are deferred and amortized over the term of the related debt. Amortization and realized foreign exchange gains and losses, premiums and discounts and issuance fees are charged to debt expense.

(vi) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria and stipulations are met. The recognition of transfer revenues is only deferred when and to the extent that the transfer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

gives rise to an obligation that meets the definition of a liability. Receivables are established for transfers to which the Province is entitled under government legislation, regulation or agreement.

Liabilities are established for any transfers due at 31 March for which the intended recipients have met the eligibility criteria and the transfer is authorized.

(vii) *Loan Guarantees*

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

(d) **Generally Accepted Accounting Principles**

The accounting policies followed in the preparation of these financial statements have been applied consistently with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(e) **Changes in Accounting Policies**

The Province did not adopt any changes in accounting policies for the year ended 31 March 2025.

(f) **Future Changes in Accounting Policies**

There are several new standards and amendments to standards issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada that are not yet effective and have not been applied in these financial statements. These standards and the corresponding effective dates are as follows:

Effective 1 April 2026:

The Conceptual Framework of Financial Reporting in the Public Sector

A new framework establishing the concepts underlying the accounting and financial reporting standards and prescribing the nature, function and limits of financial accounting and reporting. This new standard will replace the existing conceptual frameworks contained in *PS 1000 Financial Statement Concepts* and *PS 1100 Financial Statement Objectives*.

PS 1202 Financial Statement Presentation

A new standard establishing the general and specific requirements for the presentation of information in public sector financial statements, based on the concepts within the *Conceptual Framework*. This new standard will replace the existing *PS 1201 Financial Statement Presentation*.

These new and amended standards are planned to be adopted on the effective dates. The Province is currently analyzing the impact these standards will have on the financial statements.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2025 (\$mil)	31 March 2024 (\$mil)
Cash and temporary investments – Consolidated Revenue Fund (CRF):		
Cash balance (overdraft)	1,969.1	1,091.2
Temporary investments	0.4	0.3
Total cash and temporary investments – CRF	1,969.5	1,091.5
Cash and temporary investments – Other Entities:		
Cash balance (overdraft)	(137.2)	(272.9)
Temporary investments	57.9	68.1
Total cash and temporary investments – Other Entities	(79.3)	(204.8)
Total: Cash and Temporary Investments (CRF and Other Entities)	1,890.2	886.7

Cash includes \$32.1 million (31 March 2024 - \$87.2 million) for the Newfoundland and Labrador Future Fund established under the **Future Fund Act**. Withdrawals from this fund can only be used to service public debt, pay certain expenses related to the sale of Crown assets, pay amounts related to abandonment and decommissioning activities under an oil lease or license, fund strategic priorities, or pay amounts due to extraordinary circumstances. Withdrawals are also subject to approvals and additional restrictions as outlined in the **Future Fund Act**.

Temporary investments consist of investments with financial institutions. As at 31 March 2025, these investments are on call or have maturity dates ranging from 15 May 2025 to 3 December 2025 at an interest rate ranging from 2.95% to 5.12%.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Inventories

Inventories consist of:

	31 March 2025	31 March 2024
	(\$mil)	(\$mil)
Inventories Held for Resale		
University and college textbooks, stockroom and food supplies	2.7	2.6
Other miscellaneous inventories	0.7	0.4
Total: Inventories Held for Resale	<u>3.4</u>	<u>3.0</u>
Inventories of Supplies		
Textbooks and stockroom supplies held within the CRF	56.3	51.7
Medical and drug supplies	52.0	53.6
Other miscellaneous supplies	1.6	1.3
Total: Inventories of Supplies	<u>109.9</u>	<u>106.6</u>

The Province received COVID-19 vaccines at no cost from the federal government in support of the vaccination roll-out plans. Due to confidentiality clauses embedded in contracts between the federal government and the various COVID-19 vaccine manufacturers, the federal government was not in a position to share information related to the price per dose of vaccines. COVID-19 vaccines received from the federal government at no cost have not been reflected in these financial statements due to the difficulty in determining fair value. The Province held 58,082 doses in inventory at 31 March 2025 (31 March 2024 – 142,455).

4. Financial Instrument Classification

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table presents the fair value of financial instruments recorded at fair value at 31 March 2025 classified using the fair value hierarchy described in Note 1(c)(iv).

	Level 1 (\$mil)	Level 2 (\$mil)	Level 3 (\$mil)	Fair Value Total (\$mil)	Cost/ Amortized Cost (\$mil)	31 March 2025 (\$mil)	31 March 2024 (\$mil)
Publicly traded equity investments	458.7	-	-	458.7	-	458.7	310.7
Derivative asset – note 24	-	6.2	-	6.2	-	6.2	-
Other investments	-	73.2	36.6	109.8	1,280.6	1,390.4	1,296.6
Total	<u>458.7</u>	<u>79.4</u>	<u>36.6</u>	<u>574.7</u>	<u>1,280.6</u>	<u>1,855.3</u>	<u>1,607.3</u>

During the year, there have been no transfers of amounts between Level 1, Level 2, and Level 3.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The reconciliation of investments classified as Level 3 is as follows:

	31 March 2025	31 March 2024
	(\$mil)	(\$mil)
Balance at beginning of year	36.1	35.5
Adjustment for adoption of financial instrument related standards	-	-
Purchases	-	-
Cost of investments sold	-	-
Realized gains (losses)	-	-
Unrealized gains (losses)	0.5	0.6
Balance at end of year	36.6	36.1

5. Payables - Sick Leave

The Province accrues a liability for employees entitled to accumulating, non-vesting sick leave benefits based on anticipated future sick leave utilization. The rate at which benefits accumulate vary depending on the terms of employment. Generally, bargaining unit employees have the ability to accumulate sick leave benefits for each year of service up to a defined maximum benefit. Non-bargaining unit employees do not accumulate sick leave benefits, but may avail of previously accumulated sick leave should such benefits still exist.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's or the individual entities' actuaries were based on management's best assumptions about future events such as probability of use of accrued sick leave, future salary and wage changes, employees' ages, probability of departure, retirement ages, and discount rate. Actuarial valuations are generally completed every three years. The latest actuarial valuation dates are as follows.

Sick Leave Plan	Valuation Date	Discount Rate
Consolidated Revenue Fund	31 March 2023	4.47%
NL Schools	30 June 2024	4.00%
Newfoundland and Labrador Health Services	31 March 2024	4.48%
College of the North Atlantic	31 March 2025	4.48%
Conseil scolaire francophone provincial de Terre-Neuve et Labrador	30 June 2021	2.75%
Newfoundland and Labrador Housing Corporation	31 March 2025	4.48%
Provincial Information and Library Resources Board	31 March 2024	4.48%

The sick leave liability and expenses for the Consolidated Revenue Fund include amounts from the actuarial valuation prepared for NL Schools.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Sick Leave Liability

Details of the sick leave liability are outlined in the table below:

Sick Leave Plan	Estimated Accrued Benefit Obligation	Unamortized Experience Gains (Losses)	Net Liability 2025	Net Liability 2024	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Consolidated Revenue Fund	101.2	1.3	102.5	105.5	(3.0)
Other	129.4	2.6	132.0	130.9	1.1
Total	230.6	3.9	234.5	236.4	(1.9)

Sick Leave Expense

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

Sick Leave Plan	Current Period Benefit Costs	Interest Expense on the Liability	Actuarial Value of Benefits Provided	Current Period Amortization of Experience Changes	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Consolidated Revenue Fund	8.5	4.0	(15.5)	-	(3.0)
Other	11.7	3.1	(17.1)	3.4	1.1
Total	20.2	7.1	(32.6)	3.4	(1.9)

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Deferred Revenue

Deferred revenue consists of:

	31 March 2025 (\$mil)	31 March 2024 (\$mil)	Change (\$mil)
Entities in the education sector relating to the provision of various educational services including contract training and special projects	194.7	190.6	4.1
Federal initiatives in support of His Majesty's Penitentiary	150.0	150.0	-
Gas tax initiatives	123.1	101.9	21.2
Federal-Provincial initiatives in support of housing and home repair programs	60.1	43.5	16.6
Agriculture and Agrifoods Canada grant	5.1	5.1	-
Federal initiatives in support of the oil and gas sector	1.0	1.0	-
Entities in the health sector relating to the provision of various health care services including research and other contracts	0.3	18.1	(17.8)
Other miscellaneous programs including recycling programs, social and economic development and cultural heritage	10.0	10.4	(0.4)
Total: Deferred Revenue	<u>544.3</u>	<u>520.6</u>	<u>23.7</u>

The balance as of 31 March 2025 will be recognized as revenue in the periods in which the revenue recognition criteria are met.

7. Unamortized Premiums (Discounts) and Issuance Fees

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2025 or the exchange rate at maturity for those debt and sinking funds retired during the fiscal year. New foreign debt notes in Euros and Swiss Francs were issued during the year. Foreign exchange gains and losses are recognized on the Statement of Remeasurement Gains and Losses until realized. Premiums (discounts) and issuance fees relating to the issuance of debentures are measured using the effective interest method and are deferred and amortized over the term of the related debt. See Schedule 6 - Borrowings.

The foreign exchange loss which has been recognized on the Statement of Operations as at 31 March 2025 (31 March 2024 - \$6.2 million - debit adjustment) was insignificant. The net amortization expense on premiums (discounts) and issuance fees is \$18.2 million which represents a debit adjustment (31 March 2024 - \$16.2 million - debit adjustment).

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The total unamortized discounts and issuance fees as at 31 March 2025 is \$471.2 million (31 March 2024 - \$412.5 million).

8. Retirement Benefits - Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan are eligible to participate in the group insurance program sponsored by Government. All retired employees of the Government of Newfoundland and Labrador who (i) retired under the Public Service Pension Plan (PSPP) prior to 01 January 2015 or (ii) retire under the PSPP after 31 December 2014 and meet the eligibility criteria outlined below are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers' Association (NLTA) and cost shared by Government. All retired employees of the Newfoundland and Labrador Housing Corporation (NLHC) are eligible to participate in the group insurance programs, including dental benefits, sponsored by NLHC. All retired employees of Memorial University of Newfoundland (MUN) who are receiving a pension from the Memorial University Pension Plan or another retirement benefit to which MUN contributed are eligible to participate in the group insurance programs, including dental benefits, sponsored by MUN. These programs provide both group health and group life benefits to enrolled retirees, including their spouses and dependents.

On 31 May 2018, the Province introduced amendments to the **Other Post-Employment Benefits Eligibility Modification Act** (OPEB Act), which sets out new rules for benefits applying to non-represented public sector employees who are covered under the Public Service Pensions Act, 2019 hired on and after 1 June 2018. While current employees qualify for retirement benefits after 10 years of pensionable service at the date of his or her retirement, new hires will be required to reach 15 years of pensionable service at the date of his or her retirement to qualify. These amendments are currently effective for unionized employees hired on or after 31 March 2018. Furthermore, the OPEB Act was amended on November 5, 2020 for eligible non-represented public sector employees hired on or after June 1, 2018 and before April 1, 2020 which will cost share premiums at 50/50 basis with the employer. For eligible non-represented public sector employees hired after 31 March 2020, the employer will contribute 40% toward OPEB plan premiums.

For eligible unionized employees the collective agreements advise that OPEB premium contribution rates for employees hired before April 1, 2020 will be cost shared on a 50/50 basis with the employer. For eligible unionized employees hired after 31 March 2020, the employer will contribute 40% toward OPEB plan premiums.

The health benefits to be received in retirement were reduced for all represented and non-represented provincial government employees hired subsequent to March 31, 2020 regardless of which provincial defined benefit plan they participate in.

Under the remaining plans sponsored by the Province, NLTA and NLHC the employer contributes 50% towards group health and group life premiums for both employees and eligible retirees. During 2021-22, the Province signed extension agreements to collective agreements pertaining to employees represented by the Canadian Union of Public Employees and the NLTA. For eligible employees hired after March 31, 2020, the employer will contribute 40% towards group health and group life premiums. Plans sponsored by the NLTA are subject to the maximum rates under the PSPP's program. NLHC contributes 100% of the retirees' group life premiums after age 65. For plans sponsored by MUN, the employer contributes a range of 15% to 50% of the total premium charged towards the benefits of both employees and retirees, based on the years of service at retirement with the exception of certain retirees whose health benefits are 70% or fully funded by MUN. Group life benefits cease at age 72 for MUN retirees and at age 65 for the Province and NLTA retirees. As at 31 March 2025, the programs have 71,947 participants who contributed total contributions of \$86.5 million. The total of all the plans provided benefits of \$48.3 million to 39,789 retirees, their spouses and dependents.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Actuarial Valuations

An actuarial extrapolation was prepared to 31 March 2025 by the Province's actuaries based on the latest actuarial valuations (Public Service valuation date of 31 December 2023 and Teachers' valuation date of 31 August 2024) for the programs sponsored by the Province and the NLTA. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 4.48%, Consumer Price Index (CPI) of 2.00%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality rates. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

An actuarial extrapolation was prepared to 31 March 2025 by NLHC's actuaries based on the latest actuarial valuation (31 March 2024) for the programs sponsored by NLHC. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 4.48%, CPI of 2.00%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality rates. The assumptions used reflect NLHC's best estimates of expected long-term rates and short-term forecasts.

An actuarial extrapolation was prepared to 31 March 2025 by MUN's actuaries based on the latest actuarial valuation (valuation date of 31 December 2024) for the programs sponsored by MUN. The extrapolation was based on a number of assumptions about future events including an interest rate of 4.80%, CPI of 2.00%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality rates. The assumptions used reflect MUN's best estimates of expected long-term rates and short-term forecasts.

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation (\$mil)	Unamortized Experience Gains (Losses) (\$mil)	Net Liability 2025 (\$mil)	Net Liability 2024 (\$mil)	Change (\$mil)
Group health retirement benefits					
Consolidated Revenue Fund	2,040.5	1,045.6	3,086.1	3,089.5	(3.4)
Memorial University of Newfoundland	209.0	46.0	255.0	246.2	8.8
Newfoundland and Labrador Housing Corporation	25.1	(4.9)	20.2	19.6	0.6
Sub-total	2,274.6	1,086.7	3,361.3	3,355.3	6.0
Group life insurance retirement benefits					
Consolidated Revenue Fund	131.8	33.6	165.4	161.5	3.9
Memorial University of Newfoundland	1.0	0.2	1.2	1.4	(0.2)
Newfoundland and Labrador Housing Corporation	2.5	-	2.5	2.5	-
Sub-total	135.3	33.8	169.1	165.4	3.7
Total	2,409.9	1,120.5	3,530.4	3,520.7	9.7

There are no fund assets associated with these programs.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

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

Plan	Employer's Share of Current Period Costs (\$mil)	Interest Expense on the Liability (\$mil)	Actuarial Value of Benefits Provided (\$mil)	Current Period Amortization of Experience Changes (\$mil)	Change (\$mil)
Group health retirement benefits					
Consolidated Revenue Fund	51.0	101.5	(40.2)	(115.7)	(3.4)
Memorial University of Newfoundland	4.9	9.7	(5.3)	(0.5)	8.8
Newfoundland and Labrador Housing Corporation	-	1.0	(0.7)	0.3	0.6
Sub-total	55.9	112.2	(46.2)	(115.9)	6.0
Group life insurance retirement benefits					
Consolidated Revenue Fund	1.8	5.7	(1.9)	(1.7)	3.9
Memorial University of Newfoundland	-	-	(0.1)	(0.1)	(0.2)
Newfoundland and Labrador Housing Corporation	-	0.1	(0.1)	-	-
Sub-total	1.8	5.8	(2.1)	(1.8)	3.7
Total	57.7	118.0	(48.3)	(117.7)	9.7

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as a component of debt expenses in the financial statements. Interest expense for 31 March 2024 amounted to \$123.0 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The opening unamortized experience gain of \$1,031.9 million was increased by \$88.6 million during the year resulting in a closing unamortized experience gain of \$1,120.5 million. This increase consists of \$206.3 million for new experience gains and amortization of \$117.7 million.

The expected average remaining service life (EARS�) of programs sponsored NLHC and MUN is 13 years, while the EARS� for the Province and the NLTA sponsored programs are 14 and 11 years, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Retirement Benefits - Pensions**Defined Benefits**

The defined benefit pension plans provided to employees of the Province are maintained in four funds; the Public Service Pension Plan Fund, the Teachers' Pension Plan Fund, the Memorial University Pension Fund and the Province of Newfoundland and Labrador Pooled Pension Fund.

Public Service Pension Plan Fund

During 2014-15, the Province signed a Joint Sponsorship Agreement with the five major unions representing unionized members of the Public Service Pension Plan (PSPP). The agreement establishes joint and equal participation in the sponsorship and management of the PSPP via the Public Service Pension Plan Corporation (PSPP Corporation). As a result, changes were made to the **Public Service Pensions Act, 1991** to establish the Public Service Pension Plan Fund. The PSPP Corporation (Provident¹⁰) was created to administer the plan and manage the investment of the Fund. The Corporation is an independent, statutory corporation without share capital and is not an agent of the Crown.

The Joint Sponsorship Agreement provides for joint management of the PSPP and an equal sharing between the Province and plan members in any surpluses and deficits. The **Pensions Funding Act** was updated to reflect that the Province is no longer required to provide a deficiency guarantee for the PSPP. The Province's sole financial obligation is to make contributions to the Plan as specified. Actuarial surpluses and deficits are shared equally by the Province and the PSPP members as well as adjustments required when funding is below or above established funding targets.

The joint agreement and the subsequent amendments to the **Public Service Pensions Act, 2019** require the Province to deliver a fully enforceable non-marketable and non-transferrable promissory note to the PSPP Corporation (Provident¹⁰), effective 31 March 2015. The promissory note amortizes \$2.685 billion over 30 years at a discount rate of 6%. The payments under this agreement are fixed and shall be made regardless of the funded status of the PSPP. Payments of \$47.0 million are made on a quarterly basis, which equates to equal annual payments of \$195.0 million due to the time value of money. As at 31 March 2025, the balance of the promissory note is \$2,189.6 million. The promissory note is included as part of the total net pension liability on the statement of financial position.

