



Province of Newfoundland and Labrador

Public Accounts

Volume II

Consolidated Revenue Fund Financial Statements

**For The Year Ended
31 March 2003**

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INTRODUCTION

The *Financial Administration Act* requires that all revenues over which the Legislature has power of appropriation shall form one Consolidated Revenue Fund. The financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador are presented through the publication of the Public Accounts, Volume II.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Board standards of the Canadian Institute of Chartered Accountants, and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General and are audited by the Auditor General, who presents an annual report to the House of Assembly on the results of his audit. Comparisons are made to the Estimates.

The Public Accounts for the year ended 31 March 2003 consists of three other volumes:

Volume I - Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are owned or controlled by, and accountable to, the Government of Newfoundland and Labrador.

Volume III - Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

Volume IV - Financial Statements of Crown Corporations, Boards and Authorities presents a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities.

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

Internet Address

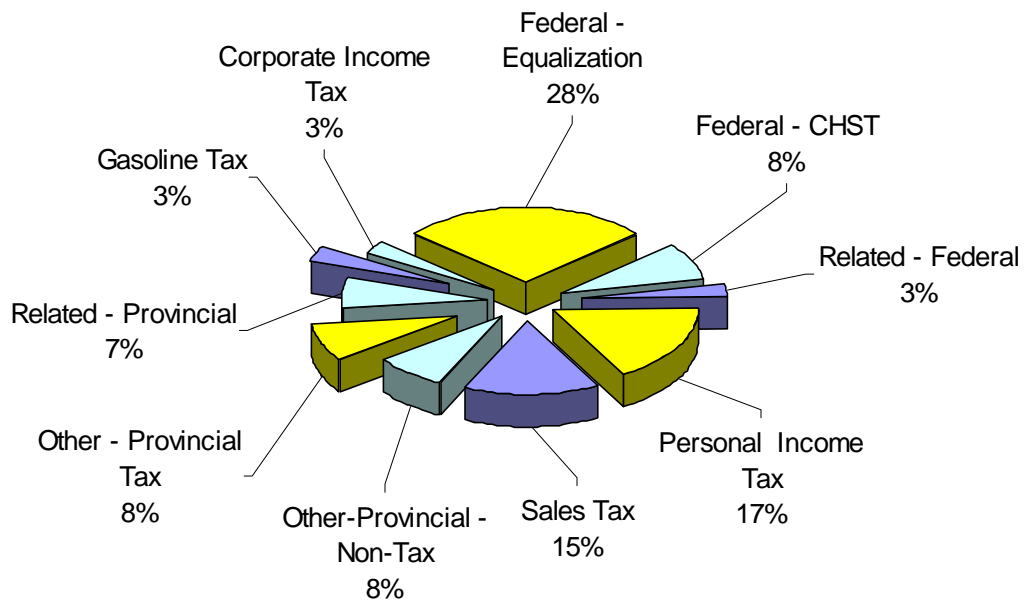
The Public Accounts are available on the Internet at:
<http://www.gov.nl.ca/ComptrollerGeneral/publications.htm>

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Revenue

Total revenue was \$3.92 billion in 2002-2003 which consisted of federal revenues of \$1.52 billion and provincial revenues of \$2.40 billion.

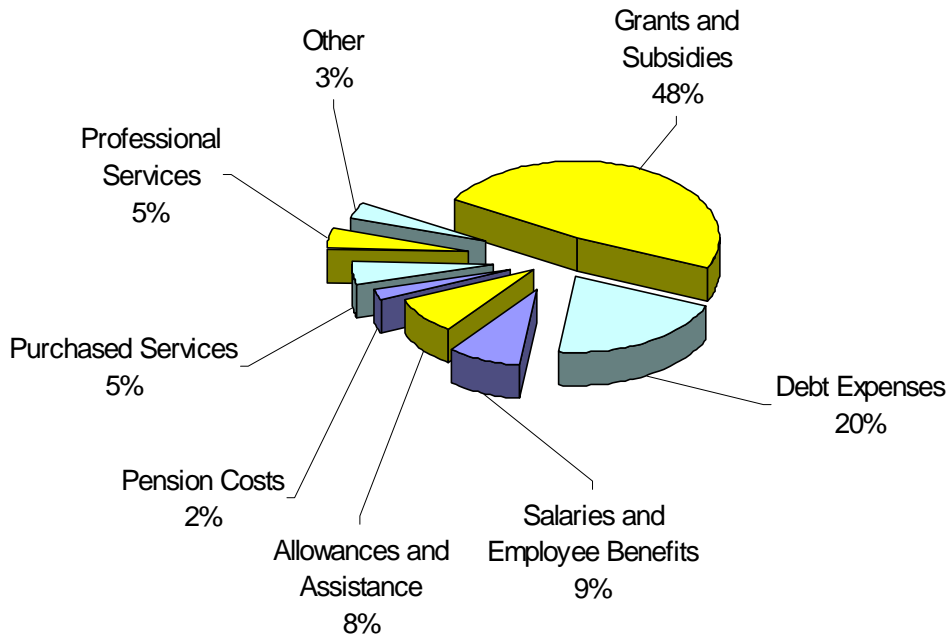
Revenue by source - 31 March 2003



Expenditure

Total expenditure was \$4.43 billion in 2002-2003. Grants and subsidies of \$2.13 billion and debt expenses of \$0.91 billion represented 68% of this amount.

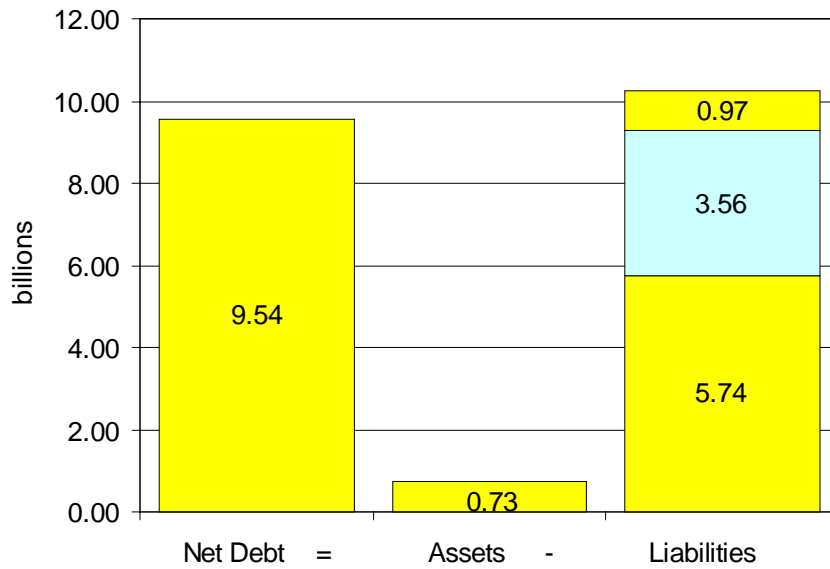
Expenditure by category - 31 March 2003



Financial Position

Net Debt of \$9.54 billion consisted of \$10.27 billion in liabilities less \$0.73 billion in assets.

Statement of Financial Position - 31 March 2003



Liabilities are comprised of the following:

- Net borrowings of \$5.74 billion
- Unfunded pension liability of \$3.56 billion
- Other liabilities of \$0.97 billion

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GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

TREASURY BOARD SECRETARIAT

OFFICE OF THE COMPTROLLER GENERAL

CONFEDERATION BUILDING
ST. JOHN'S

05 September 2003

STATEMENT OF RESPONSIBILITY

These summary financial statements of the Consolidated Revenue Fund are prepared in accordance with the requirements of the *Financial Administration Act* based upon information provided by the various Government departments. Where necessary, the information included in these summary financial statements is based upon best estimates and judgement, taking into account materiality of the amounts. The summary financial statements in this volume include a Statement of Financial Position, a Statement of Net Debt, a Statement of Revenue and Expenditure, a Statement of Changes in Financial Position and notes. Other schedules and notes that are included also form an integral part of these statements. Together they present fairly, in all material respects, the financial position of the Province's Consolidated Revenue Fund as at 31 March 2003 and the results of operations for the year then ended.

