

Deputy Prime Minister
and Minister of Finance



Vice-première ministre
et ministre des Finances

Ottawa, Canada K1A 0A2

2021FIN507190

July 28 2021

The Honorable Andrew Furey
Premier
Government of Newfoundland and Labrador
Office of the Premier
Confederation Building, East Block
PO Box 8700
St. John's, NL
A1B 4J6

Dear Premier Furey,

I would first like to recognize your leadership and collaboration in recent months as we continue to build an economy that works for everyone. We remain committed to working with you on all issues, including those of shared interest to all Newfoundlanders and Labradorians.

In light of the unique challenges of the Province's fiscal position, the Government of Canada is committed, subject to approval by Parliament, to make annual transfers to the Province of an amount equivalent to Canada's annual net revenue from the Hibernia Net Profit Interest (NPI) and Incidental Net Profit Interest (INPI) agreements. These annual transfers would provide the province with fiscal room needed to meet its objectives and would also serve to reinforce the two governments' longstanding agreement that the Province is to be the principal beneficiary of offshore oil and gas development in the jointly managed offshore area.

Based on future forecasts of NPI and INPI revenues, currently valued at approximately \$3.2 billion until 2047, it is my expectation that these annual transfers will assist the Province over the longer term to address its priorities as it works to chart a sustainable fiscal path going forward.

Canada

I am seeking your concurrence with this commitment. Should you concur, I will instruct my officials to begin engaging immediately with yours to develop a detailed intergovernmental agreement for appropriate approvals by both governments.

Sincerely,

Original signed by

The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance