

# BUDGET 2008

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STATEMENT I  
**NEWFOUNDLAND AND LABRADOR**  
**CONSOLIDATED STATEMENT OF OPERATIONS - NET EXPENSE BASIS**  
**2008-09 and 2007-08 Revised**

	2008-09	2007-08	
	Estimates	Revised	Estimates
	(\$000)	(\$000)	(\$000)
<b>REVENUE (Exhibit I)</b> .....	<b><u>6,355,835</u></b>	<u>6,600,965</u>	<u>5,632,136</u>
<b>NET EXPENSE (Exhibit III)</b>			
Program Expense .....	<b><u>5,299,927</u></b>	4,694,767	4,839,422
Debt Servicing Expense .....	<b><u>724,475</u></b>	<u>729,873</u>	<u>726,984</u>
<b>TOTAL NET EXPENSE</b> .....	<b><u>6,024,402</u></b>	<u>5,424,640</u>	<u>5,566,406</u>
<b>NET INCOME OF GOVERNMENT BUSINESS ENTERPRISES</b>	<b><u>212,474</u></b>	<u>200,214</u>	<u>195,450</u>
<b>SURPLUS</b> .....	<b><u>543,907</u></b>	<u>1,376,539</u>	<u>261,180</u>

**Notes:**

- (i) This reflects the estimated financial activity of the Consolidated Revenue Fund and those entities, as approved by Treasury Board, which are controlled by Government.
- (ii) Net expense represent gross expense (as per Statement III) less related revenue.

STATEMENT II  
**NEWFOUNDLAND AND LABRADOR**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**2008-09 and 2007-08 Revised**

	2008-09 Estimates	2007-08 Revised
	(\$000)	(\$000)
<b>Funds Provided from (Applied to):</b>		
<b>OPERATIONS</b>		
Surplus . . . . .	543,907	1,376,539
Add / (Deduct) Non-Cash Items:		
Amortization of Tangible Capital Assets . . . . .	187,711	176,422
Atlantic Accord 2005 Recognition . . . . .	(360,052)	(305,697)
Other . . . . .	<u>92,470</u>	<u>(88,337)</u>
<b>Cash Provided from Operations . . . . .</b>	<b><u>464,036</u></b>	<b><u>1,158,927</u></b>
<b>CAPITAL</b>		
Net Acquisitions of Tangible Capital Assets . . . . .	<u>(483,257)</u>	<u>(279,101)</u>
<b>Cash Applied to Capital Transactions . . . . .</b>	<b><u>(483,257)</u></b>	<b><u>(279,101)</u></b>
<b>FINANCING</b>		
Borrowings . . . . .	-	660,303
Debt Retirement . . . . .	(450,821)	(370,125)
Retirement of Pension Liabilities . . . . .	-	<u>(582,000)</u>
<b>Cash Applied to Financing Activities . . . . .</b>	<b><u>(450,821)</u></b>	<b><u>(291,822)</u></b>
<b>INVESTING</b>		
Net Investment in Resource Projects and Other Activities . . . . .	<u>(328,526)</u>	<u>27,594</u>
<b>Cash Applied to Investing Activities . . . . .</b>	<b><u>(328,526)</u></b>	<b><u>27,594</u></b>
<b>Change in Cash . . . . .</b>	<b><u>(798,568)</u></b>	<b><u>615,598</u></b>

STATEMENT III  
**NEWFOUNDLAND AND LABRADOR**  
**CONSOLIDATED STATEMENT OF OPERATIONS - GROSS EXPENSE BASIS**  
**2008-09 and 2007-08 Revised**