As at 31 March 2025, the PSPP has 30,791 participants who contributed \$221.5 million. The plan provided benefits of \$612.4 million to 24,447 pensioners.

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

Employee contributions are up to 11.85% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available for employees hired after 1 January 2015 based on the number of years of pensionable service times 2% of the employee's best six years average salary, and for employees hired prior to 1 January 2015, based on the higher of the frozen best average five year earnings or the best average six year earnings. Both new and existing pension benefits are reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2019-20, the **Public Service Pensions Act, 2019** was enacted consistent with the two components of the Plan. The Registered component (RPP) is administered in the PSPP Corporation (Provident¹⁰). The Supplementary component (SERP) is administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Teachers' Pension Plan Fund

During 2015-16, the Province and the Newfoundland and Labrador Teachers' Association (NLTA) reached an agreement to sustain the Teachers' Pension Plan (TPP). The agreement establishes joint and equal participation in the sponsorship and management of the TPP via the Teachers' Pension Plan Corporation (TPP Corporation). As a result, changes were made to the **Teachers' Pensions Act** to establish the Teachers' Pension Plan Fund. The TPP Corporation was created to administer the plan and manage the investment of the Fund. The Corporation is an independent, statutory corporation without share capital and is not an agent of the Crown.

The Joint Sponsorship Agreement provides for joint management of the TPP and an equal sharing between the Province and plan members in any surpluses and deficits. The **Pensions Funding Act** was updated to reflect that the Province is no longer required to provide a deficiency guarantee for the TPP. The Province's sole financial obligation is to make contributions to the Plan as specified. Actuarial surpluses and deficits are shared equally by the Province and the TPP members as well as adjustments required when funding is below or above established funding targets.

The joint agreement and the subsequent amendments to the **Teachers' Pensions Act, 2018** require the Province to deliver a fully enforceable non-marketable and non-transferrable promissory note to the TPP Corporation, effective 31 August 2016 with interest accruing as of 1 September 2015. The promissory note amortizes \$1.862 billion over 30 years at a discount rate of 6%. The payments under this agreement are fixed and shall be made regardless of the funded status of the TPP. Equal annual payments of \$135.3 million began on 31 August 2016. As at 31 March 2025, the balance of the promissory note is \$1,591.4 million. The promissory note is included as part of the total net pension liability on the statement of financial position.

In addition to changes to Joint Sponsorship, other plan amendments were effective 01 September 2015. Amendments include an increase in members' contributions to 11.35% of pensionable salary from 9.35%, suspension of indexing for future service and changes to the average pensionable earnings formula. Any active member who terminates employment after 31 August 2016 with less than 24.5 years of credited service shall be eligible to retire at age 62. Amendments to the **Teachers' Pensions Act, 2018** to reflect the terms of the agreement signed by the Provincial Government and NLTA have been approved by the House of Assembly.

As at 31 March 2025, the TPP has 6,165 participants who contributed \$68.3 million. The plan provided benefits of \$340.3 million to 9,949 pensioners. Inflation protection is not extended to pensioners of the Teachers' Pension Plan who retired prior to 1 September 1998.

Contribution and Benefit Formulae

Teachers' Pension Plan

Employee contributions are 11.35% 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 eight years average salary, plus 2% of the employee's best eight years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 the **Teachers' Pensions Act** was enacted consistent with the two components of the Plan. The Registered component will be administered in the Teachers' Pension Plan Corporation. The Supplementary component is administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Memorial University Pension Fund

Memorial University of Newfoundland (MUN) has a defined benefit pension plan for full time employees known as the Memorial University of Newfoundland Pension Plan (MUNPP). The MUNPP has 3,692 participants who contributed \$34.3 million as at 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The MUNPP provides for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer matches this amount. As at 31 March 2025, the MUNPP provided benefits of \$115.8 million to the registered component of the plan and MUN provided benefits of \$1.9 million to the supplemental component to a total of 2,832 pensioners.

In 1970, the Memorial University Pension Fund was established by the **Memorial University Pensions Act**. This Fund administers all financial activity, including the collection of all contributions and the payment of pensions and the investment of funds for the MUNPP. The financial activity of the MUNPP is administered by MUN. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Contribution and Benefit Formulae

Memorial University of Newfoundland Pension Plan

Employee contributions are 11.4% of pensionable salary, less a formulated amount representing contributions to the 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 at age 65 by a formulated amount representing integration with the CPP.

In addition to the above registered component, in May 1996, MUN approved a Supplemental Retirement Income Plan to provide benefits to employees whose average salaries upon retirement generate defined benefit pensions that exceed the maximum benefits payable from the Memorial University of Newfoundland Pension Plan as per limits set out in the federal **Income Tax Act**. As well, in February and May 1996, MUN offered employees who reached the age of 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the Voluntary Early Retirement Incentive Program. The program provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment.

Province of Newfoundland and Labrador Pooled Pension Fund

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for a number of its full time employees and for members of its Legislature. The plans are – the Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. Combined, the plans have 744 participants who contributed \$6.9 million as at 31 March 2025 as follows: Uniformed Services - \$6.0 million, Members of the House of Assembly - \$0.4 million and Provincial Court Judges' - \$0.5 million.

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. As at 31 March 2025, the plans provided benefits of \$43.6 million to 1,137 pensioners as follows: Uniformed Services - \$34.2 million, Members of the House of Assembly - \$8.2 million and Provincial Court Judges' - \$1.2 million. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan nor the Members of the House of Assembly Pension Plan.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Contribution and Benefit Formulae**Uniformed Services Pension Plan**

Employee contributions are 9.95% of pensionable salary, less a formulated amount representing contributions to the CPP. 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 pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

During 2012-13 the **Uniformed Services Pensions Act, 2012** was enacted consistent with the two components of the Uniformed Services Pension Plan (USPP). The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal **Income Tax Act**. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the USPP.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 8 February 1999, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. For members elected for the first time after 31 December 2009, the percentage is 3.5% for each year of service as a Member. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the **Members of the House of Assembly Retiring Allowances Act** was enacted to restructure the Members of the House of Assembly Pension Plan (MHAPP) into two components based on limits set out in the federal **Income Tax Act**. The first, or registered component, will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the Supplementary Employee Retirement component, will be administered in the accounts of the Consolidated Revenue Fund.

During 2017-18, Bill 21 was passed amending the **Members of the House of Assembly Retiring Allowances Act** and the **Portability of Pensions Act**. For members of the MHAPP first elected on or after November 30, 2015, the annual benefit accrual rate is reduced from 3.5% to 2.5% with a maximum pension accrual entitlement reducing from 70% to 50%. There shall be no portability option to the MHAPP. Eligibility for an MHA to receive a pension shall be at 60 years of age, and there shall be no option to select an early retirement option; the MHAPP shall have no indexing component; and the current MHAPP vesting component and survivor's benefit remain unchanged.

Provincial Court Judges' Pension Plan

Effective 1 April 2002 (pursuant to the **Provincial Court Judges' Pension Plan Act** enacted 8 June 2004) the Provincial Court Judges' Pension Plan (PCJPP) was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 1 April 2002 are required to join the PCJPP. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the judge's annual salary. The Registered component of the PCJPP, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal **Income Tax Act** with the remainder of the benefit provided by the Supplementary component. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Actuarial Valuations

The actuarial valuations which are prepared by the Province's and MUN's actuaries 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 rates. The assumptions used reflect the Province's and MUN's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

<u>Pension Plan</u>	<u>Expected Average Interest Rate</u>
Public Service Pension Plan	
RPP	6.40%
SERP	4.48%
Teachers'	6.55%
Memorial University of Newfoundland	
RPP	5.70%
Supplemental Retirement Income Plan	4.70%
Voluntary Early Retirement Income Plan	3.30%
Uniformed Services	5.85%
Members of the House of Assembly	
RPP	5.75%
SERP	4.48%
Provincial Court Judges'	
RPP	5.75%
SERP	4.48%

The expected average interest rate is based on the average interest rate for plan assets for the registered components, while the cost of borrowing is used for the supplementary unfunded components of the plans.

Expected Inflation Rates

The expected inflation rate for PSPP, TPP, MUNPP, USPP, MHAPP and PCJPP is 2.00%.

Actuarial valuations for accounting purposes are generally completed every three years. The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

<u>Pension Plan</u>	<u>Valuation Date</u>
Public Service	31 December 2024
Teachers'	31 August 2024
Memorial University of Newfoundland	31 December 2024
Uniformed Services	31 December 2023
Members of the House of Assembly	31 December 2024
Provincial Court Judges'	31 December 2022

Actuarial extrapolations are provided for accounting purposes by the Province's and MUN's actuaries based on the above dates.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Pension Liability

Details of the pension liability are outlined in the table below.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses)	Net Unfunded Liability 2025	Net Unfunded Liability 2024	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service	6,394.9	5,240.3	784.5	1,939.1	2,136.1	(197.0)
Teachers'	3,373.4	2,637.0	374.3	1,110.7	1,260.1	(149.4)
Memorial University of Newfoundland	2,221.6	2,393.3	360.0	188.3	234.1	(45.8)
Uniformed Services	545.4	131.4	29.6	443.6	422.1	21.5
Members of the House of Assembly	98.1	49.7	14.2	62.6	69.9	(7.3)
Provincial Court Judges'	44.8	23.0	7.6	29.4	28.6	0.8
Total	12,678.2	10,474.7	1,570.2	3,773.7	4,150.9	(377.2)

Pension Fund Assets are valued at the market value at 31 March 2025 (31 March 2024 – \$9,592.6 million).

As at 31 March 2025, the net unfunded liability of \$3,773.7 million is comprised of the \$3,781.0 million outstanding balance of the promissory notes delivered by the Province upon joint sponsorship to address the unfunded liability related to the Public Service Pension Plan (\$2,189.6 million) and the Teachers' Pension Plan (\$1,591.4 million).

Special Payments

MUN has requested that the exemptions relating to the minimum contributions required under the **Pension Benefits Act Regulations** established under the **Pensions Benefits Act, 1997** based on a solvency valuation be extended. Without further exemptions, significant special payments will be required over five years relating to the solvency valuation to address the above net unfunded liability. Exemptions have been put in place up to 30 September 2025. In addition, MUN is exempt from the requirement to liquidate the going concern unfunded liability arising from the cost of providing indexed benefits in relation to past service within the prescribed 15 year period and is instead permitted to liquidate this liability within 40 years from 1 July 2004.

During 2024-25, MUN made a special payment of \$2.0 million (31 March 2024 - \$1.2 million) towards the balance of the unfunded liability for the MUNPP.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Pension Expense

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

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

Pension Plan	Province's Share of Pension Benefits Earned for the Period (\$mil)	Pension Interest Expense (Earned) on the Unfunded Liability (\$mil)	Province's Current Period Pension Contributions (\$mil)	Current Period Amortization of Experience Changes (\$mil)	Unfunded Portion of Current Period Pension Change (\$mil)
Public Service	142.5	27.9	(328.3)	(39.1)	(197.0)
Teachers'	42.8	0.9	(150.4)	(42.7)	(149.4)
Memorial University of Newfoundland	23.1	(5.5)	(33.1)	(30.3)	(45.8)
Uniformed Services	5.8	23.2	(5.7)	(1.8)	21.5
Members of the House of Assembly	0.8	2.3	(6.0)	(4.4)	(7.3)
Provincial Court Judges'	2.5	0.9	(0.7)	(1.9)	0.8
Total	217.5	49.7	(524.2)	(120.2)	(377.2)

Interest Expense (Earned)

Pension interest expense is included with interest as debt expenses in the financial statements. Interest expense is comprised of the interest expense on the accrued benefit obligation netted with the interest earned on fund assets as follows:

Pension Plan	Interest Expense on the Accrued Benefit Obligation 2025 (\$mil)	Interest Earned on Fund Assets 2025 (\$mil)	Net Interest Expense (Earned) 2025 (\$mil)
Public Service	341.6	(313.7)	27.9
Teachers'	160.8	(159.9)	0.9
Memorial University of Newfoundland	120.5	(126.0)	(5.5)
Uniformed Services	30.8	(7.6)	23.2
Members of the House of Assembly	4.9	(2.6)	2.3
Provincial Court Judges'	2.1	(1.2)	0.9
Total	660.7	(611.0)	49.7

Pension interest expense for 31 March 2025 amounted to \$49.7 million (31 March 2024 - \$101.6 million). Also included in debt expenses is an additional interest expense of \$114.2 million (31 March 2024 - \$116.9 million) relating to the interest on the promissory notes.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED 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 retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Accrued Benefit Obligation

The change in the unamortized experience gains (losses) on the accrued benefit obligation for the current period is comprised of the following amounts:

Pension Plan	Opening Unamortized Experience Gains (Losses) (\$mil)	New Experience Gains (Losses) (\$mil)	Amortization (Gains) Losses (\$mil)	Closing Unamortized Experience Gains (Losses) (\$mil)
Public Service	274.4	155.2	12.2	441.8
Teachers'	242.3	(43.6)	(3.2)	195.5
Memorial University of Newfoundland	43.3	(24.1)	(3.7)	15.5
Uniformed Services	(13.5)	(3.4)	3.5	(13.4)
Members of the House of Assembly	7.6	(1.3)	(1.9)	4.4
Provincial Court Judges'	4.8	(0.9)	(1.0)	2.9
Total	558.9	81.9	5.9	646.7

Fund Assets

The change in the unamortized experience gains (losses) on the fund assets for the current period is comprised of the following amounts:

Pension Plan	Opening Unamortized Experience Gains (Losses) (\$mil)	New Experience Gains (Losses) (\$mil)	Amortization (Gains) Losses (\$mil)	Closing Unamortized Experience Gains (Losses) (\$mil)
Public Service	220.4	173.6	(51.3)	342.7
Teachers'	145.2	73.1	(39.5)	178.8
Memorial University of Newfoundland	253.0	118.1	(26.6)	344.5
Uniformed Services	41.7	6.6	(5.3)	43.0
Members of the House of Assembly	8.7	3.6	(2.5)	9.8
Provincial Court Judges'	3.8	1.8	(0.9)	4.7
Total	672.8	376.8	(126.1)	923.5

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Expected average remaining service life (EARSL) of related employee groups is as follows:

	EARSL
Public Service - RPP	12 years
Public Service – SERP	6 years
Teachers'	11 years
Memorial University of Newfoundland	11 years
Uniformed Services	15 years
Members of the House of Assembly	4 years
Provincial Court Judges'	6 years

Other Pension Plan

The **Government Money Purchase Pension Plan Act** established the Government Money Purchase Pension Plan for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has 40,306 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 Life Assurance Company and at 31 March 2025 assets had a market value of \$485.9 million (31 March 2024 - \$449.0 million). The expense recognized for 31 March 2025 amounted to \$20.4 million (31 March 2024 - \$14.7 million).

10. Prepaid and Deferred Charges

Prepaid and deferred charges consist of:

	31 March 2025 (\$mil)	31 March 2024 (\$mil)
Property taxes and other municipal fees	18.1	9.9
Workers' compensation fees	16.0	14.7
Software licenses	13.6	15.6
Insurance costs	9.6	9.1
Library operating supplies	4.4	4.0
Rent	3.0	0.6
Membership fees and subscriptions	2.1	1.2
Maintenance contracts	1.5	6.6
Computer network and accessories	0.7	2.2
Ambulance services	-	1.9
Other prepaid and deferred charges	6.7	22.8
Total: Prepaid and Deferred Charges	75.7	88.6

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Purchased Intangibles

Purchased intangibles held by the Province include fishing rights and vessel licenses acquired by Newfoundland and Labrador Industrial Development Corporation (NLIDC) and exploration assets purchased by the Oil and Gas Corporation of Newfoundland and Labrador (Oilco).

The fishing and vessel rights held by NLIDC were purchased at a nominal amount of \$1 and are recorded as a purchased intangible at a cost of \$1.

The exploration assets held by Oilco relate to 2D and 3D seismic data, geoscientific studies and a resource assessment, which are amortized over their expected useful lives of six years, and consist of:

	31 March 2025	31 March 2024
	(\$mil)	(\$mil)
Cost		
Cost, beginning of the year	54.9	53.6
Additions	14.2	1.3
Cost, end of the year	69.1	54.9
Accumulated Amortization		
Accumulated amortization, beginning of the year	18.4	9.5
Amortization	10.6	8.9
Accumulated amortization, end of the year	29.0	18.4
Net book value, end of the year	40.1	36.5

12. Contingent Liabilities**(a) Guaranteed Debt**

Guarantees made by the Province as at 31 March 2025 amounted to \$1,097.7 million (31 March 2024 - \$1,168.4 million). In addition, the Province guaranteed the interest thereon. See Schedule 7 - Guaranteed Debt.

(b) Legal Actions

- (i) There have been a number of statements of claim alleging negligence on the part of the Government employees and agencies in not preventing abuse while these claimants were under Government care.
- (ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(c) Other

(i) *Trust Accounts*

a) Office of the Public Trustee

The Province guarantees all sums required to discharge the balances of the Public Trustee as administrator, guardian, trustee, etc. (**Public Trustee Act, 2009**). See Schedule 9 - Trust Accounts.

b) Supreme Court of Newfoundland and Labrador

The Province guarantees all sums required to discharge the balances of the Supreme Court of Newfoundland and Labrador as administrator, guardian, trustee, etc. (**Judicature Act**). See Schedule 9 - Trust Accounts.

c) Other Trust Accounts

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. See Schedule 9 - Trust Accounts.

(ii) *Canadian Salt Fish 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 a proportional share of 50 per cent of the losses of the Corporation. This share is 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 was \$21.6 million.

The Corporation was dissolved with effect from 1 April 1995, so that resolution of the matter will be 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, it is not liable for the amount claimed.

(iii) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has no guarantees issued at 31 March 2025. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totaling \$11.1 million, of which \$5.2 million (31 March 2024 - \$3.5 million) has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction component. See Schedule 2 – Loans, Advances and Investments.

(iv) *Contaminated Sites*

The Province has identified approximately 203 sites for which environmental liabilities or contamination may exist for assessment, remediation or monitoring. See note 14 – Contaminated Sites for further details.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In addition, the Province has provided an environmental indemnity to the acquiring entity of North Atlantic Refining Limited (NARL) regarding the oil refinery in Come by Chance. The Province and NARL entered into an environmental agreement with an effective date of 10 November 2014 which required an environmental site assessment (ESA) to be completed by NARL. The environmental site assessment includes Phase I, II and III assessments and a remediation plan.

During the fiscal year 2021-22, a majority equity stake in NARL was acquired by a new partner (Cresta Fund Management) and NARL has been renamed Braya Renewable Fuels. As well on November 29, 2021, the Province of Newfoundland and Labrador had agreed to an MOU to amend the 2014 environmental agreement. This will extend the term to 2031 and expand the period of indemnification to 2021, segmented into two periods – the Historical Period (covers the period prior to November 10, 2014) and the Additional Period (covers the period between November 11, 2014 and October 31, 2021). Under this MOU, the Province's indemnity financial coverage has been capped at up to \$150 million for the Historical Period and up to \$30 million for the Additional Period. Braya submitted their ESA report in June 2023, which is under technical review. If the report is determined to be incomplete, the indemnitees continue to be responsible to provide a completed report.

(v) *Corner Brook Pulp and Paper Limited (CBPPL)*

In 2014 the Province signed an agreement with CBPPL which states that in the event of the closure of the Corner Brook Mill, the Province has agreed to purchase the power assets and water rights. The purchase price is dependent upon the timing of the closure of the Corner Brook Mill, and could range from \$110.0 million to the greater of \$200.0 million or the fair market value of the purchased assets, less any monies owing to the Province. In 2017 the Province entered into another agreement providing a guarantee up to \$88.0 million on a letter of credit held by a Trust for the benefit of pension plan members. Should the government have to pay under the guarantee, the amount would also be deducted from the purchase price of the power assets and water rights.

(vi) *Offshore Royalty Decommissioning Carry Back*

Currently, there are four production facilities located in the offshore of Newfoundland and Labrador; White Rose/White Rose Expansion, Terra Nova, Hibernia and Hebron. The anticipated end of production dates currently forecasted for these projects range from 2033 to 2051.

For all current projects except Hibernia, Part VII of the **Royalty Regulations, 2003** provides for the carryback of actual decommissioning costs incurred, net of decommissioning revenue, against earlier net revenue, commencing in the period of substantial completion of the decommissioning. This requires project operator(s) to submit to the Province for approval not less than one year before decommissioning, a decommissioning proposal. Regulatory approval of decommissioning by the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) and other government bodies and agencies as required must also be received prior to the approval of the decommissioning proposal. Upon substantial completion of the decommissioning, where decommissioning costs exceed decommissioning revenues, the operator(s) must submit a decommissioning carry back statement to the Province. This carryback of net decommissioning costs may result in an amount being owed to the project interest holders by the Province. As of 31 March 2025, no project operators have submitted or indicated their intent to submit a decommissioning proposal.

For Hibernia, under the *Hibernia Royalty Agreement*, the Province has acknowledged that there should be a sharing of abandonment or decommissioning costs on an agreed basis and has agreed to enter into discussions with project owners at some future date if the requirements for decommissioning or abandonment of the project become more clearly defined. No discussions have commenced under this *Agreement* as of 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As a result of several factors beyond the Province's control, including, but not limited to, decommissioning timeframes, submission and approval of decommissioning proposals and plans, actual future decommissioning costs and revenue, types and amount of future royalties, and future negotiations, uncertainty currently exists with respect to the existence, nature, and extent of any obligation of the Province for future decommissioning carry back amounts.

13. Asset Retirement Obligation

The Province owns and operates various assets that are subject to asset retirement obligations (AROs). As at March 31, 2025, a total liability for asset retirement obligations of \$529.7 million (31 March 2024 - \$516.5 million) has been recorded (See Schedule 5 – Payables, Accrued, and Other Liabilities). Amounts have been estimated based on internal expert assessments and third-party reports that estimate the costs of remediation and have been measured on an undiscounted basis.

The Province's existing AROs relate mainly to asbestos, lead, refrigerants, mercury, polychlorinated biphenyls (PCBs), etc. in its buildings. The liability has been established using an estimate process which recognizes that the average cost to remove these materials per square meter varies significantly based on the date of building construction. As a result, buildings have been grouped and costs applied based on nature of usage and year of construction. Asset retirement obligations have not been escalated or discounted given significant uncertainty around the retirement dates of these buildings and Province's long history of sustaining buildings beyond their amortized lives.

There are also asset retirement obligations related to the future disposal of fuel tanks, as well as in certain entities the future disposal of septic tanks, water wells, air conditioning systems, and other equipment.

The asset retirement costs have been capitalized to the related tangible capital assets and are being amortized over the assets' remaining useful lives. Amortization rates are identified in Schedule 10.

Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

The asset retirement obligations are as follows:

	31 March 2025 (\$mil)	31 March 2024 (\$mil)
Balance, beginning of the year	516.5	518.1
Liabilities incurred	1.4	-
Liabilities settled	(3.7)	(2.2)
Cost recoveries	-	-
Changes in estimated costs	15.5	0.6
Balance, end of the year	529.7	516.5

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Contaminated Sites

There are a number of sites throughout the Province which are considered potentially contaminated sites. The liability reflects the Province's best estimate of the amount required to remediate the sites to the current minimum standards for its use prior to contamination. As some of these sites are not yet fully assessed and contamination has not yet been determined or a detailed remediation plan has not been developed, no liability has been recognized. Studies are ongoing to assess the nature and extent of damage and to develop remediation plans, if necessary.

The Province has identified approximately 203 sites for which environmental liabilities may exist for assessment, remediation or monitoring. Of these, 22 were identified as sites where action is possible and for which a liability was recorded. As at 31 March 2025, a total liability for contaminated sites of \$265.5 million (31 March 2024 – \$250.7 million) has been recorded (see Schedule 5 – Payables, Accrued and Other Liabilities). Of this, \$225.0 million (31 March 2024 - \$218.9 million) relates to a liability for remediation of former mining sites. The Province has completed a partial remediation program at these sites, focused on the removal of buildings and infrastructure, designed to address safety hazards. The remaining contaminated sites liability of \$40.5 million (31 March 2024 - \$31.8 million) is mainly related to Petroleum Hydrocarbon (PHC) impacts. The liability reflects the present value of estimated future cash flows, where applicable, with total undiscounted expenditures of \$663.8 million (31 March 2024 - \$652.9 million) present valued at a discount rate of 3.28% (31 March 2024 - 3.22%).

The remainder of the sites are not liabilities as they are active and absent of an unexpected event; the impacts on the site do not exceed the applicable standards; the Province is not responsible for remediation; or it is not anticipated that remediation will occur. Upon identification of new contaminated sites or changes in the assessments of currently known sites, additional liabilities or disclosures may be recognized.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Contractual Obligations

Contractual obligations consist of:

	31 March 2025 (\$mil)	31 March 2024 (Note 28) (\$mil)
Public-private partnerships	668.1	976.5
Provincial policing agreement	649.0	741.8
Capital projects	575.2	489.4
Ferry services	278.2	318.9
Power purchase agreements	241.0	245.0
Information technology services	200.8	188.0
Lease payments	148.9	156.8
Economic development	147.4	86.0
Early learning and child care	89.2	2.3
Transmission service agreements	89.0	106.5
Student busing	78.3	50.6
Oil and gas	50.5	39.7
Lower Churchill Project	32.7	22.7
Letters of credit	28.4	52.3
Road maintenance	20.4	1.7
Residential services	13.4	9.6
Telephone services	12.0	18.3
Energy savings	-	0.4
Other agreements	60.1	82.1
Total: Contractual Obligations	<u>3,382.6</u>	<u>3,588.6</u>

Contractual obligations are those to outside organizations in respect of contracts entered into before 31 March 2025. These contractual obligations will become liabilities when the terms of the contracts are met. Payments in respect of these contracts and agreements for the Consolidated Revenue Fund are subject to voting of supply by the Legislature.

As at 31 March 2025, the Province had entered into a number of agreements pertaining to the acquisition of P3 assets. All P3 contracts have a capital component contract with fixed lifetime payment plans, which are not impacted by inflation or interest rate changes. Each agreement is for 30 years, with no renewal option, with remaining repayment schedules ranging from 25 to 30 years. Each P3 also has a separate Life Cycle and Facility Management contract with a built-in annual inflation factor of 2%. These contracts also stipulate that the fiscal year payments be adjusted annually to the Statistics Canada published CPI rate.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The amount disclosed above represents the operating component of P3 assets placed in service, as well as the operating and capital components of P3 assets that are currently under construction. The operating component of each P3 asset includes contingency amounts ranging from 5% to 10% of the life cycle and facility maintenance payments. The liability and associated asset for P3 assets under construction will be recognized in the Province's financial statements when the Province acquires control of the assets, which generally is intended to occur at the time when the construction of the assets is substantially complete.

During 2020, the Province acquired control and placed into service a P3 asset pertaining to the Corner Brook Long-term Care Facility. The contractual obligations associated with this P3 arrangement consists of \$74.1 million (31 March 2024 - \$73.9 million) relating to the operating component of the agreement, such as facility maintenance payments.

During 2022, the Province acquired control and placed into service two P3 assets pertaining to the Gander and Grand Falls-Windsor Long Term Care Facilities. The contractual obligations associated with this P3 arrangement consists of \$68.8 million (31 March 2024 - \$64.8 million) relating to the operating component of the agreement.

During 2022, the Province also acquired control and placed into service the P3 asset pertaining to the Parking Structure for the New Adult and Mental Health Addictions Facility. The contractual obligations associated with this portion of the P3 arrangements consists of \$3.1 million (31 March 2024 - \$3.5 million) relating to the operating component of the agreement.

During 2024, the Province acquired control of the P3 asset pertaining to the Corner Brook Acute Care Hospital. The contractual obligations associated with this P3 arrangement consists of \$330.4 million (31 March 2024 - \$315.9 million) relating to the operating component of the agreement. This asset was placed into service in June 2024.

During 2025, the Province acquired control of the P3 asset pertaining to the New Adult Mental Health and Addictions Facility. The contractual obligations associated with this P3 arrangement consists of \$191.7 million (31 March 2024 - \$187.3 million) relating to the operating component and nil (31 March 2024 - \$331.1 million) relating to the capital component. This asset was not in service at March 31, 2025, but was placed into service in April 2025.

The above table includes contractual obligations of \$0.6 billion (31 March 2024 - \$0.6 billion) for government business enterprises and \$10.1 million (31 March 2024 - \$11.9 million) for government business partnership.

Contractual obligations for the next five years and beyond are as follows:

Fiscal Year	Contractual Obligations (\$mil)
2025-26	1,028.3
2026-27	467.2
2027-28	361.1
2028-29	301.0
2029-30	244.5
Thereafter	980.5
Total	3,382.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Externally Restricted Assets

Externally restricted assets amount to \$202.3 million (31 March 2024 - \$179.2 million) of which \$197.5 million relates to Memorial University of Newfoundland and \$2.5 million relates to Newfoundland and Labrador Health Services which consists primarily of assets held for endowment purposes whereby the principal is not expendable. Income earned on these assets is required to be used for the purpose specified by the donors and hence cannot be used for other operating purposes. The externally restricted assets consist of donations and investments which are to be used for scholarships, assistance, professional recruitment and development, equipment and other external endowments. Externally restricted assets of other entities amount to \$2.3 million which relate to various donations designated for specified purposes.

17. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt (see note 12(a)) is nil (31 March 2024 - nil).

18. Adjustments to Beginning Balances**(a) Government Organization Changes**

Net Debt and Accumulated Operating Deficit decreased by \$1.1 million (31 March 2024 - \$6.7 million increase) relating to the government organization changes. There was a nil impact on the Annual Deficit (31 March 2024 - nil). These changes have been applied retroactively without restatement.

19. Related Party Disclosures

The Province considers key management personnel (KMP), their close family members and any organizations controlled by the KMP or their close family members as related parties. For this purpose, KMPs are defined to include Ministers and Deputy Ministers (Equivalents). KMPs of Government entities also include board members.

The Province and its entities have determined through a due diligence process that no transactions occurred at a price different than fair market value or under terms different than what two unrelated parties would agree. As a result, all transactions with its related parties were conducted in the normal course of business and at arms' length.

Refer to Schedule 4 – Net Income of Government Business Enterprises and Partnership for a description of related party transactions of Government Business Enterprises and Partnership.

20. Contractual Rights

Contractual Rights consist of:

	31 March 2025	31 March 2024
	(\$mil)	(\$mil)
Cost sharing agreements	1,398.4	1,105.9
Other agreements	11.3	13.5
Total: Contractual Rights	<u>1,409.7</u>	<u>1,119.4</u>

Contractual rights are rights to economic resources arising from contracts or agreements entered into before 31 March 2025. These contractual rights will become assets when the transaction or event triggering recognition occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Contingent Assets

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. The resolution of the uncertainty will confirm the existence or non-existence of an asset. The uncertainty will be resolved when one or more future events not wholly within the Province's control occurs or fails to occur.

A number of legal actions have been filed for the Province that have the potential to result in damages being awarded to the Province. The outcome of the legal actions is not determinable. Contingent assets are nil (31 March 2024 - nil).

22. Atlantic Accord (2019)

During the fiscal year 2019-20, the Province and the Federal Government entered into an agreement (*Hibernia Dividend Backed Annuity Agreement*) intended to ensure that the Province is the principal beneficiary of its offshore resources. As a result, the Province will receive a guaranteed revenue stream of approximately \$3.3 billion, inclusive of Canada Hibernia Holding Corporation (CHHC) provincial taxes, over 38 years (2019 to 2056), with no restriction on the use of these funds. The CHHC provincial tax portion of this revenue stream will be recognized as revenue each year as the taxable event occurs. As well, the province will make eight annual payments of \$100 million each (with first payment due to begin in 2045) for a total of \$800 million. As a result of this agreement, the net debt and accumulated deficit were immediately reduced by \$2.4 billion as at March 31, 2020.

23. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in the future conditions could require change in the amounts recognized or disclosed.

Some examples of where measurement uncertainty exists are as follows:

- (i) The nature of uncertainty for the accrual of retirement benefits, the allowance for guaranteed debt, and the accrual of sick leave and self-insured workers' compensation benefits arises as actual results may differ significantly from the Province's assumptions about plan members and economic conditions in the marketplace.
- (ii) The accruals for environmental remediation obligations are uncertain because the actual extent of the remediation activities, methods, and site contamination may differ significantly from the Province's original remediation plans.
- (iii) Revenues from sales taxes, income taxes, oil royalties, Canada Health Transfer, and Canada Social Transfer are uncertain due to differences between the estimated and actual economic performance and other assumptions used to accrue these revenues. The tax revenues under the federal-provincial fiscal arrangements attributable to the year can change as a result of reassessments in subsequent years. The variability of the final amounts attributable to the year cannot be reasonably determined.
- (iv) The accrual for asset retirement obligations is uncertain due to the long-term nature of these liabilities and indeterminate settlement amounts and dates. As a result, estimates are required regarding amounts of regulated materials and expected retirement costs, including timing and duration of those retirement costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Risk Disclosure

The Province is exposed to risks related to its financial instruments. These include credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and other price risk). The Province has risk management strategies in place to mitigate these risks. There was no significant change in the Government's exposure to these risks or its processes for managing these risks from the prior year.

A derivative is a financial instrument or contract in which the value is derived from the underlying asset, commodity or index. Government uses derivatives in order to minimize the risks associated with foreign exchange transactions and interest rate changes. Derivatives are not used for speculative purposes. Because of this, Government does not terminate derivative contracts before maturity and realize gains or losses on early contract termination.

Credit Risk

Credit risk is the risk of financial loss caused by one party to another party by failing to meet contractual obligations. This risk arises most frequently in relation to cash and temporary investments, derivative financial instruments, receivables, and loans, investments, and advances held by the Province. This risk is mitigated by the fact that a significant portion of amounts receivable are associated with the Government of Canada; therefore, collection of these amounts is reasonably assured. Other receivables held by the Province are associated with services provided to a large and diversified cross-section of residents, customers, and other entities. This diversification minimizes the concentration of credit risk exposure associated with any particular individual, company, or other entity.

Credit risk is measured through monitoring and evaluation of receivables and loans, investments, and advances balances. If the evaluations indicate the other party may be unable to meet their obligations, the Province will recognize an allowance for doubtful accounts. Such allowances are disclosed in Schedule 1 and Schedule 2 of the consolidated financial statements. Receivables and advances, taxes receivable, loans receivable, and investments include amounts that are past due but not considered to be impaired. Schedule 1 and Schedule 2 of the consolidated financial statements detail such amounts. Security also exists for certain commercial loans issued that can be accessed in the event of default, further minimizing risk. Credit risk exposure in relation to investments held by the Province is limited by monitoring and investing in securities with high credit quality based on established investment policies and utilizing approved brokers for investment transactions. The carrying value of the financial assets subject to this risk represents the maximum credit exposure at year end.

For derivative financial instruments, risk is managed by Government through dealing only with counterparties that have good credit ratings as determined by Standard & Poor's (S&P) or Moody's. At March 31, 2025, all current derivative contracts are with counterparties that have at least a S&P rating of A and a Moody's rating of A1.

Liquidity Risk

Liquidity risk is the risk that a party cannot meet its short-term debt obligations. Exposure to liquidity risk on the part of the Province is managed by distributing debt maturities over a range of years and terms, maintaining sinking funds for the repayment of certain long-term debt issues, and based on cash flow monitoring and forecasting, holding adequate cash reserves or short-term borrowings as contingent sources of liquidity. A maturity analysis of borrowings is disclosed in Schedule 6, note 3 of the consolidated financial statements. Accounts payable are short term in nature, with payment generally due within 30 days after receipt of goods and services and the related invoice.

Market Risk

Market risks arise with the fluctuation of market prices that are associated with the fair value or future cash flows of a financial instrument. Market risk is comprised of foreign exchange rate risk, interest rate risk and other price risk.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Foreign Exchange Risk

Foreign exchange rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in foreign exchange rates on foreign currency denominated assets held by the Province. The Province is primarily exposed to foreign exchange risk on its general debt. For debt issued in foreign currencies, the Province effectively converts this debt into Canadian dollar debt through the use of cross-currency basis swaps. At March 31, 2025, the Province held two series of debt issued in foreign currency. These contracts have both been hedged for risk through the use of cross-currency basis swaps with counterparties to effectively convert the debt into Canadian dollars. At March 31, 2025, all of the Province's gross debt in foreign currencies is effectively denominated in Canadian dollars.