RONALD A. WILLIAMS, C.A.
Comptroller General

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OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the House of Assembly
Province of Newfoundland and Labrador

I have audited the statement of financial position of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador as at 31 March 2003 and the statements of net debt, revenue and expenditure, and changes in financial position for the year then ended. These financial statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Consolidated Revenue Fund as at 31 March 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

The accompanying financial statements have been prepared to present the results of the Consolidated Revenue Fund in relation to its budget for the year ended 31 March 2003. Significant financial activities of Government occur outside the Consolidated Revenue Fund. Most of these activities together with those of the Consolidated Revenue Fund are included in the consolidated summary financial statements of the Province. For this reason, the consolidated summary financial statements provide a more comprehensive accounting of the financial position and results of Government operations. A separate Auditor's Report is provided on the consolidated summary financial statements for the year ended 31 March 2003.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
05 September 2003

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position As at 31 March 2003 with comparative figures for 2002

	2003	2002
	(\$000)	(\$000)
ASSETS		
Temporary investments at cost - note 2	376,910	375,054
Government of Canada - claims in process - note 3	29,783	37,638
Sch. A Accounts and taxes receivable	298,086	288,852
Less: Allowance for doubtful accounts	93,162	92,653
	204,924	196,199
Prepaid expenses	1,165	8,085
Sch. B Loans, advances and mortgages receivable	167,187	199,637
Less: Allowance for doubtful accounts	124,405	167,429
	42,782	32,208
Sch. C Investments at cost	85,732	85,732
Less: Allowance for investment writedowns	10,305	10,400
	75,427	75,332
Sch. D Tangible capital assets	-	-
Total Assets	730,991	724,516
NET DEBT		
Net Debt	9,536,667	9,028,529
Total Assets and Net Debt	10,267,658	9,753,045
LIABILITIES		
Sch. E Other liabilities	967,778	924,010
Sch. F Debenture and other debt	6,688,818	6,706,953
Less: Sinking fund assets - note 4	772,646	962,954
Less: Unamortized unrealized foreign exchange losses - note 5	173,098	307,448
	5,743,074	5,436,551
Unfunded pension liability - note 7	3,556,806	3,392,484
Total Liabilities	10,267,658	9,753,045

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Net Debt For the year ended 31 March 2003 with comparative figures for 2002

	2003	2002
	(\$000)	(\$000)
Net debt - beginning of year	9,028,529	8,642,901
Add (Deduct):		
Pension plan changes	-	392
Self-insured workers' compensation benefits - note 14	-	24,754
Unamortized unrealized foreign exchange loss - note 15(a)	-	(11,971)
Adjusted net debt - beginning of year	9,028,529	8,656,076
Add:		
Net expenditure over revenue - note 15	508,138	372,453
Net debt - end of year	9,536,667	9,028,529

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Revenue and Expenditure For the year ended 31 March 2003 with comparative figures for 2002

	Actuals 2003	Original Estimates 2003	Actuals 2002
	(\$000)	(\$000)	(\$000)
REVENUE:			
Provincial			
Tax Revenue			
Sales	589,998	561,500	556,368
Personal income	671,419	611,000	607,164
Gasoline	135,926	132,700	131,624
Corporate income	108,645	58,200	54,906
Other	312,772	251,045	258,274
Non-tax revenue	314,939	406,740	286,389
Related revenue	268,197	301,848	344,159
Government of Canada			
Equalization	1,085,963	1,158,015	1,117,374
Canada Health and Social Transfer	312,868	340,896	333,805
Other	1,700	1,754	1,754
Related revenue	115,363	135,025	127,208
Total Revenue	3,917,790	3,958,723	3,819,025
EXPENDITURE:			
Salaries	329,970	387,300	314,227
Employee benefits	47,591	102,365	45,715
Pension costs	95,771	-	2,620
Transportation and communications	37,574	38,788	37,440
Supplies	58,283	53,187	54,305
Professional services	203,994	211,779	198,386
Purchased services	218,164	241,565	249,717
Property, furnishings and equipment	14,964	14,388	49,245
Loans, advances and investments	-	4,222	-
Allowances and assistance	351,558	351,023	343,348
Grants and subsidies	2,128,050	2,020,948	1,984,570
Debt expenses	905,087	601,478	874,563
Information technology	26,690	24,994	26,018
Bad debt expenses	8,232	-	11,324
Total Expenditure	4,425,928	4,052,037	4,191,478
Net expenditure over revenue	(508,138)	(93,314)	(372,453)
Surplus (Deficit) on current account	(406,624)	13,286	(179,411)
Surplus (Deficit) on capital account	(101,514)	(106,600)	(193,042)
	(508,138)	(93,314)	(372,453)

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Changes in Financial Position For the year ended 31 March 2003 with comparative figures for 2002

	2003	2002
	(\$000)	(\$000)
Funds provided from (applied to):		
Operations		
Net expenditure over revenue	(508,138)	(372,453)
Add (deduct) non-cash items:		
Amortization of foreign exchange losses	23,519	13,999
Pension costs	312,821	187,186
Valuation allowances	(4,853)	(2,273)
Sinking funds	14,017	81,790
Other	104,513	34,404
April writebacks	(42,710)	50,169
	(100,831)	(7,178)
Financing		
Debt issued	450,000	400,000
Debt retirement	(180,027)	(299,803)
Special purpose funds/contractors' holdback funds	2,955	2,091
Deferred revenue	-	(17,438)
Treasury bills redeemed	(3,506,850)	(2,904,309)
Treasury bills purchased	3,505,816	3,010,664
Sinking fund contributions	(39,907)	(49,164)
Retirement of pension liabilities	(148,500)	(143,500)
Wind up of voluntary sinking funds	39,972	63,489
	123,459	62,030
Investing		
Loan repayments	6,577	9,459
Loan advances	(4,781)	(3,712)
	1,796	5,747
Net cash provided (applied)	24,424	60,599
Cash and temporary investments, beginning of year	341,079	280,480
Cash and temporary investments, end of year	365,503	341,079

The reporting entity pertaining to this financial statement is the Consolidated Revenue Fund of the Province of Newfoundland and Labrador.

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Financial Statements For the year ended 31 March 2003

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of the Consolidated Revenue Fund. Pursuant to the *Financial Administration Act* of the Province all public monies are accounted for through the Fund.

(b) Basis of Accounting

(i) Method

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

(ii) Presentation

The Province follows the expenditure basis of accounting for the preparation of its financial statements.

The Province presents its financial statements using the "net debt" approach. The Province's net debt consists of total liabilities less financial assets.

(iii) Revenues

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, Canada Health and Social Transfer and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known.

Other revenues are recorded on an accrual basis.

(iv) Expenditures

Expenditures are recorded on an accrual basis.

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

(v) Assets

Temporary investments are recorded at cost or market value, whichever is lower.

Government of Canada - claims in process are recorded as a receivable based on claims outstanding at 31 March and relate mainly to cost-shared agreements.

Accounts and taxes receivable are recorded for all amounts due for work performed and goods or services supplied. Valuation allowances are provided when collection is considered doubtful.

Loans, advances and mortgages receivable are recorded at cost. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenditures by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

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

Investments are recorded at cost and are written down when there is a loss in value that is other than a temporary decline.

Tangible capital assets held by the Province are valued at cost or estimated cost. Capital asset acquisitions are recorded as expenditures in the year they are acquired.

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(vi) *Liabilities*

Deferred revenue represents amounts received but not earned.

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

Debenture and other debt, except treasury bills, are recorded at face value. Treasury bills are recorded at net proceeds.

The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

(vii) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

(viii) *Loan Guarantees*

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

2. Temporary Investments

Temporary investments of \$376.9 million (2002 - \$375.1 million), including accrued interest of \$0.17 million (2002 - \$0.08 million), consist of investments with financial institutions. These investments are on call or have maturity dates ranging from 01 April 2003 to 14 April 2003 at interest rates which vary from 2.98% to 3.09%.

3. Government of Canada - Claims in Process

Consists of:

	2003	2002
	(\$mil)	(\$mil)
Claims receivable at 31 March not received in April	11.1	16.4
Receipts in April	18.7	21.2
Total	<u>29.8</u>	<u>37.6</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Sinking Fund

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 2003	31 March 2002
	(\$mil)	(\$mil)
Investments at cost	651.1	815.2
Add: Amortization of bond discount	85.3	98.8
Investments at amortized costs	736.4	914.0
Add: Cash and receivables less accounts payable	36.2	48.9
Net Sinking Fund Assets - translated at 31 March	<u>772.6</u>	<u>962.9</u>

The net sinking fund assets balance of 962.9 million Canadian dollars as at 31 March 2002 includes 172.2 million U.S. dollars translated to 275.4 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of 772.6 million Canadian dollars as at 31 March 2003 includes 194.4 million U.S. dollars translated to 285.4 million Canadian dollars in accordance with current practice.

The Province does not anticipate conversion of the U.S. dollars to Canadian dollars as the U.S. funds will be used to retire U.S. debt.

5. Unamortized Unrealized Foreign Exchange Gains and Losses

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2003. See Schedule F. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is \$23.5 million which represents a debit adjustment (31 March 2002 - \$14.0 million-debit adjustment).