	2008-09	2007-08	
	Estimates	Revised	Estimates
	(\$000)	(\$000)	(\$000)
<b>GROSS REVENUE (Exhibit II)</b>			
Provincial			
Taxation . . . . .	4,184,097	4,340,012	3,430,099
Investment . . . . .	205,245	220,641	205,734
Fees and Fines . . . . .	218,844	228,055	218,324
Other . . . . .	341,353	355,340	344,952
	<u>4,949,539</u>	<u>5,144,048</u>	<u>4,199,109</u>
Government of Canada . . . . .	<u>1,826,984</u>	<u>1,794,076</u>	<u>1,794,931</u>
<b>TOTAL REVENUE . . . . .</b>	<b><u>6,776,523</u></b>	<b><u>6,938,124</u></b>	<b><u>5,994,040</u></b>
<b>GROSS EXPENSE (Exhibit III)</b>			
General Government and Legislative Sector . . . . .	1,626,095	1,374,378	1,386,816
Resource Sector . . . . .	337,939	224,159	294,347
Social Sector . . . . .	4,481,056	4,163,262	4,247,147
<b>TOTAL EXPENSE . . . . .</b>	<b><u>6,445,090</u></b>	<b><u>5,761,799</u></b>	<b><u>5,928,310</u></b>
<b>NET INCOME OF GOVERNMENT BUSINESS ENTERPRISES</b>	<b><u>212,474</u></b>	<b><u>200,214</u></b>	<b><u>195,450</u></b>
<b>SURPLUS . . . . .</b>	<b><u>543,907</u></b>	<b><u>1,376,539</u></b>	<b><u>261,180</u></b>

**Notes:**

- (i) This reflects the estimated financial activity of the Consolidated Revenue Fund and those entities, as approved by Treasury Board, which are controlled by Government. It is prepared using the applicable policies described in Note 1 (Summary of Significant Accounting Policies) of Volume I of the Public Accounts.

STATEMENT IV  
**NEWFOUNDLAND AND LABRADOR**  
**CONSOLIDATED CHANGE IN NET DEBT, NET DEBT SUMMARY, AND DEBT TRANSACTIONS**  
**2008-09 and 2007-08 Revised**

	2008-09 Estimates	2007-08 Revised
	(\$000)	(\$000)
<b>CHANGE IN NET DEBT</b>		
Net Debt - Beginning of Period .....	10,284,517	11,558,377
Surplus for the Period .....	<u>(543,907)</u>	<u>(1,376,539)</u>
Change in Tangible Capital Assets		
Acquisition of Tangible Capital Assets .....	483,257	279,101
Amortization of Tangible Capital Assets .....	<u>(187,711)</u>	<u>(176,422)</u>
<b>Increase in Net Book Value of Tangible Capital Assets .....</b>	<b><u>295,546</u></b>	<b><u>102,679</u></b>
Decrease in Net Debt .....	<u>(248,361)</u>	<u>(1,273,860)</u>
<b>Net Debt - End of Period .....</b>	<b><u>10,036,156</u></b>	<b><u>10,284,517</u></b>
<b>NET DEBT SUMMARY</b>		
Borrowings - Net of Sinking Funds (Exhibit IV) .....	6,583,282	7,043,614
Unfunded Pension and Retirement Benefits Liability .....	<u>3,310,990</u>	<u>2,987,973</u>
Debt .....	9,894,272	10,031,587
Other Financial Liabilities less Financial Assets .....	<u>141,884</u>	<u>252,930</u>
<b>Net Debt .....</b>	<b><u>10,036,156</u></b>	<b><u>10,284,517</u></b>
<b>DEBT TRANSACTIONS</b>		
<b>Debt - Beginning of Period .....</b>	<b>10,031,587</b>	10,102,042
Debt Retirement and Increase in Sinking Funds .....	(460,332)	(390,680)
New Borrowings .....	-	660,303
Special Payments - Pension Plans .....	-	(582,000)
Increase in Unfunded Pension Liability .....	211,351	132,008
Increase in Retirement Benefits Liability .....	<u>111,666</u>	<u>109,914</u>
<b>Debt - End of Period .....</b>	<b><u>9,894,272</u></b>	<b><u>10,031,587</u></b>