These hedges involve Swiss Francs and Euros being converted into Canadian dollars. The terms of these contracts range from 9 to 10 years, with interest rates ranging from 3.918% to 3.920% semi-annually. The notional amount of these loans is \$234.2 million.

Interest Rate Risk

Interest rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market interest rates. The Province manages this risk by setting asset mix guidelines and monitoring assets to limit (1) the total proportion of funds invested in fixed income instruments that are subject to interest rate risk, and (2) the extent to which fixed income assets need to be sold prior to maturity to meet ongoing obligations, which could potentially trigger a capital loss to the Province. At March 31, 2025, \$47.7 million (2024 - \$43.7 million) of the sinking fund assets and \$66.8 million (2024 - \$43.8 million) of the future fund assets were held in floating rate investments. The Province's outstanding debt is structured such that a high degree of its debt is long-term with fixed interest rates and fixed repayment terms with limited exposure to floating rate debt obligations. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. A 1% increase/decrease in interest rates would increase/decrease annual interest expense by nil (2024 - \$0.5 million) based upon the impact of refinancing the current portion only. At March 31, 2025, there were no borrowings held in floating rate notes.

Changes in the interest rate in the markets will affect the derivative asset or liability that Government reports at year end. A 1% increase (decrease) in European rates will result in changes in the present value of \$6.7 million decrease (\$7.4 million increase) in the European leg of the derivative. A 1% increase (decrease) in the Swiss Franc rates will result in changes in the present value of \$15.4 million decrease (\$17.0 million increase) in the Swiss Franc leg of the derivative. A 1% increase (decrease) in Canadian rates will result in changes in the present value of \$6.3 million decrease (\$6.9 million increase) in the Canadian legs of the Euro derivative, and \$13.3 million decrease (\$14.6 million increase) in the Canadian leg of the Swiss Franc derivative.

Other Price Risk

Other price risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market prices that do not arise from foreign exchange risk or interest rate risk. The Province is exposed to other price risk through its investments traded in an active market, however, such risk is minimal given limited holdings and investment concentration. At March 31, 2025, a 1% increase/decrease in the fair value of equity investments held in sinking funds and the future fund would result in a \$3.2 million (2024 - \$1.8 million) increase/decrease in the value of the investment assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Subsequent Events

There are no events identified subsequent to March 31, 2025 that would materially impact the fiscal year 2024-25 financial position and results of the Province.

26. Original Budget

Certain amounts in the statements and exhibits of the 2024-25 Budget Speech shown for comparative purposes were prepared on the accrual basis as described under note 1(c)(i). To be consistent with the format of the financial statements, presentation changes have been applied as necessary. Budgeted figures included in the financial statements are not audited.

27. Additional Notes

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

28. Comparatives

Certain amounts of the 31 March 2024 financial statement figures and related schedules have been restated to be consistent with the 31 March 2025 statement presentation. See note 18 – Adjustments to Beginning Balances for further details.

Schedule 1

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Receivables
As at 31 March 2025
with comparative figures for 2024

	2025 (\$000)	2024 (\$000)
Due from Government of Canada - note 1	2,547,794	2,995,104
Accounts receivable	513,279	454,742
Taxes receivable	369,678	386,014
Offshore royalties	269,206	89,926
Tobacco settlement - note 2	138,832	-
Accrued interest receivable	4,468	4,026
	<u>3,843,257</u>	<u>3,929,812</u>
Less: Allowance for doubtful accounts	185,924	145,828
Total: Receivables	<u><u>3,657,333</u></u>	<u><u>3,783,984</u></u>

NOTES

1. Due from Government of Canada includes a receivable of \$2.3 billion (31 March 2024 \$2.5 billion) related to the Atlantic Accord (2019).

2. On March 6, 2025, the Ontario Superior Court of Justice approved a \$32.5 billion settlement agreement under Canada's Companies' Creditors Arrangement Act arising from litigation against three major tobacco companies over healthcare-related costs

The total settlement will be fulfilled through a combination of an upfront payment, with the balance through annual payments. The annual payments will be a percentage of the tobacco companies' net after-tax income each year. For the first five years, the payment rate will be 85% of their net after-tax income. This will decrease in increments of 5% every five years thereafter, declining to 70% in year 16, and continuing until the total remaining proceeds are paid.

Under the terms of the settlement, \$24.7 billion will be payable to the Provinces and Territories of Canada, with the upfront payment being \$6.5 billion. The Province's share of the Provinces' and Territories' portion is 2.1471%, or approximately \$531.0 million. The Province will receive \$138.8 million upfront and the balance will be paid annually over the settlement period. The Province's legal fees related to the settlement are 25% of the gross total settlement proceeds, approximately \$132.7 million, payable as the settlement proceeds are received.

The Province recognized \$138.8 million as revenue (Schedule 11) for the 2024-25 fiscal year, representing the upfront settlement payment. The remaining balance of the settlement has not been recognized in Public Accounts 2024-25 because of the uncertainty related to the future annual payments. Subsequent revenue will be recognized in future years once there is further certainty of the amounts.

3. A receivable is considered past due when a counterparty has not made payment by the invoice due date or contractual due date. The following table presents the carrying value of receivables past due but not classified as impaired because they have not met the aging threshold for impairment, or other factors such as credit rating, security, or collection efforts are expected to result in repayment. Receivables that are past due but not impaired are as follows:

	1-30 Days (\$mil)	31-60 Days (\$mil)	61-90 Days (\$mil)	91+ Days (\$mil)	Total 2025 (\$mil)	Total 2024 (Note 28) (\$mil)
Consolidated Revenue Fund	48.6	2.1	3.3	90.3	144.3	173.6
Other	1.4	0.5	2.0	64.5	68.4	42.5
Total	<u><u>50.0</u></u>	<u><u>2.6</u></u>	<u><u>5.3</u></u>	<u><u>154.8</u></u>	<u><u>212.7</u></u>	<u><u>216.1</u></u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Investments As at 31 March 2025 with comparative figures for 2024

	2025	2024
	(\$000)	(\$000)
Loans and Advances - notes 1, 2		
Commercial - note 3	190,852	176,796
Housing	75,523	69,242
Student loans	57,696	57,426
Municipalities	-	547
Other	13,730	11,341
Total: Loans and Advances	337,801	315,352
Less: Discounts due to concessionary terms on loans - note 4	91,076	83,736
Allowance for doubtful loans and advances	49,728	53,746
Provision for loan repayments through future appropriations	5,164	3,549
	191,833	174,321
Investments		
Equity Investments:		
Administered by Memorial University of Newfoundland	135,984	127,109
Administered by Newfoundland and Labrador Film Development Corporation	102,379	86,703
Administered by Future Fund	69,637	29,260
Cold Ocean Salmon Inc.	10,000	10,000
Administered by Innovation and Business Investment Corporation	5,320	6,052
Gray Aqua Group Ltd.	4,827	4,827
Country Ribbon Inc.	4,500	4,500
Newfoundland Aqua Services Ltd. - redeemable	1,124	1,181
Blue Line Innovations Inc.	500	500
NavSim Technologies	500	500
Hurley Slate Works Company Inc.	400	400
Burton's Cove Logging and Lumber	166	166
Icewater Seafoods Inc.	-	266
Pixecur Technologies Inc. - redeemable	-	400
ACF Equity Atlantic Inc.	-	2,203
Consilient Technologies Corporation	-	500
Marine Industrial Lighting Systems	-	500
Other	2,541	3,077
	337,878	278,144

LOANS, ADVANCES AND INVESTMENTS (continued)

	2025	2024
	(\$000)	(\$000)
Other Investments:		
Administered by Future Fund	266,965	181,851
Administered by Memorial University of Newfoundland - note 5	109,845	97,638
Newfoundland and Labrador Venture Capital Fund	9,535	9,359
Administered by Multi-Materials Stewardship Board	6,856	12,912
Pelorus Venture Capital General	6,288	4,906
Atlantic Canada Regional Venture Fund LP	3,220	8,364
Sandpiper Ventures Fund LP	634	543
Sandpiper Ventures Fund II LP	392	-
	<u>403,735</u>	<u>315,573</u>
Total: Investments	<u>741,613</u>	<u>593,717</u>
Less: Discounts due to concessionary terms on investments - note 6	102,379	86,703
Allowance for write-down of investments	<u>12,724</u>	<u>17,595</u>
	<u>626,510</u>	<u>489,419</u>
Total: Loans, Advances and Investments	<u>818,343</u>	<u>663,740</u>

NOTES

1. Interest Rates and Loan Terms

Interest rates for all loans range from non-interest bearing to 10.5% and are payable over terms not exceeding 30 years.

2. Loan Receivable

The Province reopened general debenture 7C and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General debenture 7I was reopened and issued \$300.0 million on 13 April 2021, on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest revenue earned on this loan totaling \$27.5 million is netted against the offsetting interest expense on the debenture debt.

3. Security

Security exists for certain loans that can be accessed in the event of default. Refer to note 12 (c) (v) of the Notes to the Financial Statements for further details.

4. Discounts Due to Concessionary Terms on Loans

The discounts due to concessionary terms on loans are the portion of the receivable that represents the difference between the face value and the present value of the loan. The loans are reported at their present value due to the concessionary terms in the loan agreement.

5. Fair Market Value (FMV) of Investments

The FMV of these investments is \$109.8 million of which \$36.6 million pertain to real estate. The remaining balance relates to mortgages and fixed income investments.

6. Discounts Due to Concessionary Terms on Investments

The discounts due to concessionary terms on investments are the portion of the investment that represents the difference between the cost and the present value of the investment. The investments are reported at their present value due to the concessionary terms in the investment agreement.

7. Aging of Loans Receivables and Investments

A loans receivable or investment are considered past due when a counterparty has not made payment by the contractual due date. The following table presents the carrying value of loans receivables and investments past due but not classified as impaired because they have not met the aging threshold for impairment, or other factors such as credit rating, loan security, or collection efforts are expected to result in repayment.

SUMMARY FINANCIAL STATEMENTS

LOANS, ADVANCES AND INVESTMENTS (continued)

Loans receivables that are past due but not impaired are as follows:

	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	Total <u>2025</u>	Total <u>2024</u>
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Consolidated Revenue Fund	-	-	1.6	127.3	128.9	125.5
Other	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	<u>0.5</u>	<u>0.4</u>
Total	<u><u>0.1</u></u>	<u><u>0.2</u></u>	<u><u>1.7</u></u>	<u><u>127.4</u></u>	<u><u>129.4</u></u>	<u><u>125.9</u></u>

There are no Investments that are past due but not impaired.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Equity in Government Business Enterprises and Partnership As at 31 March 2025 with comparative figures for 2024

	Atlantic Lottery Corporation 31 Mar 2025	NL Liquor Corporation 5 Apr 2025	NL Hydro 31 Dec 2024	Total 2025	Total 2024 (Note 28)
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Equity - beginning of year	30,338	53,495	7,452,155	7,535,988	7,223,906
Net income for year	152,315	210,723	479,000	842,038	968,891
Other comprehensive income (loss) - note 1	2,907	-	1,000	3,907	(10,324)
Capital transactions:					
Transfers to government	(152,305)	(214,545)	-	(366,850)	(646,485)
Equity - end of year	<u>33,255</u>	<u>49,673</u>	<u>7,932,155</u>	<u>8,015,083</u>	<u>7,535,988</u>
Equity represented by:					
Assets					
Cash and temporary investments	8,779	19,579	2,490,000	2,518,358	1,951,429
Receivables	37,997	20,490	259,000	317,487	256,204
Inventories	3,381	32,844	155,000	191,225	174,998
Prepaid and deferred charges	1,847	703	1,511,000	1,513,550	913,291
Investments	-	-	199,000	199,000	241,000
Reserve fund	-	-	50,000	50,000	50,000
Capital and intangible assets	<u>43,241</u>	<u>25,856</u>	<u>17,763,000</u>	<u>17,832,097</u>	<u>17,918,491</u>
Total Assets	<u>95,245</u>	<u>99,472</u>	<u>22,427,000</u>	<u>22,621,717</u>	<u>21,505,413</u>
Liabilities					
Accounts payable and accruals	42,590	49,799	3,369,156	3,461,545	3,190,604
Deferred government assistance	-	-	889	889	321
Borrowings - note 2	<u>19,400</u>	<u>-</u>	<u>11,124,800</u>	<u>11,144,200</u>	<u>10,778,500</u>
Total Liabilities	<u>61,990</u>	<u>49,799</u>	<u>14,494,845</u>	<u>14,606,634</u>	<u>13,969,425</u>
Equity	<u>33,255</u>	<u>49,673</u>	<u>7,932,155</u>	<u>8,015,083</u>	<u>7,535,988</u>

NOTES

1. Other Comprehensive Income (Loss)

Other comprehensive income (loss) includes certain unrealized gains and losses of government business enterprises and partnership that are not reported in the statement of operations but are reported in the statement of financial position. Unrealized gains and losses are recognized in the statement of operations when they become realized gains and losses. Accumulated other comprehensive income as at 31 March 2025 amounted to \$57.3 million (31 March 2024 - \$53.4 million). The other comprehensive income (loss) recognized during the year was \$3.9 million (31 March 2024 - \$(10.3) million).

EQUITY IN GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIP (continued)

2. Contributions and Repayment Requirements

Sinking fund contributions and long term debt repayments for Government Business Enterprises and Partnership, in Canadian dollars are as follows.

	Total
	(\$000)
2025-2026	659,953
2026-2027	300,736
2027-2028	67,679
2028-2029	68,800
2029-2030	69,929
2030-2058	10,377,303
	<u>11,544,400</u>
Less: Sinking Fund Contributions	(400,200)
	<u><u>11,144,200</u></u>

3. Memorandum of Understanding with Hydro-Québec

On December 12, 2024, Newfoundland and Labrador Hydro signed a Memorandum of Understanding (MOU) with Hydro-Québec to terminate and replace Churchill Falls (Labrador) Corporation's existing power contracts, develop Gull Island, expand capacity of the Churchill Falls plant, and develop associated transmission. The non-binding MOU provides the basis for the negotiation of definitive agreements, with the negotiation of the agreements planned to be completed by April 30, 2026.

PROVINCE OF NEWFOUNDLAND AND LABRADOR**Net Income of Government Business Enterprises and Partnership****As at 31 March 2025****with comparative figures for 2024**

	Atlantic Lottery Corporation 31 Mar 2025 (\$000)	NL Liquor Corporation 5 Apr 2025 (\$000)	NL Hydro 31 Dec 2024 (\$000)	Total 2025 (\$000)	Total 2024 (\$000)
Revenue					
Revenue from operations	<u>250,338</u>	<u>443,337</u>	<u>1,417,000</u>	<u>2,110,675</u>	<u>2,195,131</u>
Expense					
Expenses from operations	<u>98,023</u>	<u>232,614</u>	<u>938,000</u>	<u>1,268,637</u>	<u>1,226,240</u>
Net Income	<u>152,315</u>	<u>210,723</u>	<u>479,000</u>	<u>842,038</u>	<u>968,891</u>

NOTE**Related Party Transactions**

Newfoundland and Labrador Hydro earned related party revenues regarding funding to support both new and current offshore petroleum exploration, funding for wind feasibility studies in Labrador, for a total amount of \$2.7 million (31 December 2023 - \$2.5 million). Newfoundland and Labrador Hydro incurred related party expenses in relation to power purchase agreements, cost of application hearings, operation of Exploits assets, various rentals and royalties, and a debt guarantee fee. Netted against these expenses is the funding received from the Province related to Newfoundland and Labrador Hydro's obligation under the Upper Churchill Redress Agreement resulting in total expenses of \$34.7 million (31 December 2023 - \$31.6 million). During the year there was \$nil incurred (31 December 2023 - \$0.4 million) related to the sale of Muskrat Falls equipment to the Province.

In relation to the above listed related party transactions for Newfoundland and Labrador Hydro, there exists accounts receivable and accounts payable. Accounts receivable includes \$40.0 million (31 December 2023 - \$40.9 million); accounts payable include \$30.2 million (31 December 2023 - \$26.3 million). In addition, Newfoundland and Labrador Hydro invested \$55.8 million (31 December 2023 - \$53.0 million) in Provincial bonds. Refer to Schedule 2, note 2 for further details regarding Newfoundland and Labrador Hydro's loan payable to the Province.

Newfoundland and Labrador Liquor Corporation is leasing office and warehouse space from the Department of Transportation and Infrastructure. These leases are rent free to the Corporation; however, all operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

Atlantic Lottery Corporation Inc. related party profit earnings totaled \$153.1 million (31 March 2024 - \$147.3 million). In relation to profit earnings, there exists an account payable of \$0.8 million (31 March 2024 - \$3.8 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Payables, Accrued and Other Liabilities As at 31 March 2025 with comparative figures for 2024

	2025 (\$000)	2024 (\$000)
Due to Government of Canada- note 1	1,044,837	1,114,065
Accrued salaries and employee benefits - note 2	783,215	760,886
Accounts payable	587,719	489,077
Public private partnerships - note 3	551,734	437,759
Asset retirement obligation	529,712	516,478
Taxes payable - note 4	356,514	486,952
Accrued interest payable	307,625	266,826
Contaminated sites	265,512	250,696
Capital leases - note 5	6,174	11,134
Due to municipalities	906	995
Other - note 6	68,061	34,999
Total: Payables, Accrued and Other Liabilities	<u>4,502,009</u>	<u>4,369,867</u>

NOTES

1. Due to Government of Canada

Due to Government of Canada is comprised of \$800.0 million for the Atlantic Accord (2019) (31 March 2024 - \$800 million), \$193.3 million for an Equalization loan (31 March 2024 - \$220.0 million), \$23.5 million for an RCMP policing service contract (31 March 2024 - \$22.2 million) and \$28.0 million for other Federal programs (31 March 2024 - \$71.9 million).