	31 March 2003	31 March 2002
	(\$mil)	(\$mil)
Unrealized foreign exchange gain (loss):		
Debt	(339.4)	(467.0)
Sinking funds	44.8	61.6
Net	(294.6)	(405.4)
Total accumulated amortization	121.5	98.0
Net unamortized unrealized foreign exchange gain (loss)	<u>(173.1)</u>	<u>(307.4)</u>

6. Provision for Guaranteed Debt

An amount of \$5.4 million (31 March 2002 - \$5.0 million) has been recorded as a provision for possible losses on guaranteed debt. See Schedule E.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Unfunded Pension Liability**Defined Benefits**

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2003, the plans provided benefits to 17,104 pensioners. The Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan do not provide for inflation protection.

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 of these four plans, including the collection of all contributions and the payment of pensions and the investment of funds. The Province guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

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

Employee contributions are 8.6% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP earnings for each year since 1967.

Teachers' Pension Plan

Employee contributions are 9.35% 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 five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP earnings for each year since 1967.

Uniformed Services Pension Plan

Employee contributions are 8.5% of pensionable salary, less a formulated amount representing contributions to the CPP. Grandfathered members contribute an additional 3.5% of salary. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP earnings since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 1 April 1998, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. The accrued benefit is reduced by a formulated amount representing CPP earnings for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Actuarial Valuations

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

Expected interest rates

The expected average interest rate for the Public Service Pension Plan is 7.5%. The expected rate for the Teachers' Pension Plan is 8.0% for the first six years after the valuation date and 7.5% thereafter. The expected rate for the Uniformed Services Pension Plan is 7.5% projected on a long term basis. The expected rate for the Members of the House of Assembly Pension Plan is 7.5% projected on a long term basis.

Expected inflation rates

The expected inflation rate for the Public Service Pension Plan is 3.0%. The expected rate for the Teachers' Pension Plan is 2.0% for the first year after the valuation date and 3.5% thereafter. The expected rate for the Uniformed Services Pension Plan is 3.5% projected on a long term basis. The expected rate for the Members of the House of Assembly Pension Plan is 3.5% projected on a long term basis.

The latest actuarial valuations for the Province's pension plans are dated as listed in the following table:

Plan	Valuation Date
Public Service Pension Plan	31 December 2000
Teachers' Pension Plan	31 August 2000
Uniformed Services Pension Plan	31 December 2000
Members of the House of Assembly Pension Plan	31 December 2000

Pension Liability

Details of the pension liability are outlined in the table below. The estimated accrued benefits and the value of the plan assets reported below have been extrapolated by the Province's actuaries to 31 March 2003. The actual results of future valuations may result in variances from these extrapolations.

Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Losses 2003	Net Unfunded Liability 2003	Net Unfunded Liability 2002	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service Pension Plan	3,319.9	1,332.3	(494.9)	1,492.7	1,455.9	36.8
Teachers' Pension Plan	2,778.4	643.6	(294.3)	1,840.5	1,705.6	134.9
Uniformed Services Pension	223.9	30.8	(7.8)	185.3	190.0	(4.7)
MHA Pension Plan	55.7	11.6	(5.8)	38.3	40.9	(2.6)
Total	\$6,377.9	\$2,018.3	(\$802.8)	\$3,556.8	\$3,392.4	\$164.4

Pension Fund Assets are valued at the market value at 31 December 2002 and projected to year end.

The Net Unfunded Liability 2002 has been restated from the amount previously reported. See note 15(b) of the Notes to the Financial Statements for details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Special Payments

Pursuant to the applicable pensions legislation, the Province has agreed to increase its special payments into the Public Service Pension Plan from \$40 million to \$60 million annually commencing 01 January 2003 and to continue the payment as long as the plan remains unfunded. In addition, the Province has agreed to make special payments of \$76 million annually into the Teachers' Pension Plan until the remaining balance of an initial obligation of \$815 million plus interest has been paid, as well as to make annual payments of \$20 million and \$7.5 million to the Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan respectively, for five years commencing 2001-2002.

Pension Expense

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

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

Plan	Province's Share of Pension Benefits Earned for the Period	Pension Interest Expense on the Unfunded Liability	Province's Current Period Pension Contributions	Current Period Amortization of Experience Changes	Plan Amendments	Unfunded Portion of Current Period Pension Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service Pension Plan	8.9	102.1	(64.4)	(190.8)	181.0	36.8
Teachers' Pension Plan	14.4	149.7	(107.6)	16.1	62.3	134.9
Uniformed Services Pension	1.7	14.8	(21.9)	0.7	-	(4.7)
MHA Pension Plan	0.9	3.6	(7.9)	0.8	-	(2.6)
Total	\$25.9	\$270.2	(\$201.8)	(\$173.2)	\$243.3	\$164.4

Pension interest expense is included with interest as debt expenses in the financial statements. Pension interest expense for 31 March 2002 amounted to \$243.0 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with pension costs in the financial statements.

Unamortized experience gains/losses have changed from a \$211.3 million gain at 31 March 2002 to a \$802.8 million loss at 31 March 2003. This change is represented by experience losses for the Public Service Pension Plan of \$642.8 million relating to a new valuation at 31 December 2000; experience losses of \$198.1 million related to the value of the Fund assets of the other three plans; a debit adjustment of \$181.0 million to offset the plan amendment costs of the Public Service Pension Plan, and a credit adjustment of \$7.8 million as a result of current period amortization of experience changes.

Plan Amendments

The Public Service Pension Plan was amended 01 January 2002 so that no CPP reduction for retirement, survivor and disability benefits is applied until the member's 65th birthday. As a result of this amendment, the unfunded pension liability at 31 March 2003 for the current year has increased by \$8.0 million.

The Public Service Pension Plan and the Teachers' Pension Plan were amended at 01 October 2002 and 01 September 2002 respectively, to include indexing provisions and an increase in required contributions. As a result of these amendments, the unfunded pension liability for the current year has increased by \$235.3 million.

The total of these plan amendments was \$243.3 million - as detailed above.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Other Pension Plans

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 21,000 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the Canada Trust Financial Service and at 31 March 2003 assets had a market value of \$128.5 million.

8. Current and Capital Account

Classification of revenue and expenditure between current account items and capital account items follow the classifications as per the Estimates.

9. Amounts Capitalized

Funds advanced to Crown agencies may be in the form of investments in such agencies or as loans or advances. Payments and receipts related to principal portions of these loans, advances and investments are capitalized on the Statement of Financial Position. Depending upon the relevant legislation and/or particular circumstances under which a Crown agency is established, the profits generated by their operations may be: (a) turned over to the Province and recorded as revenue; (b) used to repay loans and advances made to the agency by the Province; or (c) retained by the agency.

Amounts capitalized for 31 March 2003 amounted to \$1.8 million (31 March 2002 - \$5.8 million). See Schedule J.

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

Guarantees made by the Province amounted to \$2.1 billion (31 March 2002 - \$1.9 billion). In addition, the Province guaranteed the interest thereon. See Schedule G.

(b) Legal Actions

(i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care. The Province has also filed a statement of claim against a third party in an attempt to recover monies already paid out for similar claims.

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

(iii) A number of claims have been filed against the Province related to general damages and personal claims pursuant to action initiated by the Province.

(c) Other**(i) Registrar of the Supreme Court**

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

(ii) Pensions**a) Province of Newfoundland and Labrador Pooled Pension Fund**

Pursuant to Section 9 of the *Pensions Funding Act*, the Province is liable for any deficiency in the Province of Newfoundland and Labrador Pooled Pension Fund covered by that Act. See Note 7.

b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the *Memorial University Pensions Act*, the Province is liable for payment of any deficiency in the Memorial University of Newfoundland Pension Fund covered by that Act. As at 31 March 2003, no liability exists.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(iii) *Trust Accounts*

The Province is contingently liable for any shortage that may occur for funds held in trust by the Province. Currently, all obligations held have an offsetting asset.

(iv) *Canadian Saltfish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the *Saltfish Act*. The Agreement provided that the Province is required to pay to the Government of Canada its proportional share of 50 per cent of the losses to Canada. This share is based on the loss to Canada based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses is \$21.6 million.

This matter is currently under discussion between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

(v) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has issued guarantees totalling \$0.2 million. Under the loan remission component of the Program, the Province is contingently liable for possible remissions totalling \$8.0 million. Under the current service provider, the Province is contingently liable for loans issued as of 31 March 2003 totalling \$198.8 million. The expected default rate on these loans is 25% -30%.

(vi) *Environmental Responsibility*

As a result of delivering its stated programs and initiatives, the Province acknowledges that there are situations where it may be responsible for dealing with environmental issues. As at 31 March 2003, the status and costs of potential issues are not determinable.

11. Commitments

Commitments to outside organizations in respect of contracts entered into before 31 March 2003 amount to \$139.7 million of which \$4.0 million is for lease payments, \$69.7 million for capital projects, \$58.0 million for government's service agreement with xwave Solutions Limited that will expire 31 March 2007, and \$8.0 million for other information technology services.