*EXHIBIT I*  
**NEWFOUNDLAND AND LABRADOR**  
**CONSOLIDATED PROVINCIAL AND FEDERAL REVENUE**  
**2008-09 and 2007-08 Revised**

	2008-09 Estimates	2007-08 Revised
	(\$000)	(\$000)
<b>PROVINCIAL TAX SOURCES</b>		
Consolidated Revenue Fund		
Personal Income Tax .....	674,800	804,074
Sales Tax .....	636,690	697,100
Gasoline Tax .....	151,750	148,839
Payroll Tax .....	63,619	65,181
Tobacco Tax .....	108,450	108,992
Corporate Income Tax .....	513,073	482,408
Offshore Royalties .....	1,719,300	1,672,165
Mining Tax and Royalties .....	258,771	312,143
Other Taxes .....	57,644	49,110
<b>TOTAL: Provincial Tax Sources</b> .....	<b>4,184,097</b>	<b>4,340,012</b>
<b>OTHER PROVINCIAL SOURCES</b>		
Consolidated Revenue Fund		
Lottery Revenues .....	93,100	98,316
Vehicle and Driver Licenses .....	63,500	74,054
Registry of Deeds, Companies and Securities .....	27,404	29,894
Other .....	38,648	40,417
Entities		
General Government Sector .....	17,620	20,168
Resource Sector .....	32,773	30,446
Health Care Sector .....	133,644	142,980
Education Sector .....	179,489	187,402
Other Social .....	24,076	23,080
<b>TOTAL: Other Provincial Sources</b> .....	<b>610,254</b>	<b>646,757</b>
<b>TOTAL: PROVINCIAL SOURCES</b> .....	<b>4,794,351</b>	<b>4,986,769</b>
<b>GOVERNMENT OF CANADA</b>		
Consolidated Revenue Fund		
Equalization .....	17,878	477,373
Atlantic Accord 1985 .....	538,851	188,578
Atlantic Accord 2005 .....	360,052	305,697
Health Transfers .....	371,500	364,454
Social Transfers .....	159,899	153,012
Statutory Subsidies .....	1,708	1,708
Entities		
Resource Sector .....	405	465
Education Sector .....	48,891	63,303
Other Social .....	62,300	59,606
<b>TOTAL: GOVERNMENT OF CANADA</b> .....	<b>1,561,484</b>	<b>1,614,196</b>
<b>TOTAL REVENUE</b> .....	<b>6,355,835</b>	<b>6,600,965</b>

*EXHIBIT II*  
**NEWFOUNDLAND AND LABRADOR**  
**CONSOLIDATED PROVINCIAL, FEDERAL AND RELATED REVENUE**  
**2008-09 and 2007-08 Revised**

	2008-09 Estimates	2007-08 Revised
	(\$000)	(\$000)
<b>PROVINCIAL</b>		
Taxation		
Consolidated Revenue Fund		
Personal Income Tax . . . . .	674,800	804,074
Sales Tax . . . . .	636,690	697,100
Gasoline Tax . . . . .	151,750	148,839
Payroll Tax . . . . .	63,619	65,181
Tobacco Tax . . . . .	108,450	108,992
Corporate Income Tax . . . . .	513,073	482,408
Mining Tax and Royalties . . . . .	258,771	312,143
Offshore Royalties . . . . .	1,719,300	1,672,165
Other Taxes . . . . .	57,644	49,110
	<u>4,184,097</u>	<u>4,340,012</u>
Investment		
Consolidated Revenue Fund		
Lottery Revenue . . . . .	93,100	98,316
Other Related Revenue . . . . .	21,270	21,458
Sinking Fund Earnings . . . . .	43,132	48,111
Entities . . . . .	47,743	52,756
	<u>205,245</u>	<u>220,641</u>
Fees and Fines		
Consolidated Revenue Fund		
Vehicle and Driver Licenses . . . . .	63,500	74,054
Registry of Deeds, Companies and Securities . . . . .	27,404	29,894
Other . . . . .	32,576	32,676
Entities . . . . .	95,364	91,431
	<u>218,844</u>	<u>228,055</u>
Other		
Consolidated Revenue Fund . . . . .	96,859	95,450
Entities . . . . .	244,494	259,890
	<u>341,353</u>	<u>355,340</u>
<b>GOVERNMENT OF CANADA</b>		
Consolidated Revenue Fund		
Equalization . . . . .	17,878	477,373
Atlantic Accord 1985 . . . . .	538,851	188,578
Atlantic Accord 2005 . . . . .	360,052	305,697
Health Transfers . . . . .	371,500	364,454
Social Transfers . . . . .	159,899	153,012
Statutory Subsidies . . . . .	1,708	1,708
Cost Shared Programs . . . . .	265,500	179,880
Entities . . . . .	111,596	123,374
	<u>1,826,984</u>	<u>1,794,076</u>
<b>TOTAL GROSS REVENUE . . . . .</b>	<u><u>6,776,523</u></u>	<u><u>6,938,124</u></u>