2. Accrued Salaries and Employee Benefits

Accrued salaries and employee benefits consists of the following.

	2025 (\$mil)	2024 (\$mil)
Paid and annual leave	239.1	239.6
Sick leave	234.5	236.4
Salaries	186.3	171.2
Self-insured workers' compensation benefits	60.9	61.0
Severance	8.3	10.9
Other benefits	54.1	41.8
	<u>783.2</u>	<u>760.9</u>

During the 2022-23 fiscal year, an actuarial valuation as of 31 December 2022, with disclosures as at 31 March 2025, was obtained for the Province's self-insured workers' compensation benefits. During the 2022-23 fiscal year, an actuarial valuation as of 31 March 2023, with disclosures as at 31 March 2025, was obtained for the Province's sick leave benefits. During the 2024-25 fiscal year, an actuarial valuation as of 30 June 2024, with disclosures as at 31 March 2025, was obtained for the NLSchools sick leave benefits. Accrued severance and sick leave balances have been determined using a combination of actuarial valuations and internal methodologies. Refer to note 5 of the Notes to the Financial Statements for further details on sick leave.

PAYABLES, ACCRUED AND OTHER LIABILITIES (continued)

3. Public Private Partnerships

The liability for public private partnerships (P3s) represents the Province's outstanding obligation for the discounted, capitalized cost of acquired P3 assets. The P3 liability has interest rates which vary from 3.27% to 3.85% and has repayment schedules with durations ranging from 25 to 30 years.

4. Taxes Payable

Taxes payable is comprised of \$298.8 million for corporate income tax (31 March 2024 - \$466.8 million), \$38.0 million for HST (31 March 2024 - nil) and \$19.7 million for other taxes (31 March 2024 - \$20.2 million).

5. Capital Leases

Interest rates for all capital leases range from 1.77% to 12.90% and have repayment schedules ranging in duration from 1 month to 4 years.

6. Other

Other includes a payable of \$34.7 million for 31 March 2025 (31 March 2024 - nil) related to the tobacco settlement. Legal fees in relation to the tobacco settlement are 25% of the gross settlement proceeds, payable by the Province as the settlement proceeds are recovered. At 31 March 2025, the upfront settlement payment of \$138.8 million has been recorded as revenue and receivable, with 25% of this amount, or \$34.7 million, in relation to legal fees for the settlement recorded as other payable and professional services expense.

SUMMARY FINANCIAL STATEMENTS

Schedule 6

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Borrowings
As at 31 March 2025
with comparative figures for 2024

	2025				2024
	Total Borrowings	Sinking Fund Balance	Net Borrowings	Interest Rate Range	Net Borrowings (Note 28)
	(\$000)	(\$000)	(\$000)	(%)	(\$000)
Consolidated Revenue Fund					
Treasury bill borrowings	1,161,719	-	1,161,719	2.61 - 3.15	1,155,461
General debentures	21,055,350	1,517,000	19,538,350	0.80 - 9.15	16,918,134
Sun Life Assurance Company of Canada	19,067	-	19,067	7.55	23,311
NLSchools	8,132	-	8,132	1.35 - prime + 1	14,241
Government of Canada	23,987	-	23,987	4.91 - 5.34	71,133
	<u>22,268,255</u>	<u>1,517,000</u>	<u>20,751,255</u>		<u>18,182,280</u>
Newfoundland and Labrador Health Services	132,948	33,629	99,319	1.81 - 10.50	102,756
Newfoundland and Labrador Housing Corporation	50,707	-	50,707	0 - 19.75	56,307
Memorial University of Newfoundland	45,469	-	45,469	3.69 - 4.18	48,320
Other	<u>456</u>	<u>-</u>	<u>456</u>	2.99 - prime	<u>621</u>
Total: Borrowings	<u>22,497,835</u>	<u>1,550,629</u>	<u>20,947,206</u>		<u>18,390,284</u>

NOTES

1. General Debentures

General debenture 7C was reopened and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General debenture 7I was reopened and issued \$300.0 million on 13 April 2021 on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest expense on the debenture debt totaling \$27.5 million is netted against the offsetting interest revenue on the loan receivable.

Series E001 is a 50.0 million Euro note that has been hedged with the Royal Bank of Canada through a cross-currency basis swap. The Province's payments will be in Canadian dollars for the entire duration of the debt. The interest rate on the Canadian dollar portion of the derivative is 3.918%. The first interest payment occurred on 4 December 2024 in the amount of \$0.5 million. Further payments will be made semi-annually on 4 December and 4 June for \$1.5 million. At maturity, the entire \$75.2 million in Canadian dollars will be repaid.

Series E002 is a 100.0 million Swiss Franc note that has been hedged with Canadian Imperial Bank of Commerce through a cross-currency basis swap. The Province's payments will be in Canadian dollars for the entire duration of the debt. The interest rate on the Canadian dollar portion of the derivative is 3.920%. Interest payments will be made semi-annually, beginning on 19 June 2025 for \$3.1 million. At maturity, the entire \$159.0 million in Canadian dollars will be repaid.

BORROWINGS (continued)

2. Borrowings

Borrowings, sinking funds and unamortized premiums, discounts and issuance fees as at 31 March 2025 are noted below. Refer to note 7 of the Notes to the Financial Statements for further details.

Major Currencies	Foreign Borrowings (000)	Exchange Rate	Canadian (\$000)	Unamortized Premiums/ (Discounts) and Issuance Fees (\$000)	Net (\$000)
Euros	€50,000	1.554	77,700	-	77,700
Swiss Francs	₣100,000	1.6265	162,650	-	162,650
Canadian			<u>22,257,485</u>	-	<u>22,257,485</u>
	Sub-total		<u>22,497,835</u>	-	<u>22,497,835</u>
	Foreign sinking funds		(133,139)	-	(133,139)
	Canadian sinking funds		<u>(1,417,490)</u>	-	<u>(1,417,490)</u>
	Sub-total		<u>20,947,206</u>	-	<u>20,947,206</u>
	Unamortized premiums (discounts) and issuance fees			<u>(471,174)</u>	<u>(471,174)</u>
	Total			<u>(471,174)</u>	<u>20,476,032</u>

3. Contributions and Repayment Requirements

Sinking fund contributions and long-term debt repayments, by major currency, in Canadian dollars are as follows.

	Euros (\$000)	Swiss Francs (\$000)	Canadian (\$000)	Total (\$000)
2025-2026	1,127	2,385	2,494,313	2,497,825
2026-2027	1,127	2,385	1,138,277	1,141,789
2027-2028	1,127	2,385	1,936,789	1,940,301
2028-2029	1,127	2,385	1,512,956	1,516,468
2029-2030	1,127	2,385	1,157,663	1,161,175
2030-2056	<u>66,955</u>	<u>145,289</u>	<u>10,290,174</u>	<u>10,502,418</u>
	<u>72,590</u>	<u>157,214</u>	<u>18,530,172</u>	<u>18,759,976</u>
Plus: Sinking Fund Values at Maturity				5,476,130
Less: Sinking Fund Contributions				<u>(1,738,271)</u>
				<u>22,497,835</u>

BORROWINGS (continued)

4. Interest Expense

The gross interest expense associated with borrowings, recognized for 31 March 2025, amounted to \$890.2 million (31 March 2024 - \$807.9 million).

5. Foreign Exchange Gains/Losses and Premiums/Discounts and Issuance Fees

The foreign exchange loss which has been recognized on the Statement of Operations as at 31 March 2025 (31 March 2024 - \$6.2 million - debit adjustment) was insignificant. The net amortization expense on premiums (discounts) and issuance fees is \$18.2 million which represents a debit adjustment (31 March 2024 - \$16.2 million - debit adjustment).

6. Related Sinking Fund Investments

At year end, the Province held \$338.3 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2024 - \$401.0 million) which are reflected in the sinking fund balances disclosed in note 2 above. These were comprised of \$338.3 million in Canadian investments.

Schedule 7

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt As at 31 March 2025 with comparative figures for 2024

	2025 (\$000)	2024 (\$000)
Guaranteed Debentures		
Newfoundland and Labrador Hydro	1,088,057	1,154,525
Newfoundland and Labrador Housing Projects - note 4	5,397	8,462
Municipalities	711	693
	<u>1,094,165</u>	<u>1,163,680</u>
Guaranteed Bank Loans		
Fisheries	2,997	4,719
Small Business Loan Guarantee Pilot Program	558	-
	<u>3,555</u>	<u>4,719</u>
Total: Guaranteed Debt	<u><u>1,097,720</u></u>	<u><u>1,168,399</u></u>

NOTES

1. Limit of Loan Guarantees

The limit of loan guarantees for guaranteed debentures is \$1,094.6 million and \$11.8 million for guaranteed bank loans.

2. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt is nil (31 March 2024 - nil).

3. General Terms and Conditions

Guaranteed debentures for Newfoundland and Labrador Hydro have maturity dates ranging from February 2026 to December 2045 at interest rates varying from 3.6% to 8.4%. Other guaranteed debentures and guaranteed bank loans have maturity dates ranging from April 2025 to June 2040 at interest rates varying from 0.67% to 11.45%.

4. Loan Guarantees

The Newfoundland and Labrador Housing Corporation has provided loan guarantees pursuant to the Canada-Newfoundland Social Housing Agreement in respect of certain Canada Mortgage and Housing Corporation debt of partner managed housing operations.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Losses, Uncollectible Accounts and Other Amounts Written Off For the year ended 31 March 2025 with comparative figures for 2024

Department	2025 (\$000)	2024 (\$000)
Finance:		
Remissions	13,629	332
Industry, Energy and Technology:		
Uncollectible accounts	5,628	4,946
Children, Seniors and Social Development:		
Uncollectible accounts	5,240	67
Education:		
Uncollectible accounts	2,876	1,709
Legislature:		
Uncollectible accounts	2,443	-
Fisheries, Forestry and Agriculture:		
Uncollectible accounts	772	37
Consolidated Fund Services:		
Uncollectible accounts	164	-
Digital Government and Service Newfoundland and Labrador:		
Uncollectible accounts	44	-
Immigration, Population Growth and Skills:		
Uncollectible accounts	13	-
Health and Community Services:		
Uncollectible accounts	6	-
Environment and Climate Change:		
Uncollectible accounts	1	1
Tourism, Culture, Arts and Recreation:		
Uncollectible accounts	-	17
Municipal and Provincial Affairs:		
Uncollectible accounts	-	1
Total: Losses, Uncollectible Accounts and Other Amounts Written Off	30,816	7,110

NOTE

Losses, Uncollectible Accounts and Other Amounts Written Off includes balances of the Consolidated Revenue Fund.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts As at 31 March 2025 with comparative figures for 2024

	2025 (\$000)	2024 (\$000)
Office of the Public Trustee	42,025	36,652
Supreme Court of Newfoundland and Labrador	14,541	15,261
Scholarships and Awards	6,757	6,784
Teachers' Accrued Salary Trust Account	5,540	5,033
Patients' Funds Held in Trust	5,330	4,636
Consolidated Tender Account	3,592	3,490
Refund Deposit Account (formerly known as Rate Stabilization Fund)	3,189	8,262
Replacement Reserve Funds	3,182	3,206
Support Enforcement	1,477	1,292
Provincial Courts Trust Account	429	481
High Sheriff of Newfoundland	198	179
Contractors' Security Account - Transportation and Infrastructure	115	1,077
Other Trust Accounts	5,290	4,775
Total: Trust Accounts	91,665	91,128

NOTE

Workplace, Health, Safety and Compensation Commission

The Workplace, Health, Safety and Compensation Commission (the Commission) is considered to be a form of trust. For the most recent fiscal year ended 31 December 2024, the Commission reported a net fund surplus of \$360.5 million (31 December 2023 - net fund surplus of \$215.0 million) and an accumulated operating surplus of \$355.8 million (31 December 2023 - accumulated operating surplus of \$210.5 million). Under legislation, no liability on behalf of the Province has been established.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets As at 31 March 2025 with comparative figures for 2024

Category	Original Cost			Accumulated Amortization				Net Book Value 31 March 2025	Net Book Value 31 March 2024
	Balance 31 March 2024 (\$mil)	Additions 2025 (\$mil)	Disposals 2025 (\$mil)	Balance 31 March 2025 (\$mil)	Balance 31 March 2024 (\$mil)	Amort. Net of Disposals 2025 (\$mil)	Balance 31 March 2025 (\$mil)		
Buildings	5,609.3	851.5	9.6	6,451.2	3,088.6	169.1	3,257.7	3,193.5	2,520.7
Marine vessels & aircraft	394.6	8.0	-	402.6	208.6	18.2	226.8	175.8	186.0
Equipment & machinery	2,080.8	154.2	10.5	2,224.5	1,616.2	70.6	1,686.8	537.7	464.6
Infrastructure	6,005.2	208.3	31.8	6,181.7	4,660.2	100.9	4,761.1	1,420.6	1,345.0
Computer software	260.1	9.8	0.2	269.7	233.5	10.4	243.9	25.8	26.6
Sub-total	<u>14,350.0</u>	<u>1,231.8</u>	<u>52.1</u>	<u>15,529.7</u>	<u>9,807.1</u>	<u>369.2</u>	<u>10,176.3</u>	5,353.4	4,542.9
Work in progress				<u>703.3</u>				<u>703.3</u>	<u>1,005.5</u>
Total				<u>16,233.0</u>				<u>6,056.7</u>	<u>5,548.4</u>

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Consolidated Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets.

2. Work In Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. The Province currently has a number of projects under construction or development with a total for 31 March 2025 of \$703.3 million (31 March 2024 - \$1,005.5 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of \$1,231.8 million include \$925.1 million of work in progress assets that have been capitalized in the year. Net additions to work in progress assets include additions of \$628.8 million less disposals of \$5.9 million for 2024-25.

TANGIBLE CAPITAL ASSETS (continued)

3. Accumulated Amortization

The \$369.2 million change in accumulated amortization from the prior year, as reported in the Tangible Capital Asset schedule, consists of amortization expense of \$397.2 million less accumulated amortization on assets disposed of in the year in the amount of \$28.0 million.

The \$362.1 million change in accumulated amortization as at 31 March 2024 consisted of amortization expense of \$383.4 million less accumulated amortization on assets disposed of in the year in the amount of \$21.3 million.

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings	25-40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircraft	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Buses	12 years
Snow removal equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

The above useful lives reflect the policies of the Consolidated Revenue Fund. Amortization reported by other organizations included in the Government reporting entity is recorded in these statements as per the amortization policies of these other organizations. These policies may differ from those identified above.

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

TANGIBLE CAPITAL ASSETS (continued)

6. Non-Purchased Intangible and Inherited Assets

Non-purchased intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

7. Leased Assets

The gross amount of leased tangible capital assets is \$53.8 million (31 March 2024 - \$53.7 million), amortization expense is \$2.7 million (31 March 2024 - \$2.7 million) and accumulated amortization is \$33.2 million (31 March 2024 - \$30.5 million). These are included in the appropriate category in the schedule.

8. Expropriated Assets

In December 2008, the Province passed legislation entitled **Abitibi-Consolidated Rights and Assets Act**, to expropriate certain rights and assets from Abitibi-Consolidated. The intent of this Act was to return to the Province rights relating to timber and water use, as well as assets and land associated with the generation of electricity enabled by water use rights. As a result of the expropriation, the Province also assumed responsibility of other assets associated with the pulp and paper mill. While the Province has licensed Newfoundland and Labrador Hydro to manage and operate the hydro electricity generating assets on behalf of the Province, the intent is to transfer these assets to Newfoundland and Labrador Hydro. Newfoundland and Labrador Hydro is operating these electricity generating assets on a cost recovery basis and with revised power purchase rates now applying to these facilities. As the value of the electricity generating assets expropriated, and their ultimate use, have not been determined, any payments related to subsection 10.(2) of the Act have been recorded as tangible capital assets. \$88.5 million (net) has been recorded as the cost of the electricity generating assets for the fiscal year ended 31 March 2025 and are included in the infrastructure category. As the value of the non-electricity generating assets expropriated, and their ultimate future use have not been determined, they have been recorded as tangible capital assets at a nominal amount.