These commitments will become expenditures of the Consolidated Revenue Fund when the terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

12. Trust Assets and Balance of Funds

Trust funds are presented as a self-balancing, separate component. Additional information is provided in Schedule I - Trust Accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. Some examples of where measurement uncertainty exists are the accrual of pension obligations, the amortization of foreign exchange gains or losses, the allowance for guaranteed debt and the accrual of self-insured workers' compensation benefits.

14. Self-Insured Workers' Compensation Benefits

Other liabilities on the Statement of Financial Position at 31 March 2002 has been restated by \$24.8 million to include self-insured workers' compensation benefits.

This liability relates to the provincial government employees for which the Province provides self-insured workers' compensation benefits. The estimated liability was calculated based on the relationship of the self-insured salaries base of the other three Atlantic provinces to the amount of their recorded workers' compensation benefits liabilities for the year ended 31 March 2002, and applying such relationship to the Province's self-insured salaries. Given the nature of the liability, the methodology employed to calculate an initial estimate and the immateriality of any change in the liability during the year, there was no significant impact on net expenditure over revenue. The total amount of the liability was applied to beginning net debt for 31 March 2002. See note 15.

15. Prior Years Adjustments**(a) Unamortized Unrealized Foreign Exchange Loss**

The unamortized unrealized foreign exchange loss at 31 March 2002 have been increased from \$289.3 million to \$307.4 million (increase of \$18.1 million) as a result of a change in the application of the accounting policy with respect to the amortization of foreign exchange gains/losses on debenture and other debt. This has resulted in a decrease in net expenditure over revenue of \$6.1 million and a decrease in net debt of \$12.0 million.

(b) Pension Plan Assets

The unfunded pension liability at 31 March 2002 has been increased from \$3,391.6 million to \$3,392.4 million due to an adjustment of \$0.8 million to the plan assets for the Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan. This has resulted in an increase to net expenditure over revenue of \$0.8 million.

The above adjustments have resulted in a total decrease in net expenditure over revenue for the year ended 31 March 2002 from \$377.7 million to \$372.4 million (decrease of \$5.3 million) represented by a decrease of \$6.1 million related to unamortized unrealized foreign exchange losses and an increase of \$0.8 million related to an adjustment to the plan assets for the Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan.

The above adjustments, in addition to the adjustment in note 14, have also resulted in a total increase in net debt at 31 March 2002 from \$9,021.0 million to \$9,028.5 million (increase of \$7.5 million) represented by an increase in other liabilities of \$24.8 million, the direct decrease in net debt of \$12.0 million related to unamortized unrealized foreign exchange losses and the decrease in net expenditure over revenue of \$5.3 million.

These changes have been applied retroactively and the 31 March 2002 figures presented for comparative purposes have been restated from those previously reported.

16. Subsequent Event

On 1 August 2003, the Province entered into an agreement with the Canadian Imperial Bank of Commerce (CIBC), its current service provider under the Newfoundland and Labrador Student Loans Program, whereby the Province has agreed to assume ownership of CIBC's outstanding portfolio under the Program. The projected outstanding balance at 31 March 2004 is expected to be in excess of \$200.0 million.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Additional Notes

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

18. Original Estimates

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

19. Comparatives

Certain of the 31 March 2002 financial statement figures have been restated to be consistent with the 31 March 2003 statement presentation.

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PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable As at 31 March 2003 with comparative figures for 2002

	2003	2002
	(\$000)	(\$000)
Accounts Receivable:		
Crown agencies working capital and unremitted profits	36,800	37,272
Social assistance overpayments	26,850	28,580
Rent and royalties/permits to occupy	22,362	14,450
Court fines	22,242	21,059
Student loans	19,385	10,293
Miscellaneous/other receivables	6,228	6,681
Accident claims recoveries	5,757	7,094
Due from Government of Canada	3,880	1,706
Due from municipalities	1,838	761
Fees and licences	1,673	1,808
Workplace, Health, Safety and Compensation Commission	1,320	1,326
Reciprocal billings - medical services	1,143	1,084
Atlantic Lottery Corporation Incorporated	1,047	932
Travel advances	657	720
Board and lodging	654	654
Province of Newfoundland and Labrador Pooled Pension Fund	410	423
Total Accounts Receivable	<u>152,246</u>	<u>134,843</u>
Taxes Receivable:		
Sales tax	68,331	78,185
School tax	42,648	39,553
Gasoline tax	12,029	12,101
Health and post secondary education tax	7,332	7,175
Tobacco tax	6,990	6,722
Mining and mineral rights tax	4,978	6,763
Forest management tax	2,300	2,100
Insurance companies tax	728	549
Mineral holding tax	359	395
Financial corporation capital tax	145	466
Total Taxes Receivable	<u>145,840</u>	<u>154,009</u>
Total Accounts and Taxes Receivable	<u><u>298,086</u></u>	<u><u>288,852</u></u>

NOTES

1. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2003 is \$93.2 million (31 March 2002 - \$92.7 million).

2. Comparatives

Certain of the 31 March 2002 financial statement figures have been restated to be consistent with the 31 March 2003 statement presentation.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Mortgages Receivable As at 31 March 2003 with comparative figures for 2002

	2003	2002
	(\$000)	(\$000)
Crown Agencies:		
Business Investment Corporation - note 1	118,397	119,853
C.A. Pippy Park Commission	250	250
Hotel Buildings Limited - note 2	-	26,043
Newfoundland and Labrador Film Development Corporation	4,319	3,159
Newfoundland and Labrador Industrial Development Corporation - note 3	29,546	30,446
Total Crown Agencies	152,512	179,751
Commercial Loans:		
Atlantic Fisheries Limited	980	980
Cote's Mechanical Limited	200	200
Deluney, William and McCarthy, Leslie	439	439
Doyle, James & Sons Ltd.	771	771
Easteel Industries Limited	3,658	3,658
Eastern Ocean Products Limited	163	163
George Sexton Limited	50	50
Grandy, Gordon	90	90
Hughes, Vincent	50	50
Island Seafoods Products Limited	250	250
Keats, Eric	102	102
Melindy, John	191	191
Newco IV Corporation	-	5,056
Newfound Harvesting Limited	3,084	3,084
Newman, Raymond	162	162
Northeast Coast Sealers Co-op Society Limited	378	378
O'Rourke, Rupert	337	337
Pittman, Thomas	93	93
Private Training Corporation	-	88
Pumphrey, Gerry	537	537
Ryder, Gerald and Street, Walter	357	357
Saunders, Ralph	61	61
Seaward, Alphonsus	99	99
Short, William	262	262
Sweet, Roy	49	49
Vokey's Shipyard Limited	100	100
Whelan, Ormond	853	853
White's Fisheries Limited	50	50
Wilson, Ronald and Curtis, Kevin	299	299
Total Commercial Loans	13,665	18,809

 LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

	2003	2002
	(\$000)	(\$000)
Other Organizations:		
Gros Morne Mortgages	59	58
Municipalities	951	1,019
Total Other Organizations	1,010	1,077
Total Loans, Advances and Mortgages Receivable	167,187	199,637
Current portion	11,771	16,538
Long-term portion	155,416	183,099
	<u>167,187</u>	<u>199,637</u>

NOTES

1. Business Investment Corporation

Funds are advanced to Business Investment Corporation (formerly Enterprise Newfoundland and Labrador Corporation) for the purpose of making loans and equity investments to enable them to carry out their mandate. Principal and interest repayments received are refunded to the Province and the principal amounts are applied toward the funds advanced.

2. Hotel Buildings Limited

Funds were advanced to Hotel Buildings Limited for the purpose of financing the construction of various hotels. As the Corporation has disposed of its hotel properties, future income from hotel operations will no longer accrue. The balance from Hotel Buildings Limited was written off in January 2003.

3. Newfoundland and Labrador Industrial Development Corporation

Funds are advanced to Newfoundland and Labrador Industrial Development Corporation for the purpose of providing long-term financing to industrial and resource based companies. The Province holds non-interest bearing notes with no fixed terms of repayment or maturity dates. Any balance available out of net profits or equity redemptions is to be paid to the Province at such intervals and in a manner that the Minister of Finance may direct.

4. Loans, Advances and Mortgages Receivable

Interest rates and terms for loans due from Business Investment Corporation and Newfoundland and Labrador Industrial Development Corporation have been disclosed above. Interest rates on all other loans range from Prime +1% to 14% and are repayable over terms not exceeding twenty-five years.

5. Interest Receivable

The balances include interest receivable to year-end of \$3.8 million (31 March 2002 - \$15.5 million) where applicable. It consists of interest due and unpaid, late interest charges and accrued interest.

6. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2003 is \$124.4 million (31 March 2002 - \$167.4 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Investments As at 31 March 2003 with comparative figures for 2002

Description of Investment	Net Additions (\$000)	Balance 31 March 2003		2002
		No. of Shares	Cost (\$000)	Cost (\$000)
Preferred Shares:				
Atlantic Ocean Farms Limited				
Class "A", redeemable - note 5	-	289,655	290	290
CHC Composites Inc. - notes 1, 5	-	95,000	9,500	9,500
Mineral Resources Corporation				
Class "B" - note 4, 5	-	640,143	640	640
Total Preferred Shares Investments	-		10,430	10,430
Common Shares:				
ACF Equity Atlantic Inc.	-	2,390,000	2,231	2,231
Atlantic Lottery Corporation Inc.	-	1	-	-
Bull Arm Site Corporation Inc.	-	3	-	-
Dominion Jubilee Corporation Limited	-	200,000	-	-
Hotel Buildings Limited	-	3	3	3
Inter-Provincial Lottery Corporation	-	1	-	-
Marble Mountain Development Corporation	-	500	-	-
Marble Mountain Management Corporation	-	500	-	-
Newco IV Corporation	-	100	-	-
Newfoundland and Labrador				
Film Development Corporation	-	600	-	-
Newfoundland and Labrador				
Hydro Electric Corporation	-	22,503,942	10,187	10,187
Newfoundland and Labrador				
Heritage Corporation	-	1	-	-
Newfoundland and Labrador				
Education Investment Corporation	-	3	-	-
Newfoundland and Labrador				
Student Investment & Opportunity Corporation	-	1	-	-
Newfoundland Government Fund Limited	-	2	-	-
Newfoundland Hardwoods Limited	-	253	26	26
Newfoundland Municipal Assessment Agency	-	1	-	-
Newfoundland Ocean Enterprises Limited	-	3	3	3
Rooms Corporation of				
Newfoundland and Labrador Inc.	-	500	-	-
Special Celebrations Corporation of				
Newfoundland and Labrador	-	500	-	-
Total Common Shares Investments	-		12,450	12,450

INVESTMENTS (continued)

Description of Investment	Net Additions (\$000)	Balance 31 March 2003		2002
		No. of Shares	Cost (\$000)	Cost (\$000)
Other:				
Newfoundland and Labrador Housing Corporation - note 2	-	-	62,852	62,852
Newfoundland and Labrador Farm Products Corporation - note 3	-	-	-	-
Total Other Investments	-	-	62,852	62,852
Total Investments	-	-	85,732	85,732

NOTES**1. CHC Composites Inc.**

The Province has purchased 95,000 preference shares of CHC Composites Inc., costing \$9.5 million, to be redeemed at a nominal value based on a pre-determined number of person years of employment to be created. A provision has been set up for the full amount of the investment.

2. Newfoundland and Labrador Housing Corporation

This investment represents accumulated capital advances made by the Province to the Corporation. These advances are utilized by the Corporation to develop housing projects, land assemblies, etc.; consequently, the Province's investment is represented by certain physical assets which are held by the Corporation.

3. Newfoundland and Labrador Farm Products Corporation

The Corporation, no longer carrying out normal business operations, recorded a deficit of \$11.9 million at year end resulting in a nil balance for the Province's equity capital.

4. Mineral Resources Corporation

On 01 April 2003, subsequent to year-end, Cassiar Resources Inc. (the successor corporation to Mineral Resources Corporation) purchased the outstanding preference shares held by the Province at an agreed upon price of \$125,000.

5. Allowance for Investment Write-downs

The allowance for investment write-downs for 31 March 2003 is \$10.3 million (31 March 2002 - \$10.4 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets As at 31 March 2003

Category	Estimated Original Cost				Accumulated Amortization			Net Book Value 31 March 2003
	Estimated Useful Life	Balance 31 March 2002	Additions Net of Disposals 2003	Balance 31 March 2003	Balance 31 March 2002	Amort. Net of Disposals 2003	Balance 31 March 2003	
	(years)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Buildings	40	845.7	43.5	889.2	412.5	20.6	433.1	456.1
Marine vessels & aircraft	20	74.2	8.0	82.2	47.3	7.4	54.7	27.5
Equipment & machinery	4 - 20	87.0	4.0	91.0	59.6	4.4	64.0	27.0
Infrastructure	20 - 40	3,619.6	67.8	3,687.4	3,004.3	48.3	3,052.6	634.8
Computer software	7	19.8	0.4	20.2	13.6	1.8	15.4	4.8
Sub-total		<u>4,646.3</u>	<u>123.7</u>	<u>4,770.0</u>	<u>3,537.3</u>	<u>82.5</u>	<u>3,619.8</u>	<u>1,150.2</u>
Work in progress				<u>114.4</u>				<u>114.4</u>
Total				<u>4,884.4</u>				<u>1,264.6</u>

See accompanying notes.

NOTES TO SCHEDULE OF TANGIBLE CAPITAL ASSETS
As at 31 March 2003

1. Tangible Capital Assets

Tangible capital assets are reported as expenditures in the year the assets are acquired. Tangible capital assets that meet the minimum thresholds for the appropriate categories are included.

While the Province has greatly improved the quality of its tangible capital asset information over the past several years, efforts are ongoing to further improve the completeness, integrity and presentation of such information.

2. Amortization

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	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircrafts	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal machinery and 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 assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

3. 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. Government currently has a number of projects under construction or development with a total of \$114.4 million having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule.

4. 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.

5. Leased Assets

The gross amount of leased tangible capital assets is \$50.9 million and accumulated depreciation is \$25.9 million. These are included in the appropriate category in the schedule.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Current and Long Term Liabilities As at 31 March 2003 with comparative figures for 2002

	2003		2002	
	Current	Long Term	Current	Long Term
	(\$000)	(\$000)	(\$000)	(\$000)
Accrued interest	191,943	-	199,378	-
Accounts payable write-backs	87,745	-	133,036	-
Due to Government of Canada - note 1	80,259	-	5,325	-
Salaries and benefits	59,933	66,209	41,797	60,245
Due to municipalities	34,518	286,257	33,677	279,048
Physician's services	34,109	-	19,773	-
Accounts payable - other	11,450	5,673	13,365	6,453
Bank overdraft - Consolidated Revenue Fund	11,234	-	33,892	-
Due to Crown Agencies	6,288	-	6,396	-
Contractors' holdbacks	5,756	-	4,999	-
Provision for guaranteed debt	5,388	-	5,020	-
Reciprocal billing - hospital services payable	5,264	-	5,758	-
Special purpose funds - note 2	4,187	-	1,989	-
Self-insured workers' compensation benefits	3,745	21,009	3,745	21,009
Long-term leases	2,109	4,245	1,887	6,259
Taxes payable	1,406	-	1,129	-
St. Clare's Hospital - purchase	750	8,250	750	9,000
Health Care Centres - lease/purchase	-	30,051	-	30,080
	<u>546,084</u>	<u>421,694</u>	<u>511,916</u>	<u>412,094</u>

NOTES

1. Due to Government of Canada

This amount is comprised of \$51.3 million for Equalization and \$29.0 million for CHST. The full amount of \$80.3 million is related to the 1996 and 2001 censuses.

2. Special Purpose Funds

Included in this schedule are funds totalling \$4.2 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.

3. Comparatives

Certain of the 31 March 2002 financial statement figures have been restated to be consistent with the 31 March 2003 statement presentation.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Debenture and Other Debt As at 31 March 2003 with comparative figures for 2002