*EXHIBIT III*

**NEWFOUNDLAND AND LABRADOR**

**CONSOLIDATED EXPENSE**

**2008-09 and 2007-08 Revised**

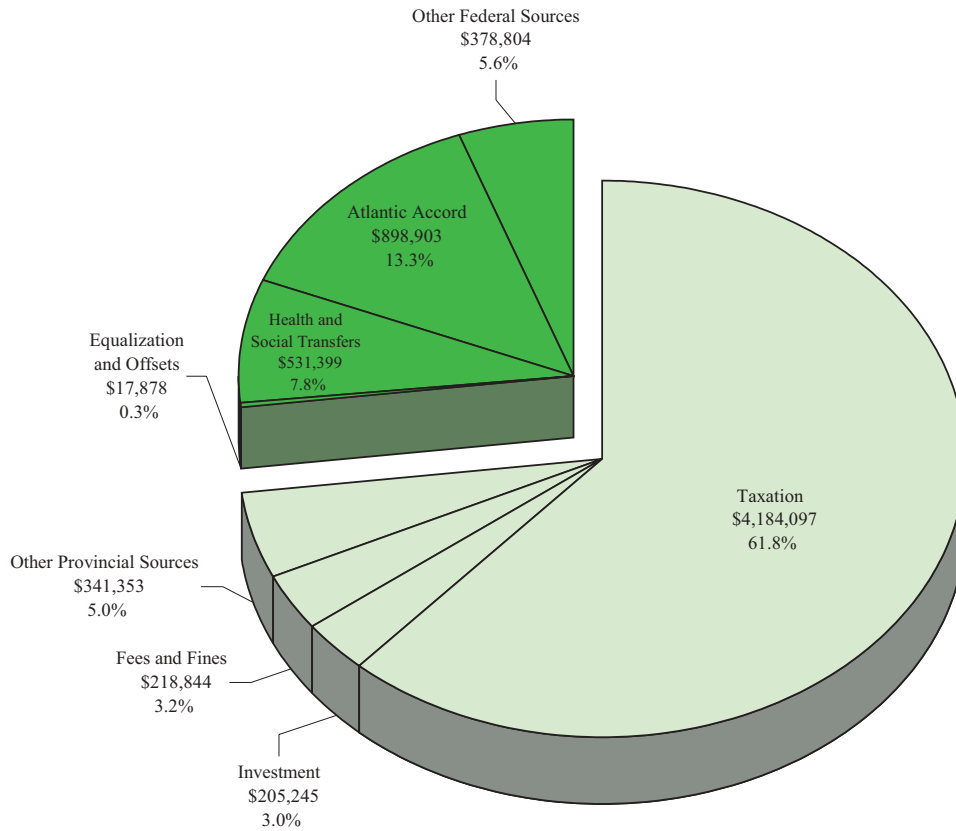
	2008-09			2007-08		
	Gross Expense (\$000)	Related Revenue (\$000)	Net Expense (\$000)	Gross Expense (\$000)	Related Revenue (\$000)	Net Expense (\$000)
<b>General Government and Legislative Sector</b>						
<b>General Government Sector</b>						
Consolidated Fund Services .....	513,841	64,966	448,875	553,009	74,378	478,631
Executive Council .....	100,219	5,091	95,128	85,083	2,200	82,883
Finance .....	549,105	24,154	524,951	301,300	3,544	297,756
Government Services .....	37,836	10,832	27,004	32,629	8,875	23,754
Labrador and Aboriginal Affairs .....	5,427	-	5,427	4,142	172	3,970
Public Service Commission .....	3,824	-	3,824	3,419	-	3,419
Transportation and Works .....	390,853	61,658	329,195	370,627	40,185	330,442
<b>Legislative Sector</b>						
Legislature .....	24,990	207	24,783	24,169	631	23,538
	1,626,095	166,908	1,459,187	1,374,378	129,985	1,244,393
<b>Resource Sector</b>						
Business .....	11,578	-	11,578	3,085	-	3,085