9. Public Private Partnerships

The cost of tangible capital assets includes \$934.2 million (31 March 2024 - \$194.0 million) related to public private partnership assets, of which \$18.2 million (31 March 2024 - \$5.3 million) has been recorded as amortization expense and accumulated amortization is \$33.0 million (31 March 2024 - \$14.8 million). These amounts are included in the appropriate category in the schedule. In addition, \$297.2 million (31 March 2024 - \$741.6 million) is included in work in progress related to public private partnerships.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue by Source For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 Unaudited (Note 26) (\$000)	Actuals 2024 (\$000)
Provincial Sources			
Taxation			
Personal income tax	2,014,483	1,816,320	1,861,745
Sales tax	1,575,704	1,486,389	1,658,095
Corporate income tax	638,855	506,310	352,732
Mining and mineral rights tax	88,470	115,604	92,796
Gasoline tax	88,270	83,944	88,991
Cannabis tax	15,795	12,399	13,482
Carbon tax	(155)	-	35,100
Other	371,837	384,667	363,299
	<u>4,793,259</u>	<u>4,405,633</u>	<u>4,466,240</u>
Investment			
Interest	152,747	11,234	167,728
Sinking fund earnings	77,433	69,635	70,897
Other	6,713	-	521
	<u>236,893</u>	<u>80,869</u>	<u>239,146</u>
Fees and fines			
Fees	574,499	387,386	664,334
Fines	15,804	9,760	13,161
	<u>590,303</u>	<u>397,146</u>	<u>677,495</u>
Offshore royalties	1,360,410	1,551,303	904,510
Miscellaneous			
Tobacco settlement	138,832	-	-
Sales and rentals	47,729	99,487	48,938
Cost recoveries	30,313	47,902	30,005
Other	438,922	445,755	466,195
	<u>655,796</u>	<u>593,144</u>	<u>545,138</u>
Total Provincial Sources	<u>7,636,661</u>	<u>7,028,095</u>	<u>6,832,529</u>
Federal Sources			
Health and social transfers	911,780	911,771	921,602
Cost-shared programs	711,775	851,603	584,843
Equalization	218,191	218,000	-
Net profits interest	-	187,028	280,166
Atlantic Accord (2019)	(10,470)	-	(16,908)
Other	55,327	243,936	59,085
Total Federal Sources	<u>1,886,603</u>	<u>2,412,338</u>	<u>1,828,788</u>
Net income of government business enterprises and partnership - see note	842,038	856,011	968,891
Total: Revenue by Source	<u>10,365,302</u>	<u>10,296,444</u>	<u>9,630,208</u>

NOTE

See Schedule 4 for a breakdown by entity.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Department For the year ended 31 March 2025 with comparative figures 2024

	Actuals 2025 (\$000)	Original Budget 2025 Unaudited (Note 26) (\$000)	Actuals 2024 (\$000)
General Government Sector and Legislative Branch			
General Government Sector			
Consolidated Fund Services	738,818	1,029,167	993,017
Executive Council	263,083	279,942	176,832
Finance	426,207	349,231	269,436
Public Procurement Agency	2,685	2,525	1,968
Public Service Commission	11,901	12,133	10,821
Digital Government and Service Newfoundland and Labrador	38,396	38,086	36,188
Transportation and Infrastructure	1,047,383	920,878	761,205
Labrador Affairs	16,575	18,133	18,449
Legislative Branch			
Legislature	28,820	35,377	30,298
	<u>2,573,868</u>	<u>2,685,472</u>	<u>2,298,214</u>
Resource Sector			
Environment and Climate Change	116,815	131,356	90,274
Industry, Energy and Technology	129,427	164,458	217,186
Tourism, Culture, Arts and Recreation	108,576	86,820	88,629
Fisheries, Forestry and Agriculture	98,912	137,481	92,666
Immigration, Population Growth and Skills	180,922	190,767	183,915
	<u>634,652</u>	<u>710,882</u>	<u>672,670</u>
Social Sector			
Children, Seniors and Social Development	498,769	435,146	439,141
Education	1,728,543	1,719,846	1,918,575
Health and Community Services	4,523,607	4,128,987	4,158,274
Justice and Public Safety	423,854	371,418	367,532
Newfoundland and Labrador Housing Corporation	210,478	212,923	159,337
Municipal and Provincial Affairs	68,168	183,719	75,439
	<u>7,453,419</u>	<u>7,052,039</u>	<u>7,118,298</u>
Total: Expenses by Department	<u><u>10,661,939</u></u>	<u><u>10,448,393</u></u>	<u><u>10,089,182</u></u>

NOTE

Expenses by Department includes expenses by organizations in the Government reporting entity which report to that department.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Object For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 Unaudited (Note 26) (\$000)	Actuals 2024 (\$000)
Salaries and employee benefits - note 1	4,015,782	3,972,676	4,500,611
Grants and subsidies	2,427,838	2,666,690	1,534,720
Operating costs	1,731,869	1,572,284	1,706,622
Debt expenses	1,172,591	1,153,201	1,148,644
Professional services	685,185	605,243	629,439
Amortization and (gain)/loss on the sale of tangible capital assets	437,027	390,380	397,124
Property, furnishings and equipment - note 2	147,023	83,294	155,797
Valuation allowances (recovery)	44,624	4,625	16,225
Total: Expenses by Object	<u>10,661,939</u>	<u>10,448,393</u>	<u>10,089,182</u>

NOTES

1. Salaries and employee benefits

Salaries and employee benefits consists of the following.

	2025 (\$mil)	2024 (\$mil)
Salaries	3,504.0	3,756.9
Paid and annual leave	173.0	165.4
Retirement costs	42.8	267.4
Sick leave	12.9	27.4
Severance	2.5	3.1
Other benefits	280.6	280.4
	<u>4,015.8</u>	<u>4,500.6</u>

2. Property, Furnishings and Equipment

This amount includes expenses for property, furnishings and equipment that do not meet the established definition or thresholds for tangible capital assets.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector For the year ended 31 March 2025

	General Government Sector and Legislative Branch (\$000)	Resource Sector (\$000)	Social Sector (\$000)	Total (\$000)
REVENUE				
Provincial				
Taxation	4,830,618	260	4,213	4,835,091
Investment	189,838	14,177	32,878	236,893
Fees and Fines	217,182	96,203	276,918	590,303
Offshore Royalties	384	1,360,026	-	1,360,410
Other	43,122	86,697	557,271	687,090
Federal sources	<u>1,243,250</u>	<u>191,503</u>	<u>451,850</u>	<u>1,886,603</u>
	6,524,394	1,748,866	1,323,130	9,596,390
Net income of government business enterprises and partnership	<u>363,038</u>	<u>479,000</u>	<u>-</u>	<u>842,038</u>
Total Sector Revenue - note 2	<u>6,887,432</u>	<u>2,227,866</u>	<u>1,323,130</u>	<u>10,438,428</u>
EXPENSE				
Salaries and employee benefits	278,345	141,469	3,637,800	4,057,614
Operating costs	483,912	140,447	1,107,510	1,731,869
Grants and subsidies	390,804	324,308	1,744,020	2,459,132
Debt expenses	1,120,706	1,852	50,033	1,172,591
Professional services	18,255	11,871	655,059	685,185
Amortization and (gain)/loss on sale of tangible capital assets	247,985	41,322	147,720	437,027
Property, furnishings, and equipment	38,663	2,954	105,406	147,023
Valuation allowances (recovery)	<u>(4,802)</u>	<u>1,723</u>	<u>47,703</u>	<u>44,624</u>
Total Sector Expense - note 3	<u>2,573,868</u>	<u>665,946</u>	<u>7,495,251</u>	<u>10,735,065</u>
Sector Results - before adjustments	4,313,564	1,561,920	(6,172,121)	(296,637)
Inter-Sector Eliminations	<u>41,832</u>	<u>(31,295)</u>	<u>(10,537)</u>	<u>-</u>
Annual (Deficit) Surplus	<u>4,355,396</u>	<u>1,530,625</u>	<u>(6,182,658)</u>	<u>(296,637)</u>

NOTES

NOTES TO THE SCHEDULE OF REVENUE AND EXPENSE BY SECTOR (continued)

1. Sectors

The sectors identified above are consistent with the presentation of the Consolidated Statement of Operations, the 2024-25 Estimates. Each sector includes the revenue and expenses of the applicable departments and the organizations in the Government reporting entity which report to their respective department. Certain amounts have been allocated on a systematic basis. Refer to Schedule 12 - Expenses by Department for a list of departments included within each sector.

2. Sector Revenue

Sector revenues include revenues generated from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total eliminations pertaining to revenues amount to \$73.1 million resulting in total revenue of \$10,365.3 million as per the Consolidated Statement of Operations.

3. Sector Expense

Sector expenses include expenses incurred from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total eliminations pertaining to expenses amount to \$73.1 million resulting in total expense of \$10,661.9 million as per the Consolidated Statement of Operations.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Government Reporting Entity For the year ended 31 March 2025

GOVERNMENT ORGANIZATIONS

	Board of Commissioners of Public Utilities
	C.A. Pippy Park Commission
	Celebrate NL Inc.
D	Chicken Farmers of Newfoundland and Labrador
	College of the North Atlantic
J	Conseil scolaire francophone provincial de Terre-Neuve et Labrador
	Consolidated Revenue Fund
	Credit Union Deposit Guarantee Corporation
JU	Dairy Farmers of Newfoundland and Labrador
D	Egg Farmers of Newfoundland and Labrador
	Heritage Foundation of Newfoundland and Labrador
	Innovation and Business Investment Corporation
	Livestock Owners Compensation Board
A	Marble Mountain Development Corporation
	Memorial University of Newfoundland
	Multi-Materials Stewardship Board
	Municipal Assessment Agency Inc.
	Newfoundland and Labrador Arts Council
	Newfoundland and Labrador Crop Insurance Agency
D	Newfoundland and Labrador Education Foundation Inc.
	Newfoundland and Labrador Film Development Corporation
	Newfoundland and Labrador Health Services
	Newfoundland and Labrador Housing Corporation
note 1	Newfoundland and Labrador Immigrant Investor Fund Limited
	Newfoundland and Labrador Industrial Development Corporation
J	Newfoundland and Labrador International Student Education Inc.
	Newfoundland and Labrador Legal Aid Commission
note 2	Newfoundland and Labrador Municipal Financing Corporation
	Newfoundland and Labrador Sports Centre Inc.
	Newfoundland Hardwoods Limited
D	Oil and Gas Corporation of Newfoundland and Labrador
	Provincial Advisory Council on the Status of Women - Newfoundland and Labrador
	Provincial Information and Library Resources Board

GOVERNMENT REPORTING ENTITY (continued)

GOVERNMENT ORGANIZATIONS

The Rooms Corporation of Newfoundland and Labrador

GOVERNMENT BUSINESS ENTERPRISES

D - note 3 Newfoundland and Labrador Hydro
F Newfoundland and Labrador Liquor Corporation

GOVERNMENT BUSINESS PARTNERSHIP

Atlantic Lottery Corporation Inc. (25% ownership)

LEGEND

A This entity has a year end of 30 April.
D These entities have a year end of 31 December.
J These entities have a year end of 30 June.
JU This entity has a year end of 31 July.
F This entity has a floating year end to align with its four 13 week reporting periods. The fiscal year end of the entity will end on the first Saturday of April each year.

NOTES

- 1 Effective December 23, 2024, Newfoundland and Labrador Immigrant Investor Fund was dissolved.
- 2 Effective December 31, 2024, the Newfoundland and Labrador Municipal Financing Corporation was dissolved and became part of the Consolidated Revenue Fund with its operations integrating into the Department of Digital Government and Service Newfoundland and Labrador.
- 3 Effective January 1, 2025, Nalcor Energy and Newfoundland and Labrador Hydro amalgamated to form the new Crown Corporation known as Newfoundland and Labrador Hydro.

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Province of Newfoundland and Labrador

Consolidated Revenue Fund Financial Information (Unaudited)

**For The Year Ended
31 March 2025**

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INTRODUCTION

This supplementary information is comprised of the Consolidated Revenue Fund Financial Information which presents the financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. The Consolidated Revenue Fund, as required by the **Financial Administration Act**, is comprised of all public money over which the Legislature has power of appropriation.

These unaudited financial statements are prepared by the Comptroller General of Finance on the accrual basis of accounting in accordance with the Public Sector Accounting Standards of the Chartered Professional Accountants of Canada. The accounting policies applied in the preparation of these financial statements are consistent with those disclosed in Note 1 to the Consolidated Summary Financial Statements. Where available, Original Budget figures prepared on the accrual basis of accounting are provided on several statements for comparison purposes. As well, restatements to the comparative fiscal year as disclosed in the Consolidated Summary Financial Statements applicable to the Consolidated Revenue Fund have also been reflected in these statements.

The Consolidated Revenue Fund Financial Information for previous years is also available on the Executive Council website at: <https://www.gov.nl.ca/exec/tbs/home/publications/public-accounts/>

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PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position As at 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Actuals 2024 (\$000)
FINANCIAL ASSETS		
Cash and temporary investments at cost	1,969,502	1,091,452
Government of Canada - claims in process	205,261	449,896
Inventories held for resale	257	-
Derivative asset	6,217	-
Sch. A Accounts and taxes receivable	3,437,413	3,319,440
Less: Allowance for doubtful accounts	171,969	132,246
	3,265,444	3,187,194
Sch. B Loans, advances and mortgages receivable	373,734	370,421
Less: Allowance for doubtful accounts	39,508	41,875
	334,226	328,546
Sch. E Sinking fund assets	1,517,000	1,331,866
Sch. C Investments	5,293,020	5,174,967
Less: Allowance for investment writedowns	7,427	11,310
	5,285,593	5,163,657
Total Financial Assets	12,583,500	11,552,611
LIABILITIES		
Sch. D Other liabilities	3,634,200	3,524,708
Deferred revenue	283,228	261,980
Sch. E Borrowings (net of sinking fund assets)	22,268,255	19,514,146
Plus: Unamortized premiums (discounts) and issuance fees	(471,174)	(412,498)
	21,797,081	19,101,648
Group health and life insurance retirement benefits	3,251,540	3,251,088
Unfunded pension liability	(195,560)	40,972
Plus: Promissory notes	3,780,972	3,875,871
	3,585,412	3,916,843
Total Liabilities	32,551,461	30,056,267
NET DEBT	19,967,961	18,503,656
NON-FINANCIAL ASSETS		
Tangible capital assets	4,419,268	4,033,890
Prepaid expenses	22,276	33,191
Inventories of supplies	58,027	54,836
Total Non-Financial Assets	4,499,571	4,121,917
ACCUMULATED DEFICIT	15,468,390	14,381,739
Accumulated deficit is comprised of:		
Accumulated operating deficit	15,494,392	14,389,626
Accumulated remeasurement gains	26,002	7,887
	15,468,390	14,381,739
Sch. F Guaranteed Debt		

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Net Debt For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 (\$000)	Actuals 2024 (\$000)
NET DEBT - beginning of period	18,503,656	18,503,656	16,924,279
Add (Deduct):			
Adjustments			
Government organization changes	-	-	322,597
ADJUSTED NET DEBT - beginning of period	<u>18,503,656</u>	<u>18,503,656</u>	<u>17,246,876</u>
Operating Deficit for the period	<u>(1,104,766)</u>	<u>(1,207,790)</u>	<u>(586,256)</u>
Changes in tangible capital assets			
Acquisition of tangible capital assets	668,597	571,166	912,371
Net book value of tangible capital asset disposals	(29,483)	-	(36,157)
Amortization of tangible capital assets	<u>(253,736)</u>	<u>(250,554)</u>	<u>(204,932)</u>
Increase (Decrease) in net book value of tangible capital assets	<u>385,378</u>	<u>320,612</u>	<u>671,282</u>
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	(10,915)	-	3,995
Acquisition of inventories of supplies (net of usage)	<u>3,191</u>	<u>-</u>	<u>9,751</u>
Increase (Decrease) in other non-financial assets	<u>(7,724)</u>	<u>-</u>	<u>13,746</u>
Increase (Decrease) in net debt excluding net remeasurement gains and (losses)	<u>1,482,420</u>	<u>1,528,402</u>	<u>1,271,284</u>
Net remeasurement gains			
Net remeasurement gains for the year	<u>18,115</u>	<u>-</u>	<u>14,504</u>
Increase (Decrease) in net debt	<u>1,464,305</u>	<u>1,528,402</u>	<u>1,256,780</u>
NET DEBT - end of period	<u><u>19,967,961</u></u>	<u><u>20,032,058</u></u>	<u><u>18,503,656</u></u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Operations For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 (\$000)	Actuals 2024 (\$000)
REVENUE			
Provincial			
Tax Revenue			
Sales	1,575,704	1,486,389	1,658,095
Personal income	2,014,483	1,816,320	1,861,745
Gasoline	88,270	83,944	88,991
Corporate income	638,855	506,310	352,732
Mining and mineral rights	88,470	115,604	92,796
Cannabis tax	15,795	12,399	13,482
Carbon tax	(155)	-	35,100
Other	413,677	384,667	414,715
Non-Tax Revenue			
Offshore royalties	1,360,410	1,551,303	904,510
Investment	395,678	422,623	670,660
Fees and fines	299,386	177,367	393,713
Tobacco settlement (Schedule A)	138,832	-	-
Other	70,458	-	46,369
Provincial related revenue	315,562	302,404	374,377
Federal			
Equalization	218,191	218,000	-
Atlantic Accord (2019)	(10,470)	-	(16,908)
Net profits interest	-	187,028	280,166
Health and social transfers	911,780	911,771	921,602
Other	8,357	9,711	11,224
Federal related revenue	651,710	748,323	524,969
Total Revenue	9,194,993	8,934,163	8,628,338
EXPENSE			
Salaries and employee benefits	1,289,026	1,476,318	886,842
Transportation and communications	44,914	41,389	33,248
Supplies	179,273	130,248	131,089
Professional services	641,165	562,011	584,784
Purchased services	472,295	389,664	444,522
Property, furnishings and equipment	45,488	7,381	45,205
Allowances and assistance	913,878	705,785	813,654
Grants and subsidies	5,268,068	5,455,054	4,963,028
Debt expenses	1,122,932	1,123,549	1,094,404
Amortization and (gain)/loss on the sale of tangible capital assets	283,330	250,554	209,341
Valuation allowances (recovery)	39,390	-	8,477
Total Expense	10,299,759	10,141,953	9,214,594
ANNUAL OPERATING DEFICIT	(1,104,766)	(1,207,790)	(586,256)

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Accumulated Deficit For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Original Budget 2025 (\$000)	Actuals 2024 (\$000)
ACCUMULATED OPERATING DEFICIT - beginning of period	14,389,626		14,267,358
Add (Deduct):			
Adjustments			
Government organization changes	-		(463,988)
ADJUSTED ACCUMULATED OPERATING DEFICIT - beginning of period	14,389,626		13,803,370
Operating Deficit for the period	<u>(1,104,766)</u>	<u>(1,207,790)</u>	<u>(586,256)</u>
ACCUMULATED OPERATING DEFICIT – end of period	15,494,392		14,389,626
ACCUMULATED REMEASUREMENT GAINS - end of period	<u>26,002</u>	<u>-</u>	<u>7,887</u>
ACCUMULATED DEFICIT - end of period	<u><u>15,468,390</u></u>		<u><u>14,381,739</u></u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Statement of Remeasurement Gains and Losses
For the year ended 31 March 2025
with comparative figures for 2024**

	Actuals 2025 (\$000)	Actuals 2024 (\$000)
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES) - beginning of period	7,887	(6,617)
UNREALIZED GAINS (LOSSES) ATTRIBUTABLE TO:		
Foreign exchange	(5,750)	839
Derivatives	6,217	-
Portfolio investments	17,648	7,505
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange	-	6,160
Net remeasurement gains for the period	<u>18,115</u>	<u>14,504</u>
ACCUMULATED REMEASUREMENT GAINS – end of period	<u><u>26,002</u></u>	<u><u>7,887</u></u>
Accumulated remeasurement gains is comprised of:		
Foreign exchange	(5,750)	-
Derivatives	6,217	-
Portfolio investments	<u>25,535</u>	<u>7,887</u>
Total accumulated remeasurement gains	<u><u>26,002</u></u>	<u><u>7,887</u></u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows For the year ended 31 March 2025 with comparative figures for 2024