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding		Notes
						2003	2002	
						(\$000)	(\$000)	
General Debentures:								
S8	27 Aug. 1997	27 Aug. 2002	3.25	(150,000 S.F.)	-	-	142,200	1(b)
S7	23 Jul. 1991	23 Jul. 2003	7	(150,000 S.F.)	39,877	162,675	142,200	1(b)
EC6	12 May 1993	12 May 2003	8.75		40,770	150,000	150,000	1(b)(d)
5Z	05 Feb. 1996	05 Aug. 2004	9.55		-	98,895	98,895	1(a)
5N	15 Oct. 1984	15 Oct. 2004	13.5		-	-	100,000	1(c)
5Q	04 Mar. 1986	04 Mar. 2006	11		-	-	100,000	1(e)
5S	01 Oct. 1987	01 Oct. 2007	10.79		26,190	42,300	42,300	1(a)
AF	15 Oct. 1987	15 Oct. 2007	11.625	(100,000 U.S.)	89,341	146,780	159,420	1(a)
6E	12 Dec. 1987	12 Dec. 2007	5.9		-	150,000	150,000	1(a)
5T	23 Feb. 1988	23 Feb. 2008	11.25		59,516	100,000	100,000	1(a)
5R	25 Feb. 1987	25 Feb. 2010	9.375		67,612	100,000	100,000	1(a)
5U	15 Feb. 1989	15 Feb. 2012	11		65,417	125,000	125,000	1(a)
5V	22 Nov. 1989	22 Nov. 2014	10.125		52,660	150,000	150,000	1(a)
AG	01 Jun. 1989	01 Jun. 2019	9	(150,000 U.S.)	78,198	220,170	239,130	1(f)
AH	01 Jun. 1990	01 Jun. 2020	9.875	(150,000 U.S.)	22,507	220,170	239,130	1(a)
AJ	29 Nov. 1990	01 Dec. 2020	10	(150,000 U.S.)	21,458	220,170	239,130	1(a)
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	147,892	1(a)
AK	17 Oct. 1991	15 Oct. 2021	9	(200,000 U.S.)	24,835	293,560	318,840	1(a)
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000 U.S.)	21,372	293,560	318,840	1(a)
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000 U.S.)	27,715	293,560	318,840	1(a)
6B	07 Jul. 1995	07 Jul. 2025	9.15		7,090	100,000	100,000	1(a)
6C	05 Feb. 1996	05 Feb. 2026	8.45		10,137	150,000	150,000	1(a)
6G	07 Oct. 1998	07 Oct. 2008	5.70		-	250,000	250,000	1(a)
6F	17 Apr. 1998	17 Apr. 2028	6.15		21,665	450,000	450,000	1(a)
6J	03 Nov. 1999	03 Nov. 2009	6.70		-	200,000	200,000	1(a)
6H	27 Jul. 1999	17 Oct. 2029	6.5		7,527	200,000	200,000	1(a)
6K	30 Jun. 2000	17 Oct. 2030	6.55		10,874	450,000	450,000	1(a)
6L	25 Jul. 2001	25 Jul. 2011	6.4		-	200,000	200,000	1(a)
6Q	16 Aug. 2002	17 Oct. 2042	6.24		-	250,000	-	1(a)
EC7	19 Feb. 2003	29 Dec. 2010	5.125		-	200,000	-	1(b)
Total: General Debentures					<u>694,761</u>	<u>5,364,732</u>	<u>5,381,817</u>	
Other:								
6N	22 Mar. 2002	22 Mar. 2005	Floating		-	40,000	40,000	1(j)
6P	25 Mar. 2002	23 Mar. 2005	Floating		-	60,000	60,000	1(j)
6M	31 Oct. 2001	31 Oct. 2005	4.61		-	100,000	100,000	1(a)
Treasury bill borrowings					-	<u>490,441</u>	<u>491,475</u>	1(i)
Total: Other					<u>-</u>	<u>690,441</u>	<u>691,475</u>	

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding	
					2003	2002
				(\$000)	(\$000)	(\$000)
Government of Canada and Agencies:						
Canada Pension Plan Investment Fund						
Debentures - note 1(g)						
3A-198	01 Apr. 1982	01 Apr. 2002	12.01			
to	to	to	to			
3A-208	01 Mar. 1983	01 Mar. 2003	16.53	-	-	52,104
3A-209	05 Apr. 1983	05 Apr. 2003	10.92			
to	to	to	to			
3A-218	01 Mar. 1984	01 Mar. 2004	12.14	-	50,738	50,738
3A-219	02 Apr. 1984	02 Apr. 2004	12.08			
to	to	to	to			
3A-227	02 Jan. 1985	02 Jan. 2005	14.06	-	47,146	47,146
3A-228	01 Apr. 1985	01 Apr. 2005	10.58			
to	to	to	to			
3A-238	03 Mar. 1986	03 Mar. 2006	12.57	-	50,570	50,570
3A-239	01 Apr. 1986	01 Apr. 2006	9.04			
to	to	to	to			
3A-249	02 Mar. 1987	02 Mar. 2007	10.17	-	59,659	59,659
3A-250	01 Apr. 1987	01 Apr. 2007	9.12			
to	to	to	to			
3A-258	01 Mar. 1988	01 Mar. 2008	11.07	3,320	43,829	43,829
3A-259	05 Apr. 1988	05 Apr. 2008	9.62			
to	to	to	to			
3A-267	01 Dec. 1988	01 Dec. 2008	10.39	20,073	41,635	41,635
3A-268	03 Apr. 1989	03 Apr. 2009	9.15			
to	to	to	to			
3A-277	01 Mar. 1990	01 Mar. 2010	10.31	18,885	45,188	45,188
3A-278	02 Apr. 1990	02 Apr. 2010	10.36			
to	to	to	to			
3A-284	03 Dec. 1990	03 Dec. 2010	11.33	15,073	40,432	40,432
3A-285	02 Apr. 1991	02 Apr. 2011	9.81			
to	to	to	to			
3A-288	02 Jul. 1991	02 Jul. 2011	10.04	12,867	40,858	40,858
3A-289	01 May. 1992	01 May. 2012	9.17			
to	to	to	to			
3A-291	02 Jul. 1992	02 Jul. 2012	9.45	7,667	28,770	28,770
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	-	1,827	1,827
3A-293	02 Apr. 1999	02 Apr. 2019	5.89			
to	to	to	to			
3A-303	03 Mar. 2000	03 Mar. 2020	7.02	-	35,282	35,282
3A-304	01 Apr. 2000	01 Apr. 2020	6.41			
to	to	to	to			
3A-314	02 Mar. 2001	02 Mar. 2021	6.90	-	42,645	42,645

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding	
					2003	2002
				(\$000)	(\$000)	(\$000)
3A-315	01 Apr. 2001	01 Apr. 2021	6.38			
to	to	to	to			
3A-326	01 Mar. 2002	02 Mar. 2022	6.85	-	52,376	52,376
3A-327	01 Apr. 2002	01 Apr. 2022	5.88			
to	to	to	to			
3A-337	01 Mar. 2003	02 Mar. 2023	6.61	-	52,104	-
Total: Canada Pension Plan Investment Fund Debentures				77,885	633,059	633,059
Harbour Lodge - see note 1(h)				-	586	602
Total: Government of Canada and Agencies				77,885	633,645	633,661
Total: Debenture and Other Debt				772,646	6,688,818	6,706,953
Current portion of Debenture and Other Debt					853,854	685,779
Long-term portion of Debenture and Other Debt					5,834,964	6,021,174
					6,688,818	6,706,953

See accompanying notes.

NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT
As at 31 March 2003

1. Details of Debt Issues

- a) Non-callable.
- b) Non-callable by the Province, except upon changes in tax status and/or law, then as a whole at par.
- c) Callable by the Province in whole or in part at par two years prior to maturity or on any subsequent interest payment date. The Province called the 5N bond issue on 15 October 2002.
- d) Extendible at the bondholders option to 12 May 2013. The interest rate is 8.75% until 12 May 2003 and thereafter as determined by the Province.
- e) Callable by the Province in whole or in part at par in the last three years prior to maturity or on any subsequent interest payment date. The Province called the 5Q bond issue on 4 March 2003.
- f) Redeemable at the bondholders option on 1 June 2004 upon not less than thirty days prior written notice.
- g) 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.
- h) This is a loan from the Canada Mortgage and Housing Corporation for the acquisition and construction of the Harbour Lodge. This loan is repayable over a 50 year period in blended annual installments of principal and interest, at an interest rate of 7.8125%, maturing 1 December 2021.
- i) This figure represents the net proceeds from the sale of \$494 million discounted treasury bills with maturity dates ranging from 3 April 2003 to 26 June 2003 and interest rates ranging from 2.720% to 3.209%.
- j) Interest is payable quarterly at 3-month Canadian Bankers' acceptances plus 7 basis points.

2. Sinking Fund Balance

See note 4 of the Notes to the Financial Statements.

3. Borrowings

Borrowings and unamortized foreign exchange losses, by major currency, and sinking funds as at 31 March 2003 are as follows:

Major Currencies	Foreign Borrowings	Exchange Rate	Canadian \$	Unamortized Foreign Exchange Losses	Net
			(000's)	(000's)	(000's)
Swiss	150,000	1.0845	162,675	21,997	140,678
U.S.	1,150,000	1.4678	<u>1,687,970</u>	<u>182,117</u>	<u>1,505,853</u>
			1,850,645	204,114	1,646,531
Canadian			<u>4,838,173</u>	-	<u>4,838,173</u>
		Sub-total	6,688,818	204,114	6,484,704
		Less: Foreign sinking funds	285,424	31,016	254,408
		Less: Canadian sinking funds	<u>487,222</u>	-	<u>487,222</u>
		Total	<u><u>5,916,172</u></u>	<u><u>173,098</u></u>	<u><u>5,743,074</u></u>

NOTES TO SCHEDULE OF DEBENTURE AND OTHER DEBT(continued)

4. Contributions and Repayment Requirements

Sinking fund contributions and debt repayments which are not funded by a sinking fund, by major currency, in Canadian dollars are as follows:

	<u>U.S.</u> (000's)	<u>Canadian</u> (000's)	<u>Total</u> (000's)
2003-2004	13,600	26,200	39,800
2004-2005	13,600	225,100	238,700
2005-2006	13,600	126,200	139,800
2006-2007	13,600	26,200	39,800
2007-2008	10,600	173,300	183,900
2008-2042	122,200	1,531,800	1,654,000
	<u>187,200</u>	<u>2,108,800</u>	<u>2,296,000</u>

The foreign exchange loss which has been recognized on the Statement of Revenue and Expenditure is \$23.5 million.