Environment and Conservation .....	69,129	18,560	50,569	49,572	10,330	39,242
Fisheries and Aquaculture .....	20,392	1,754	18,638	12,795	1,008	11,787
Innovation, Trade and Rural Development ..	37,484	500	36,984	21,111	60	21,051
Natural Resources .....	138,697	15,115	123,582	82,293	9,206	73,087
Tourism, Culture and Recreation .....	60,659	4,291	56,368	55,303	4,171	51,132
	337,939	40,220	297,719	224,159	24,775	199,384
<b>Social Sector</b>						
Education .....	1,292,453	41,302	1,251,151	1,247,816	41,075	1,206,741
Health and Community Services .....	2,364,076	40,501	2,323,575	2,167,262	46,774	2,120,488
Human Resources, Labour and Employment .....	308,099	29,166	278,933	279,132	13,781	265,351
Justice .....	192,993	13,599	179,394	186,518	15,326	171,192
Municipal Affairs .....	195,427	77,985	117,442	163,591	58,643	104,948
Newfoundland and Labrador Housing Corporation .....	128,008	11,007	117,001	118,943	6,800	112,143
	4,481,056	213,560	4,267,496	4,163,262	182,399	3,980,863
<b>TOTAL CONSOLIDATED EXPENSE . . .</b>	<b>6,445,090</b>	<b>420,688</b>	<b>6,024,402</b>	<b>5,761,799</b>	<b>337,159</b>	<b>5,424,640</b>