	Actuals 2025 (\$000)	Actuals 2024 (\$000)
Funds provided from (applied to):		
OPERATIONS		
Annual operating deficit	(1,104,766)	(586,256)
Add (Deduct) non-cash items:		
Accounts payable	(8,355)	372,690
Accounts receivable	(11,220)	(91,690)
Amortization of (premiums)/discounts and issuance fees	18,241	16,208
Amortization of tangible capital assets	253,736	204,932
April writebacks	306,259	(338,682)
Deferred revenue	21,248	159,427
Other	(81,462)	(81,690)
Retirement costs	(236,081)	(57,359)
Sinking funds	(76,069)	(69,581)
Special purpose funds/contractors' holdback funds	7,635	17,475
Valuation allowances	39,390	8,477
Net cash provided from (applied to) operating transactions	<u>(871,444)</u>	<u>(446,049)</u>
CAPITAL		
Acquisitions	(668,597)	(912,371)
Disposals	(111)	27
Net cash provided from (applied to) capital transactions	<u>(668,708)</u>	<u>(912,344)</u>
FINANCING		
Debt issued	2,799,133	2,100,000
Debt retirement	(57,499)	(752,619)
Retirement of promissory notes	(94,899)	(89,527)
Sinking fund contributions	(110,051)	(62,938)
Sinking fund proceeds	-	154,786
Treasury bills purchased	7,390,427	8,418,808
Treasury bills redeemed	(7,384,169)	(8,420,175)
Net cash provided from (applied to) financing transactions	<u>2,542,942</u>	<u>1,348,335</u>
INVESTING		
Loan advances and investments	(166,736)	(240,591)
Loan repayments	41,996	39,879
Net cash provided from (applied to) investing transactions	<u>(124,740)</u>	<u>(200,712)</u>
Net cash provided (applied)	878,050	(210,770)
Cash and temporary investments - beginning of period	1,091,452	1,302,222
CASH AND TEMPORARY INVESTMENTS - end of period	<u>1,969,502</u>	<u>1,091,452</u>

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable As at 31 March 2025 with comparative figures for 2024

	2025 (\$000)	2024 (\$000)
Accounts Receivable:		
Due from Government of Canada - note 1	2,269,813	2,496,935
Offshore royalties	269,206	89,926
Tobacco settlement - note 2	138,832	-
Income support overpayments	123,713	111,644
Newfoundland Labrador Liquor Corporation	59,673	48,950
Court fines	58,307	55,955
Miscellaneous/other receivables	33,116	20,112
Due from Newfoundland and Labrador Hydro	25,111	20,033
Fees and licences	20,571	12,367
Newfoundland and Labrador Prescription Drug Program rebate	19,021	10,758
Innovation and Business Development Fund	18,000	24,000
Accident recovery claims	7,614	5,879
Rent and other royalties/permits to occupy	6,449	5,930
Reciprocal billings - medical services	3,960	4,163
Accrued interest	3,322	2,242
Workplace NL	2,756	1,819
Medical care plan audit recoveries	2,674	2,835
Due from municipalities	2,491	1,679
Land expropriations	1,370	10,403
Atlantic Lottery Corporation Incorporated	1,178	5,171
Amounts due as a result of Constituency Allowance review	346	2,488
Province of Newfoundland and Labrador Pooled Pension Fund	195	110
Travel advances	17	27
Total: Accounts Receivable	<u>3,067,735</u>	<u>2,933,426</u>
Taxes Receivable:		
Personal income tax	124,732	102,664
Corporate income tax	99,912	18
Mining and mineral rights tax	51,854	60,888
Sales tax	32,470	153,118
Health and post secondary education tax	15,960	20,275
Gasoline tax	12,100	11,311
Insurance companies tax	11,211	8,658
Cannabis tax	6,836	6,526
Tobacco tax	4,099	5,451
Forest management tax	3,359	3,246
Miscellaneous/other taxes	3,219	2,995
School tax	1,981	8,802
Carbon tax	1,945	2,062
Total: Taxes Receivable	<u>369,678</u>	<u>386,014</u>
Total: Accounts and Taxes Receivable	<u><u>3,437,413</u></u>	<u><u>3,319,440</u></u>

ACCOUNTS AND TAXES RECEIVABLE (continued)

NOTES

1. Due from Government of Canada includes a receivable of \$2.3 billion for 31 March 2025 (31 March 2024 - \$2.5 billion) related to the Atlantic Accord (2019).

2. On March 6, 2025, the Ontario Superior Court of Justice approved a \$32.5 billion settlement agreement under Canada's **Companies' Creditors Arrangement Act** arising from litigation against three major tobacco companies over healthcare-related costs.

The total settlement will be fulfilled through a combination of an upfront payment, with the balance through annual payments. The annual payments will be a percentage of the tobacco companies' net after-tax income each year. For the first five years, the payment rate will be 85% of their net after-tax income. This will decrease in increments of 5% every five years thereafter, declining to 70% in year 16, and continuing until the total remaining proceeds are paid.

Under the terms of the settlement, \$24.7 billion will be payable to the Provinces and Territories of Canada, with the upfront payment being \$6.5 billion. The Province's share of the Provinces' and Territories' portion is 2.1471%, or approximately \$531.0 million. The Province will receive \$138.8 million upfront and the balance will be paid annually over the settlement period. The Province's legal fees related to the settlement are 25% of the gross total settlement proceeds, approximately \$132.7 million, payable as the settlement proceeds are received.

The Province recognized \$138.8 million as revenue for the 2024-25 fiscal year, representing the upfront settlement payment. The remaining balance of the settlement has not been recognized in Public Accounts 2024-25 because of the uncertainty related to the future annual payments. Subsequent revenue will be recognized in future years once there is further certainty of the amounts.

3. The allowance for doubtful accounts for 31 March 2025 is \$172.0 million (31 March 2024 - \$132.2 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Mortgages Receivable As at 31 March 2025 with comparative figures for 2024

	2025	2024
	(\$000)	(\$000)
Crown Agencies - note 4:		
Memorial University of Newfoundland	167,957	175,010
Newfoundland and Labrador Film Development Corporation	6,819	6,819
Total: Crown Agencies	174,776	181,829
Commercial Loans:		
Canada Fluorspar (NL) Inc.	18,044	18,044
Corner Brook Pulp and Paper Limited	128,825	122,666
Cottle's Island Lumber Company Limited	500	-
D.F. Barnes Fabrication Limited	-	200
Doyle, James & Sons Ltd.	-	771
Holson Forest Products Ltd.	7,319	7,319
IC Spa Products Inc.	183	183
Island Seafoods Products Limited	-	125
Newfoundland and Labrador Dairy Cooperative	10,000	-
Newfoundland and Labrador Mobile Shelters Limited	328	367
Other Ocean Group Inc.	84	781
Phocalux International Inc.	902	886
Pumphrey, Gerry	-	537
Shell-Ex (formerly known as Eastern Star Group Canada Inc.)	-	145

CONSOLIDATED REVENUE FUND (UNAUDITED)**LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)**

	2025 (\$000)	2024 (\$000)
Commercial Loans:		
Short, William	-	262
Uncle Phil's Think Tank Inc.	-	75
Wilson, Ronald & Curtis, Kevin	-	354
Total: Commercial Loans	<u>166,185</u>	<u>152,715</u>
Other Loans:		
Municipalities	1,096	630
Student loans	57,696	57,426
Total: Other Loans	<u>58,792</u>	<u>58,056</u>
Sub-Total: Loans, Advances and Mortgages Receivable	399,753	392,600
Less: Discounts due to concessionary terms - note 5	(20,855)	(18,630)
Provision for loan repayments through future appropriations	(5,164)	(3,549)
Total: Loans, Advances and Mortgages Receivable	<u><u>373,734</u></u>	<u><u>370,421</u></u>

NOTES**1. Interest Rates and Loan Terms**

Interest rates on loans range from non-interest bearing to 5% and are repayable over terms not exceeding 30 years.

2. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2025 is \$39.5 million (31 March 2024 - \$41.9 million).

3. Security

Security exists for certain loans that can be accessed in the event of default.

4. Loan Receivable

The Province reopened general debenture 7C and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General debenture 7I was reopened and issued \$300.0 million on 13 April 2021, on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest revenue earned during the year on this loan totaling \$27.5 million is netted against the offsetting interest expense on the debenture debt.

5. Discounts Due to Concessionary Terms on Loans

The discounts due to concessionary terms on loans are the portion of the receivable that represents the difference between the face value and the present value of the loan. The loans are reported at their present value due to the concessionary terms in the loan agreement.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Investments As at 31 March 2025 with comparative figures for 2024

Description of Investment	Net Additions (Disposals)	Balance 31 March 2025		2024
		No. of Shares		
	(\$000)		(\$000)	(\$000)
Preferred Shares:				
Atlantic Ocean Farms Limited - Class A, redeemable	-	289,655	290	290
Blue Line Innovations Inc. - Class B	-	5,000	500	500
Burton's Cove Logging and Lumber	-	4	166	166
Cold Ocean Salmon Inc. - Class A	-	10,000,000	10,000	10,000
Country Ribbon Inc.	-	4,500	4,500	4,500
Gray Aqua Group Ltd. - Class A	-	4,826,836	4,827	4,827
Newfoundland Aqua Services Ltd. - redeemable	(57)	1,124,395	1,124	1,181
Pixecur Technologies Inc. - redeemable	(400)	-	-	400
Shell-Ex - Class A	(350)	-	-	350
Total: Preferred Shares Investments	(807)		21,407	22,214
Common Shares:				
ACF Equity Atlantic Inc.	(2,203)	-	-	2,203
ACZEN Innovations Inc. - Class A	(176)	-	-	176
Administered by Future Fund	40,377	1,262,319	69,637	29,260
Celebrate NL Inc.	-	500	-	-
Clear Risk Inc.	-	168,675	420	420
Consilient Technologies Corporation - Class B	(500)	-	-	500
First Choice Vision Centre Limited - Class B	(24)	2,032	204	228
Hurley Slate Works Company Inc. - Class B	-	400	400	400
Jackman Brand Marketing Inc. - Class B	(125)	-	-	125
Marble Mountain Development Corporation	-	500	-	-
Marine Industrial Lighting Systems	(500)	-	-	500
Newfoundland and Labrador Hydro	-	122,500,018	110,187	110,187
NavSim Technologies	-	5,000	500	500
Newfoundland and Labrador Film Development Corporation	-	600	-	-
Newfoundland Hardwoods Limited	-	253	25	25
Northern Radar Inc. - Class C	-	3,749	375	375
Rooms Corporation of Newfoundland and Labrador Inc.	-	500	-	-
Trans Ocean Gas Inc.	-	18,000	90	90
Virtual Marine Technology Inc.	-	305,921	991	991
Total: Common Shares Investments	36,849		182,829	145,980

CONSOLIDATED REVENUE FUND (UNAUDITED)

INVESTMENTS (continued)

			Balance 31 March 2025	2024
Description of Investment	Net Additions (Disposals)	No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
Non-Share Equity:				
Administered by Future Fund	85,114	-	266,965	181,851
Newfoundland and Labrador Hydro	-	-	4,738,898	4,738,898
Newfoundland and Labrador Housing Corporation	-	-	62,852	62,852
Newfoundland and Labrador Venture Capital Fund	176	-	9,535	9,359
Atlantic Canada Regional Venture Fund LP	(5,144)	-	3,220	8,364
Sandpiper Ventures Fund LP	91	-	634	543
Sandpiper Ventures Fund II LP	392	-	392	-
Pelorus Venture Capital General	1,382	-	6,288	4,906
Total: Non-Share Equity Investments	82,011	-	5,088,784	5,006,773
Sub-Total: Investments	118,053		5,293,020	5,174,967
Less: Discounts due to concessionary terms - note 2	-		-	-
Total: Investments	118,053		5,293,020	5,174,967

NOTES

1. Allowance for Investment Write-downs

The allowance for investment write-downs for 31 March 2025 is \$7.4 million (31 March 2024 - \$11.3 million).

2. Discounts Due to Concessionary Terms on Investments

The discounts due to concessionary terms on investments are the portion of the investments that represents the difference between the cost and the present value of the investment. The investments are reported at their present value due to the concessionary terms in the investment agreements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Other Liabilities As at 31 March 2025 with comparative figures for 2024

	2025 (\$000)	2024 (\$000)
Due to Government of Canada - note 1	1,018,029	1,079,671
Public private partnerships - note 2	551,734	437,759
Taxes payable - note 3	356,514	486,952
Asset retirement obligation	320,028	319,646
Accrued interest	307,044	266,200
Accounts payable write-backs	295,453	185,241
Accrued salaries and employee benefits - note 4	270,786	278,529
Contaminated sites	264,605	249,819
Self-insured workers' compensation benefits - note 5	60,862	60,965
Accounts payable - other - note 6	56,271	25,863
Special purpose funds - note 7	49,923	48,914
Contractors' holdbacks	28,695	22,069
Physician services	19,041	20,521
Offshore royalties	18,983	21,841
Reciprocal billing-hospital services payable	11,679	11,586
Capital leases - note 8	4,553	9,132
Total: Other Liabilities	<u>3,634,200</u>	<u>3,524,708</u>

NOTES

1. Due to Government of Canada

This amount is comprised of \$800.0 million for the Atlantic Accord (2019) (31 March 2024 - \$800.0 million), \$193.3 million for an Equalization loan (31 March 2024 - \$220.0 million), \$23.5 million for a RCMP policing service contract (31 March 2024 - \$22.2 million) and \$1.2 million for other Federal programs (31 March 2024 - \$37.5 million).

2. Public Private Partnerships

Interest rates for public private partnerships range from 3.27% to 3.85% and have repayment schedules with durations of 25 to 30 years.

3. Taxes Payable

Taxes payable is comprised of \$298.8 million for corporate income tax (31 March 2024 - \$466.8 million), \$38.0 million for HST (31 March 2024 - nil) and \$19.7 million for other taxes (31 March 2024 - \$20.2 million).

OTHER LIABILITIES (continued)

4. Accrued Salaries and Employee Benefits

Accrued salaries and employee benefits consists of \$5.2 million for severance (31 March 2024 - \$5.4 million), \$73.4 million for paid/annual leave (31 March 2024 - \$73.2 million), \$83.7 million for salaries (31 March 2024 - \$90.5 million), \$102.5 million for sick leave (31 March 2024 - \$105.5 million), and \$6.0 million for other benefits (31 March 2024 - \$3.9 million).

5. Self-Insured Workers' Compensation Benefits

The amount of \$60.9 million relates to the self-insured workers' compensation benefits liability as at 31 March 2025 (31 March 2024 - \$61.0 million). During the 2022-23 fiscal year, an actuarial valuation as of 31 December 2022, with disclosures as at 31 March 2025, was obtained for the Province's self-insured workers' compensation benefits.

6. Accounts Payable - Other

Accounts payable - other includes a payable of \$34.7 million for 31 March 2025 (31 March 2024 - nil) related to the tobacco settlement. Legal fees in relation to the tobacco settlement are 25% of the gross settlement proceeds, payable by the Province as the settlement proceeds are recovered. At 31 March 2025, the upfront settlement payment of \$138.8 million has been recorded as revenue and receivable, with 25% of this amount, or \$34.7 million, in relation to legal fees for the settlement recorded as accounts payable - other and professional services expense.

7. Special Purpose Funds

Included in this schedule are funds totalling \$49.9 million (31 March 2024 - \$48.9 million) considered to be special purpose funds whereby payments are made specifically for these purposes. Pursuant to Section 22(a) of the **Financial Administration Act**, appropriations are not required for these payments.