5. Sensitivity Analysis

An increase/decrease of one cent in the foreign exchange rates at 31 March 2003 would result in an increase/decrease in foreign borrowings of \$13.0 million.

6. Debt-Related Risk

The Province, in consultation with its fiscal agents, monitors financial markets (interest and foreign currency rates), in consideration of its existing debt servicing costs and mix of domestic and foreign currency debt. Opportunities to reduce debt servicing costs, while keeping debt-related risk to an acceptable level, are duly considered by the Province.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt As at 31 March 2003 with comparative figures for 2002

	Limit of Guarantee	Contingent Liability	
		2003	2002
	(\$000)	(\$000)	(\$000)
Guaranteed Debentures:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Baie Verte	11	11	20
Bishop's Falls	39	39	49
Botwood	5	5	6
Buchans	10	10	13
Burin	27	27	33
Channel - Port aux Basques	18	18	24
Deer Lake	12	12	14
Gambo	53	53	66
Gander	81	81	99
Glenwood	69	69	77
Grand Bank	10	10	13
Grand Falls - Windsor	89	89	108
Happy Valley - Goose Bay	150	150	183
Harbour Breton	158	158	159
Harbour Grace	74	74	74
La Scie	28	28	30
Mount Pearl	44	44	54
New-Wes-Valley	33	33	40
Placentia	126	126	143
Springdale	18	18	22
Stephenville Crossing	15	15	16
Wabana	29	29	33
	1,099	1,099	1,276
Crown Corporations:			
Health Care Corporation of St. John's - note 2	131,034	131,034	131,840
Newfoundland and Labrador Hydro Electric Corporation - note 2	1,461,052	1,461,052	1,319,944
Newfoundland and Labrador Municipal Financing Corporation - note 2	333,733	333,733	352,728
Newfoundland Liquor Corporation	105	105	209
	1,925,924	1,925,924	1,804,721
Guaranteed Bank Loans:			
Crown Corporations:			
Health Labrador Corporation	9,000	4,425	-
Marble Mountain Development Corporation	2,100	1,802	1,476
Newfoundland and Labrador Education Investment Corporation ..	75,000	61,276	26,042

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2003	2002
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Crown Corporations:			
Newfoundland and Labrador Heritage Corporation	47,500	29,241	9,648
Newfoundland Ocean Enterprises Limited	5,500	5,250	4,850
	<u>139,100</u>	<u>101,994</u>	<u>42,016</u>
Municipalities: - note 3			
Bird Cove	46	-	-
Burlington	50	2	-
Flower's Cove	99	14	13
Fox Roost-Margaree	25	13	12
Greenspond	-	-	185
Jackson's Arm	29	10	6
Main Brook	-	-	171
Musgrave Harbour	53	-	-
Pilley's Island	35	17	14
River of Ponds	-	-	84
Rose Blanche - Harbour Le Cou	-	-	78
St. Bernard's-Jacques Fontaine	19	19	17
	<u>356</u>	<u>75</u>	<u>580</u>
Fisheries: - note 4			
AAG Enterprises	286	286	-
A.S.E. Enterprises Limited; Sylvia & Alvin Petten	951	951	921
Ackerman, Scott	247	247	282
Alcon Enterprises	667	667	733
Allingham, Ralph and Wayne	62	62	71
Andrews, Winston and Bert	204	204	237
Ashco Fishing Limited	596	250	-
Atlantic Blue Fin Limited	1,187	913	-
Atlantic Explorer III Limited	1,173	704	-
B D & T Enterprises & William F. Ralph	348	348	254
B & J Fisheries Limited	434	434	-
Barrett, Donald	195	195	217
Barrett, Victor and Dwayne	235	235	254
Batten, Purdie	377	377	439
Bird, Cecil	38	38	125
Burton, Glen - et al	214	214	250
Butler, Harold	325	325	350
Chambers, Wilfred - et al	12	12	28
Coles, Kirby - et al	257	257	280
Collins Fisheries Limited	569	569	626

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2003	2002
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Daley, Andrew	279	279	317
Daley, Gary	315	315	360
Decker, Barry	10	10	23
Decker, William	58	58	80
DJJ Enterprises Inc.	177	177	202
Drake, Keith and Gertrude	65	65	75
Drover, Walter and Drover's Sea Harvesting Limited	739	739	796
E & R Small & Sons Limited	450	450	-
Emberley, Randy	179	179	201
F.I.C. Enterprises	472	472	294
Feltham, Alexander	241	241	284
Fennelly, Thomas	258	258	303
Fennelly, Thomas and Jeanette	221	159	-
Foley, Dennis J.	32	32	54
Forsey, Maxwell	347	347	393
Gallant, Guy	437	437	487
Genge, Cecil	-	-	74
Genge, Claude - et al	11	11	20
Genge, Emanuel Jr.	300	300	338
Genge, Marvin	405	405	-
Genge, Montrose	449	449	532
Genge, Rufus	-	-	39
Gibbons, David and Reginald	18	18	27
Gorman, Michael	-	-	234
Gosse, George Roy	59	59	69
Gould, Angus - et al	103	103	120
Gould, Clifford - et al	150	150	168
Greenham, David J. and Billy F. T/A B & D Fishing	499	499	539
Greenspond Fisheries Limited	395	395	431
Hart, Edward T.	878	878	951
Hart, Lloyd	529	529	593
Harvester Enterprises Limited	143	143	163
Hayden, Eric	77	77	-
Hickey, John Sr. - et al	715	715	845
Hicks Fisheries Limited & Randy Hicks	394	394	215
High Tide Enterprises Limited	685	685	-
High Wave Fisheries Limited	607	607	698
Hiscock, Albert	530	530	576
House, Lionel	71	71	110
Hussey, Craig	-	-	858

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2003	2002
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Hutchings, Frank	353	353	397
Hyde, Gary and Karen	175	175	100
J.T. Fisheries Limited	190	190	119
Jacobs, George - et al	330	330	381
Jones, Jeffrey - et al	60	60	70
Kearney, Francis and Jerome	314	314	379
Keats, Winston	887	887	811
Lambert, Samuel	-	-	44
Larkham's Fisheries Limited	185	185	212
Lavers, Boyd George	578	578	496
Lavers, Dion	92	92	99
Legge, Wilbert	294	294	307
Lewis, John B.	122	122	142
Leyte, Melvin	1,104	1,104	1,018
Leyte, Roy and Melvin	246	246	287
Lormar Enterprises Limited	236	236	202
Loveless, Bruce	23	23	28
Lynch, Levi	214	214	-
Marine Fisher Limited & Dino Dredge	135	135	152
Martin, Harold	299	299	-
Meade, Edward J.	17	17	24
Mercer, Stanley	92	92	-
Miller, Gerald and Freeman	96	96	124
Morey, Byron	253	253	289
Morey, Lorne	208	208	244
Morgan, Howard & Edward	-	-	44
Morgan, Wayne A.	-	-	123
Morgan, William G.	986	986	1,048
Mouland, James B.	280	280	-
Myers, Howard and Baines, Andy	236	236	265
Newell, William H.	58	58	-
Newhook, Albert	360	360	410
Noonan, Maurice and Raymond	431	431	493
Norman, Glenn	800	800	875
Normore, Elvin	177	177	200
Normore, Kevin, Leroy and Urias	283	283	325
Parsons, William A.	88	88	149
Patey, Randy	298	298	337
Penney's Fisheries Limited	994	994	891
Penney, Boyd - et al	227	227	255

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2003	2002
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Penney, Glenn	45	45	53
Penney, Harold - et al	-	-	34
Penton, Aiden	200	200	200
Petten, Chesley	375	375	422
Petten, Dwight	58	58	118
Petten, Lester	253	253	337
Petten, Neal	372	372	452
Petten, Raymond	1,029	1,029	1,097
Piercey's Fishing Enterprises Limited	470	150	-
Plowman, Clayton	83	83	95
Porter, Alfred	53	53	94
Porter, David and Calvin	100	100	135
Porter, Edmund and Marion	287	287	349
R & B Fisheries Limited	-	-	173
R & C Rose Enterprises Limited	912	912	929
Ralph, Shawn - et al	-	-	180
Randell, Gary - et al	-	-	77
Reid, Austin, Kevin and Boyce	332	332	374
Reid, Glen W.	60	60	70
Rett Enterprises Inc.	284	284	320
Roberts, Charles and Winslow, Glen	480	480	540
Rowe, Morley	294	294	339
Russell, Wayne	245	245	285
Russell, William and Mercer, Glen	93	93	117
Ryan, Randy and Lisa	364	305	-
S & I Fisheries Limited	318	318	-
SGR Fisheries Limited	851	851	910
Simmonds, Rex	567	567	567
Smith, Ivan and Baxter	37	37	81
Splendid Fishing Company Limited	523	140	-
Sturge, Arthur - et al	-	-	568
Symmonds, Michael - et al	145	145	163
The Roberts and Sisters Enterprises Limited	308	308	328
Tobin, Alonzo - et al	-	-	60
Tobin's Fisheries Limited	38	38	-
Tucker, Noah	94	94	113
Vernon Petten Enterprises Limited	631	631	690
Walsh's Fisheries Limited	360	360	-
Ward, Cecil	720	639	269
Ward, Ford	-	-	69