8. Capital Leases

Interest rates for all capital leases range from 1.77% to 8.90% and have repayment schedules ranging from 1 month to 4 years.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Debenture and Other Debt As at 31 March 2025 with comparative figures for 2024

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding		Notes
						2025	2024	
				(000)	(\$000)	(\$000)	(\$000)	
General Debentures:								
E001	04 Oct. 2024	04 Dec. 2034	3.07	(€50,000)	1,178	77,700	-	1(a,f)
E002	19 Dec. 2024	19 Dec. 2033	0.80	(£100,000)	-	162,650	-	1(a,g)
6B	07 Jul. 1995	07 Jul. 2025	9.15		51,773	100,000	100,000	1(a)
6C	05 Feb. 1996	05 Feb. 2026	8.45		74,671	150,000	150,000	1(a)
6F	17 Apr. 1998	17 Apr. 2028	6.15		246,868	450,000	450,000	1(a)
6H	27 Jul. 1999	17 Oct. 2029	6.50		110,559	200,000	200,000	1(a)
6K	30 Jun. 2000	17 Oct. 2030	6.55		229,615	450,000	450,000	1(a)
6R	12 Jun. 2003	17 Oct. 2033	5.60		133,386	300,000	300,000	1(a)
6T	21 Sep. 2004	17 Oct. 2035	5.70		122,989	300,000	300,000	1(a)
6U	28 Nov. 2006	17 Apr. 2037	4.50		149,391	350,000	350,000	1(a)
6V	15 May 2007	17 Oct. 2040	4.65		248,479	650,000	650,000	1(a)
6Q	16 Aug. 2002	17 Oct. 2042	6.24		48,215	250,000	250,000	1(a)
6W	18 Mar. 2015	02 Jun. 2025	2.30		-	1,050,000	1,050,000	1(a)
6X	24 Jul. 2015	17 Oct. 2046	3.30		-	2,050,000	2,050,000	1(a)
6Z	18 Mar. 2016	02 Jun. 2026	3.00		-	1,000,000	1,000,000	1(a)
7C	07 Dec. 2016	17 Oct. 2048	3.70		-	750,000	750,000	1(b)
7D	24 Nov. 2017	02 Jun. 2028	2.85		-	1,250,000	1,250,000	1(a)
7G	04 Mar. 2019	02 Jun. 2029	2.85		-	1,000,000	1,000,000	1(a)
7H	12 Sep. 2019	17 Oct. 2050	2.65		-	1,900,000	1,900,000	1(a)
7I	18 Aug. 2020	02 Jun. 2030	1.75		-	700,000	700,000	1(b)
7J	09 Dec. 2020	02 Jun. 2030	1.25		-	500,000	500,000	1(a)
7K	21 Sep. 2021	02 Jun. 2031	2.05		-	900,000	900,000	1(a)
7L	19 Oct. 2021	02 Dec. 2052	3.15		-	750,000	750,000	1(a)
7M	08 Nov. 2022	17 Oct. 2027	3.85		34,478	1,400,000	1,400,000	1(a)
7N	19 Dec. 2022	17 Oct. 2054	4.10		27,916	1,500,000	900,000	1(a)
7O	09 Jun. 2023	02 Jun. 2033	4.15		23,690	900,000	900,000	1(a)
7P	05 Jul. 2024	17 Oct. 2055	4.60		7,685	900,000	-	1(a)
7Q	02 Oct. 2024	02 Dec. 2034	3.85		6,107	1,065,000	-	1(a)
Total: General Debentures					1,517,000	21,055,350	18,250,000	
Other:								
Treasury bill borrowings					-	1,161,719	1,155,461	1(c)
Total: Other					-	1,161,719	1,155,461	

CONSOLIDATED REVENUE FUND (UNAUDITED)

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding	
					2025	2024
				(\$000)	(\$000)	(\$000)
Government of Canada and Other:						
Canada Pension Plan Investment Fund						
Debentures - note 1(d)						
3A-348 to 3A-02 Apr. 2004 to 02	02 Apr. 2024 to	5.36 to	-	-	-	47,146
356 Jan. 2005 02 Jan. 2025		5.92				
3A-357 to 3A-01 Apr. 2005 to 03	01 Apr. 2025 to	4.91 to	-	23,987	23,987	23,987
359 Jun. 2005 03 Jun. 2025		5.34				
Total: Canada Pension Plan Investment Fund Debentures			-	-	23,987	71,133
Sun Life Assurance Company of Canada - see note 1(e)			-	-	19,067	23,311
NLSchools		1.35 to prime + 1	-	-	8,132	14,241
Total: Other			-	-	27,199	37,552
Total: Government of Canada and Other			-	-	51,186	108,685
Total: Debenture and Other Debt			1,517,000	22,268,255	19,514,146	
Current portion of Debenture and Other Debt					2,490,280	1,206,851
Long-term portion of Debenture and Other Debt					19,777,975	18,307,295
					22,268,255	19,514,146

DEBENTURE AND OTHER DEBT (continued)

NOTES

1. Details of Debt Issues

- a) Non-callable.
- b) Non-callable. General debenture 7C was reopened and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General Debenture 7I was reopened and issued \$300.0 million on 13 April 2021, on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest expense on the debenture debt totaling \$27.5 million is netted against the offsetting interest revenue on the loan receivable.
- c) This amount represents the net proceeds from the sale of \$1.162 billion discounted treasury bills with maturity dates ranging from 3 April 2025 to 26 June 2025 and interest rates ranging from 2.612% to 3.145%.
- d) Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the **Canada Pension Plan Investment Board Act**, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund from March 1999 to June 2005. Commencing July 2005, Canada Pension Plan borrowings have not been rolled over and have been allowed to mature.
- e) Sun Life Assurance Company of Canada represents the secured creditors of the Exploits River Hydro Partnership per Section 10.(2) of the **Abitibi Consolidated Rights and Assets Act**. The secured creditors of the Exploits River Hydro Partnership include Industrial Alliance Life Insurance, Manufacturers Life Insurance Company of Canada and Sun Life Assurance Company of Canada. This loan is repayable in blended quarterly installments of principal and interest, at an interest rate of 7.552%, maturing 31 December 2028.
- f) Series E001 is a 50.0 million Euro note that has been hedged with the Royal Bank of Canada through a cross-currency basis swap. The Province's payments will be in Canadian dollars for the entire duration of the debt. The interest rate on the Canadian dollar portion of the derivative is 3.918%. The first interest payment occurred on 4 December 2024 in the amount of \$0.5 million. Further payments will be made semi-annually on 4 December and 4 June for \$1.5 million. At maturity, the entire \$75.2 million in Canadian dollars will be repaid.
- g) Series E002 is a 100.0 million Swiss Franc note that has been hedged with Canadian Imperial Bank of Commerce through a cross-currency basis swap. The Province's payments will be in Canadian dollars for the entire duration of the debt. The interest rate on the Canadian dollar portion of the derivative is 3.920%. Interest payments will be made semi-annually, beginning on 19 June 2025 for \$3.1 million. At maturity, the entire \$159.0 million in Canadian dollars will be repaid.

DEBENTURE AND OTHER DEBT (continued)

2. Sinking Fund Balance

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

The Sinking Fund Assets consist of:

	31 March 2025	31 March 2024
	(\$mil)	(\$mil)
Investments	1,188.9	952.9
Amortization of bond discount	143.9	183.0
Investments	1,332.8	1,135.9
Cash and receivables less accounts payable	184.2	196.0
Net Sinking Fund Assets - translated at 31 March	<u>1,517.0</u>	<u>1,331.9</u>

The net sinking fund assets balance of \$1,517.0 million Canadian dollars as at 31 March 2025 includes \$92.6 million U.S. dollar assets translated to \$133.1 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of \$1,331.9 million Canadian dollars as at 31 March 2024 includes nil U.S. dollar assets.

DEBENTURE AND OTHER DEBT (continued)

3. Borrowings

Borrowings by major currency, sinking funds and unamortized premiums (discounts) and issuance fees as at 31 March 2025 are noted below.

Major Currencies	Foreign Borrowings (000)	Exchange Rate	Canadian (\$000)	Unamortized Premiums/ (Discounts) and Issuance Fees (\$000)	Net (\$000)
Euros	€50,000	1.554	77,700	-	77,700
Swiss Francs	₣100,000	1.6265	162,650	-	162,650
Canadian			22,027,905	-	22,027,905
	Sub-total		22,268,255	-	22,268,255
	Foreign sinking funds		(133,139)	-	(133,139)
	Canadian sinking funds		(1,383,861)	-	(1,383,861)
	Sub-total		20,751,255	-	20,751,255
	Unamortized premiums (discounts) and issuance fees			(471,174)	(471,174)
	Total			(471,174)	20,280,081

4. Contributions and Repayment Requirements

Sinking fund contributions and long term debt repayments, by major currency, in Canadian dollars are as follows. The total contributions and repayment requirements differ from the total debt outstanding due to reconciling items such as treasury bills, foreign exchange adjustments between 31 March 2025 and the maturity dates, and projected adjustments for sinking fund values at maturity.

	Euros (\$000)	Swiss Francs (\$000)	Canadian (\$000)	Total (\$000)
2025-2026	1,127	2,385	2,483,338	2,486,850
2026-2027	1,127	2,385	1,127,384	1,130,896
2027-2028	1,127	2,385	1,926,078	1,929,590
2028-2029	1,127	2,385	1,502,680	1,506,192
2029-2030	1,127	2,385	1,147,216	1,150,728
2030-2056	66,955	145,289	10,147,525	10,359,769
	<u>72,590</u>	<u>157,214</u>	<u>18,334,221</u>	<u>18,564,025</u>
Plus: Sinking Fund Values at Maturity				5,430,541
Less: Sinking Fund Contributions				(1,726,311)
				<u>22,268,255</u>

No foreign exchange gain or loss has been recognized on the Statement of Operations as at 31 March 2025.

DEBENTURE AND OTHER DEBT (continued)

5. Interest Expense

The gross interest expense associated with debenture and other debt, recognized for 31 March 2025, amounted to \$846.4 million (31 March 2024 - \$766.8 million).

6. Related Sinking Fund Investments

At year end, the Province held \$338.3 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2024 - \$401.0 million) which are reflected in the sinking fund balances disclosed in note 3 above. These were comprised of \$338.3 million in Canadian investments.

7. Risk Disclosure

The Province is exposed to risks related to its financial instruments. These include credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and other price risk). The Province has risk management strategies in place to mitigate these risks. There was no significant change in the Government's exposure to these risks or its processes for managing these risks from the prior year.

A derivative is a financial instrument or contract in which the value is derived from the underlying asset, commodity or index. Government uses derivatives in order to minimize the risks associated with foreign exchange transactions and interest rate changes. Derivatives are not used for speculative purposes. Because of this, Government does not terminate derivative contracts before maturity and realize gains or losses on early contract termination.

Credit Risk

Credit risk is the risk of financial loss caused by one party to another party by failing to meet contractual obligations. This risk arises most frequently in relation to cash and temporary investments, derivative financial instruments, receivables, and loans, investments, and advances held by the Province. This risk is mitigated by the fact that a significant portion of amounts receivable are associated with the Government of Canada; therefore, collection of these amounts is reasonably assured. Other receivables held by the Province are associated with services provided to a large and diversified cross-section of residents, customers, and other entities. This diversification minimizes the concentration of credit risk exposure associated with any particular individual, company, or other entity.

Credit risk is measured through monitoring and evaluation of receivables and loans, investments, and advances balances. If the evaluations indicate the other party may be unable to meet their obligations, the Province will recognize an allowance for doubtful accounts. Such allowances are disclosed in Schedule A, Schedule B and Schedule C of the financial statements. Receivables and advances, taxes receivable, loans receivable, and investments include amounts that are past due but not considered to be impaired. Security also exists for certain commercial loans issued that can be accessed in the event of default, further minimizing risk. Credit risk exposure in relation to investments held by the Province is limited by monitoring and investing in securities with high credit quality based on established investment policies, and utilizing approved brokers for investment transactions. The carrying value of the financial assets subject to this risk represents the maximum credit exposure at year end.

For derivative financial instruments, risk is managed by Government through dealing only with counterparties that have good credit ratings as determined by Standard & Poor's (S&P) or Moody's. At March 31, 2025, all current derivative contracts are with counterparties that have at least a S&P rating of A, and a Moody's rating of A1.

Liquidity Risk

Liquidity risk is the risk that a party cannot meet its short-term debt obligations. Exposure to liquidity risk is managed by distributing debt maturities over a range of years and terms, maintaining sinking funds for the repayment of certain long-term debt issues, and, based on cash flow monitoring and forecasting, holding adequate cash reserves or short-term borrowings as contingent sources of liquidity. A maturity analysis of borrowings is disclosed in Schedule E, note 4 of the financial statements. Accounts payable are short term in nature, with payment generally due within 30 days after receipt of goods and services and the related invoice.

DEBENTURE AND OTHER DEBT (continued)

Market Risk

Market risks arise with the fluctuation of market prices that are associated with the fair value or future cash flows of a financial instrument. Market risk is comprised of foreign exchange rate risk, interest rate risk and other price risk.

Foreign Exchange Risk

Foreign exchange rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in foreign exchange rates on foreign currency denominated assets held by the Province. The Province is primarily exposed to foreign exchange risk on its general debt. For debt issued in foreign currencies, the Province effectively converts this debt into Canadian dollar debt through the use of cross-currency basis swaps. At March 31, 2025, the Province held two series of debt issued in foreign currency. These contracts have both been hedged for risk through the use of cross-currency basis swaps with counterparties to effectively convert the debt into Canadian dollars. At March 31, 2025, all of the Province's gross debt in foreign currencies is effectively denominated in Canadian dollars.

These hedges involve Swiss Francs and Euros being converted into Canadian dollars. The terms of these contracts range from 9 to 10 years, with interest rates ranging from 3.918% to 3.920% semi-annually. The notional amount of these loans is \$234.2 million.

Interest Rate Risk

Interest rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market interest rates. The Province manages this risk by setting asset mix guidelines and monitoring assets to limit (1) the total proportion of funds invested in fixed income instruments that are subject to interest rate risk, and (2) the extent to which fixed income assets need to be sold prior to maturity to meet ongoing obligations, which could potentially trigger a capital loss to the Province. At March 31, 2025, \$47.7 million (2024 - \$43.7 million) of the sinking fund assets and \$66.8 million (2024 - \$43.8 million) of the future fund assets were held in floating rate investments. The Province's outstanding debt is structured such that a high degree of its debt is long-term with fixed interest rates and fixed repayment terms with limited exposure to floating rate debt obligations. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. A 1% increase/decrease in interest rates would increase/decrease annual interest expense by nil (2024 - \$0.5 million) based upon the impact of refinancing the current portion only. At March 31, 2025, there were no borrowings held in floating rate notes.

Changes in the interest rate in the market will affect the derivative asset or liability that Government reports at year end. A 1% increase (decrease) in European rates will result in changes in the present value of \$6.7 million decrease (\$7.4 million increase) in the European leg of the derivative. A 1% increase (decrease) in the Swiss Franc rates will result in changes in the present value of \$15.4 million decrease (\$17.0 million increase) in the Swiss Franc leg of the derivative. A 1% increase (decrease) in Canadian rates will result in changes in the present value of \$6.3 million decrease (\$6.9 million increase) in the Canadian legs of the Euro derivative, and \$13.3 million decrease (\$14.6 million increase) in the Canadian leg of the Swiss Franc derivative.

Other Price Risk

Other price risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market prices that do not arise from foreign exchange risk or interest rate risk. The Province is exposed to other price risk through its investments traded in an active market, however, such risk is minimal given limited holdings and investment concentration. At March 31, 2025, a 1% increase/decrease in the fair value of equity investments held in sinking funds and the future fund would result in a \$3.2 million (2024 - \$1.8 million) increase/decrease in the value of the investment assets.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt As at 31 March 2025 with comparative figures for 2024

	Limit of Guarantee	Contingent Liability	
		2025	2024
	(\$000)	(\$000)	(\$000)
Guaranteed Debentures - note 7:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Glenwood	122	116	113
Harbour Breton	334	275	268
Harbour Grace	182	182	178
Placentia	405	108	105
Wabana	56	30	29
	<u>1,099</u>	<u>711</u>	<u>693</u>
Crown Corporations - note 2:			
Newfoundland and Labrador Health Services	98,976	98,976	101,092
Newfoundland and Labrador Hydro	1,088,057	1,088,057	1,154,525
	<u>1,187,033</u>	<u>1,187,033</u>	<u>1,255,617</u>
Guaranteed Bank Loans - note 7:			
Crown Corporations:			
Newfoundland and Labrador Health Services	20,000	20,000	20,000
Marble Mountain Development Corporation	2,087	2,087	1,714
	<u>22,087</u>	<u>22,087</u>	<u>21,714</u>
Fisheries - note 3:			
Anchor Point Enterprises Limited	-	-	609
Atlantic Providence Inc.	2,805	561	748
Atlantic Retriever Limited	700	182	233
Bears Cove Fisheries Limited	-	-	150
Dempster's Fisheries Limited	1,148	112	170
Garrett Mulrooney	531	130	170

GUARANTEED DEBT (continued)

	Limit of Guarantee (\$000)	Contingent Liability	
		2025 (\$000)	2024 (\$000)
Guaranteed Bank Loans:			
Fisheries - note 3:			
Janica II Enterprise Limited	-	-	58
John W. Brazil	276	74	93
Keith Bowen	996	219	315
Northern Auk Fisheries Limited	638	43	170
P & G Sea Harvestors Limited	1,190	642	642
RB Fisheries Limited	-	-	348
Sam Tooktoshina Kraken Catches Ltd.	935	935	889
TPJH Fisheries Limited	323	99	124
	<u>9,542</u>	<u>2,997</u>	<u>4,719</u>
Corporate:			
Fogo Island Co-operative Society Limited	1,500	-	-
	<u>1,500</u>	<u>-</u>	<u>-</u>
Other Bank Loans:			
Consumer Protection Fund for Prepaid Funeral Services	200	-	-
	<u>200</u>	<u>-</u>	<u>-</u>
Other Guarantees:			
Small Business Loan Guarantee Pilot Program - note 4:			
Benjake Enterprise Inc.	75	75	-
Danny Keats O/A Danny's Air Bus	109	109	-
Keith Patey	68	68	-
MP Power & Associates Limited	250	250	-
West Coast Automotive Limited	56	56	-
	<u>558</u>	<u>558</u>	<u>-</u>
	<u>1,222,019</u>	<u>1,213,386</u>	<u>1,282,743</u>

CONSOLIDATED REVENUE FUND (UNAUDITED)

GUARANTEED DEBT (continued)

NOTES

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 down payment and less any receipted Provincial subsidy.

Contingent 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 would be 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.

2. Debenture Issues with Crown Corporations

	Principal Amount of Debentures Outstanding	Accrued Interest	Value of Sinking Fund	Contingent Liability
	(\$000)	(\$000)	(\$000)	(\$000)
Newfoundland and Labrador Health Services				
- Canadian Funds	130,000	2,605	33,629	98,976
Newfoundland and Labrador Hydro				
- Canadian Funds	1,225,000	11,814	392,757	844,057
- Promissory Notes	244,000	-	-	244,000
	1,469,000	11,814	392,757	1,088,057

3. 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. For guarantees issued prior to 1 June 2012, the Province's contingent liability under each individual guarantee is determined as being limited to the lesser of the term loan or 20% of the aggregate of all term loans made by the Bank less the total of all claims paid to the Bank by the Province with respect to these loans. The Fisheries Loans Guarantee Program guidelines were amended effective 1 June 2012 such that all new guarantees issued from that date forward are fully guaranteed by the Province.

For the fiscal year ended 31 March 2025, the Province's contingent liability with respect to these guarantees is \$3.0 million (31 March 2024 - \$4.7 million).

4. Small Business Loan Guarantee Pilot Program

The Small Business Loan Guarantee Pilot Program was formed by agreement on 6 July 2023 under the authority of the **Crown Guarantee and Loan Act**. The purpose of the program is to guarantee loans to eligible small business applicants. The Province guarantees repayment of the funds received.

GUARANTEED DEBT (continued)

5. Payments under Guarantee

Payments under guarantee for 31 March 2025 is nil (31 March 2024 - nil).

6. Valuation Allowance

The provision for guaranteed debt for 31 March 2025 is nil (31 March 2024 - nil).

7. General Terms and Conditions

Guaranteed debentures and guaranteed bank loans have maturity dates ranging from February 2026 to December 2045 at interest rates varying from 3.6% to 11.45%.

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