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2003	2002
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Fisheries: - note 4			
Warren, Maxwell	59	59	68
Waye's Enterprises Limited	858	858	-
Wrice, Wallace & Mary	260	260	280
Yankee Point Limited	226	226	254
	<u>43,780</u>	<u>41,786</u>	<u>39,086</u>
Province's Liability	<u>31,582</u>	<u>29,589</u>	<u>30,315</u>
Corporate:			
A.L. Stuckless and Sons Limited	1,200	1,200	1,200
Fogo Island Co-Operative Society Limited	2,000	110	-
Island By-Products Limited	178	178	216
Newfoundland Symphony Orchestra Association	50	39	16
Smith Seafoods Limited	100	97	90
Tornгат Fish Producers Co-Op Society Limited	2,100	-	-
	<u>5,628</u>	<u>1,624</u>	<u>1,522</u>
Other Bank Loans:			
Consumer Protection Fund for Prepaid Funeral Expenses	200	133	119
	<u>200</u>	<u>133</u>	<u>119</u>
Other Guarantees:			
Newfoundland Ocean Enterprises Limited - note 7	-	-	7,000
	<u>2,103,889</u>	<u>2,060,438</u>	<u>1,887,549</u>

See accompanying notes.

NOTES TO SCHEDULE OF GUARANTEED DEBT
As at 31 March 2003

1. Definitions

The headings used in this Schedule are defined as follows:

Limit of Guarantee - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less downpayment and less any 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. As of 31 March 2003, capitalized interest and past due interest amounted to \$0.1 million and nil respectively.

2. Debenture Issues with Sinking Funds

Corporations for which guarantees are presented net of sinking fund values:

	Principal Amount of Debentures Outstanding	Accrued Interest	Value of Sinking Fund	Contingent Liability
	(\$000)	(\$000)	(\$000)	(\$000)
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds	1,275,000	19,132	99,335	1,194,797
- Government of Canada	18,886	11	-	18,897
- Promissory Notes	245,822	1,536	-	247,358
				<u>1,461,052</u>
Newfoundland and Labrador Municipal Financing Corp.				
- Canadian Funds	370,396	7,736	44,399	<u>333,733</u>
Health Care Corporation of St. John's				
- Canadian Funds	130,000	2,605	1,571	<u>131,034</u>

3. Municipal Loans

Interim financing for municipal capital projects is provided through these guaranteed bank loans which include interest capitalized during the construction. Once an appropriate level of capital projects have been completed, the Newfoundland and Labrador Municipal Financing Corporation (a crown agency) provides long-term financing by issuing its own securities and lending the funds to the municipalities for those loans not financed through private sources. The debt securities of the Newfoundland and Labrador Municipal Financing Corporation are also guaranteed by the Province.

4. Fisheries Loans

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. With regard to these term loans, the Province's 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.

For the fiscal year ended 31 March 2003, the Province's contingent liability is limited to \$29.6 million.

NOTES TO SCHEDULE OF GUARANTEED DEBT (continued)

5. Payments under Guarantee

During the 2002-2003 fiscal year, there were no payments under guarantee.

6. Valuation Allowance

The provision for guaranteed debt for 31 March 2003 is \$5.4 million (31 March 2002 - \$5.0 million).

7. Newfoundland Ocean Enterprises Limited

At the time the assets of Newfoundland Ocean Enterprises Limited were purchased by Friede Goldman Newfoundland Limited (the "Company"), the Province had performance guarantees in place with regard to three shipbuilding/repairs contracts. These contracts were assumed by the Company, however the Province's performance guarantees were not released. The Company indemnified the Province with regard to these guarantees through third party performance bonding.

At year end, Government's exposure with respect to all three of the contracts had effectively ended due to the associated work being completed in accordance with those contracts and releases being provided by the parties to the ship building/repair contracts.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Losses, Uncollectible Accounts and Other Amounts Written Off For the year ended 31 March 2003 with comparative figures for 2002

Department	2003	2002
	(\$000)	(\$000)
Finance:		
Remissions	1,465	514
Tax forgiveness	5,371	52
Loan forgiveness	30,663	2,230
Settlement of debt	-	6,501
	<u>37,499</u>	<u>9,297</u>
Executive Council:		
Uncollectible accounts	10	-
Government Services and Lands:		
Uncollectible accounts	-	2
Works, Services and Transportation:		
Uncollectible accounts	8	127
Fisheries and Aquaculture:		
Uncollectible accounts	7	3
Forest Resources and Agrifoods		
Uncollectible accounts	1	1
Veterinary services	-	1
	<u>1</u>	<u>2</u>
Industry, Trade and Rural Development:		
Uncollectible accounts	-	10,000
Mines and Energy:		
Uncollectible accounts	-	3
Tourism, Culture and Recreation:		
Uncollectible accounts	5	-
Health and Community Services:		
Ambulance services	154	-
Third party liabilities	386	-
Bursary assistance	17	-
	<u>557</u>	<u>-</u>
Human Resources and Employment:		
Overpayment of social assistance	782	606
Total	<u>38,869</u>	<u>20,040</u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts As at 31 March 2003 with comparative figures for 2002

	2003	2002
	(\$000)	(\$000)
Assets		
Registrar of the Supreme Court	21,077	22,144
Newfoundland Government Fund	20,000	19,000
Commercial and Corporate Affairs Trust	6,596	5,771
Teachers' Accrued Salary Trust Account	5,010	4,507
Federal/Provincial Contractors' Security Account	913	1,950
Consolidated Tender Account	675	997
Homes for Special Care	647	646
Provincial Courts Trust Account	354	328
High Sheriff of Newfoundland	190	243
Rooms Trust Account	78	76
Contractors' Security Account - Works, Services and Transportation	78	-
H.M. Penitentiary	60	103
Newfoundland and Labrador Youth Centre	26	40
Securities Payable	15	18
Labrador Correctional Centre	11	14
School for the Deaf	8	5
West Coast Correctional Centre	5	5
Newfoundland and Labrador Correctional Centre for Women	4	5
Unpaid Wages Trust Account	3	4
Bishop's Falls Correctional Centre	2	2
Total Trust Account Assets	55,752	55,858
Balance of Funds		
Balance of Funds	55,752	55,858
Total Balance of Funds	55,752	55,858

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Reconciliation of Modified Cash to Accrual For the year ended 31 March 2003 with comparative figures for 2002

	2003		2002	
	Current	Capital	Current	Capital
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus (Deficit) - modified cash	88,611	(124,809)	115,824	(163,074)
Less: Amounts capitalized	-	(1,796)	-	(5,837)
	<u>88,611</u>	<u>(126,605)</u>	<u>115,824</u>	<u>(168,911)</u>
Surplus (Deficit) - accrual	(406,624)	(101,514)	(179,411)	(193,042)
Change in surplus/deficit	<u>495,235</u>	<u>(25,091)</u>	<u>295,235</u>	<u>24,131</u>
The change in the basis of accounting from the modified cash to the accrual affected revenue and expenditure as follows:				
Revenue				
Retail sales tax	10,131	-	(18,619)	-
Gasoline tax	72	-	(346)	-
Other taxes	(1,757)	-	(6,462)	-
Non-tax revenue	(8,603)	-	6,350	-
Related revenue - provincial	18,638	(31,505)	62,162	(90)
Equalization	45,922	-	45,016	-
Related revenue - federal	5,273	-	5,723	-
Canada Health and Social Transfer	26,838	-	(2,747)	-
Total revenue	<u>96,514</u>	<u>(31,505)</u>	<u>91,077</u>	<u>(90)</u>
Expenditure				
Salaries	15,337	-	11,523	-
Employee benefits	(53,226)	-	(58,453)	-
Pension costs	95,771	-	2,620	-
Purchased services	4,846	(47)	580	(77)
Allowances and assistance	(411)	-	(682)	-
Grants and subsidies	22,335	-	(4,879)	-
Debt expenses	306,819	5,479	247,455	18,968
Bad debt expenses	7,250	982	5,994	5,330
Total expenditure	<u>398,721</u>	<u>6,414</u>	<u>204,158</u>	<u>24,221</u>
Change in surplus/deficit	<u>495,235</u>	<u>(25,091)</u>	<u>295,235</u>	<u>24,131</u>
Net change in surplus/deficit	<u>470,144</u>		<u>319,366</u>	