*EXHIBIT IV*  
**NEWFOUNDLAND AND LABRADOR**  
**CONSOLIDATED BORROWINGS**  
**2008-09 and 2007-08 Revised**

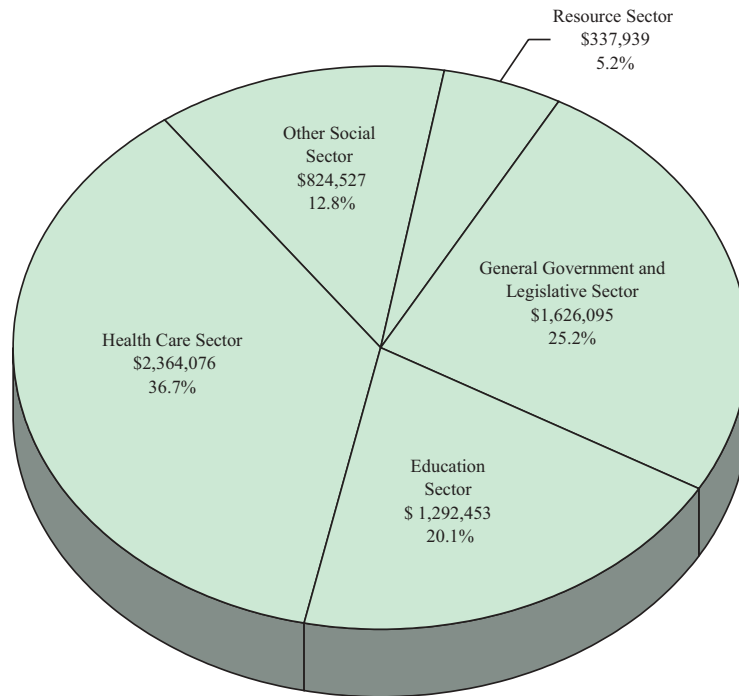
	2008-09 Estimates	2007-08 Revised
	(\$000)	(\$000)
<b>Consolidated Revenue Fund</b>		
Treasury Bills . . . . .	489,061	489,303
Debentures . . . . .	5,708,953	5,958,953
Government of Canada . . . . .	461,852	503,503
	6,659,866	6,951,759
Less: Sinking Funds . . . . .	809,012	719,235
Plus: Unamortized Foreign Exchange Gains / Losses . . . . .	222,355	244,850
	6,073,209	6,477,374
<b>Newfoundland and Labrador Municipal Financing Corporation</b>		
Debentures . . . . .	119,410	162,619
Less: Sinking Funds . . . . .	-	11,980
	119,410	150,639
<b>Newfoundland and Labrador Housing Corporation</b>		
Debentures . . . . .	24,570	25,570
Other . . . . .	-	-
	24,570	25,570
<b>Other Debt</b>		
Student Loan Corporation of Newfoundland and Labrador . . . . .	170,000	184,000
Health Care Organizations . . . . .	183,339	187,699
Miscellaneous . . . . .	20,769	25,147
	374,108	396,846
Less: Sinking Funds . . . . .	8,015	6,815
	366,093	390,031
<b>TOTAL CONSOLIDATED BORROWINGS . . . . .</b>	<b>6,583,282</b>	<b>7,043,614</b>

*EXHIBIT V*  
**SUMMARY OF REVENUE (By Source)**  
**WHERE THE REVENUE COMES FROM**



Percentage of Total		Source	Amount (\$000)	
Revised 2007-08	Estimate 2008-09		Estimate 2008-09	Revised 2007-08
<b>Provincial:</b>				
62.5	61.8	Taxation	4,184,097	4,340,012
3.2	3.0	Investment	205,245	220,641
3.3	3.2	Fees and Fines	218,844	228,055
5.1	5.0	Other Provincial Sources	341,353	355,340
<u>74.1</u>	<u>73.0</u>	<b>Total: Provincial</b>	<u>4,949,539</u>	<u>5,144,048</u>
<b>Government of Canada:</b>				
6.9	0.3	Equalization and Offsets	17,878	477,373
7.5	7.8	Health and Social Transfers	531,399	517,466
7.1	13.3	Atlantic Accord	898,903	494,275
4.4	5.6	Other Federal Sources	378,804	304,962
<u>25.9</u>	<u>27.0</u>	<b>Total: Government of Canada</b>	<u>1,826,984</u>	<u>1,794,076</u>
<u>100.0</u>	<u>100.0</u>	<b>Total</b>	<u>6,776,523</u>	<u>6,938,124</u>

*EXHIBIT VI*  
**SUMMARY OF EXPENSES (By Function)**  
**WHERE THE EXPENSES GO**



<u>Percentage of Total</u>		<u>Area of Expense</u>	<u>Amount (\$000)</u>	
<u>Revised 2007-08</u>	<u>Estimate 2008-09</u>		<u>Estimate 2008-09</u>	<u>Revised 2007-08</u>
		<b>Expense:</b>		
21.7	20.1	Education Sector	1,292,453	1,247,816
37.6	36.7	Health Care Sector	2,364,076	2,167,262
13.0	12.8	Other Social Sector	824,527	748,184
3.9	5.2	Resource Sector	337,939	224,159
<u>23.8</u>	<u>25.2</u>	General Government and Legislative Sector	<u>1,626,095</u>	<u>1,374,378</u>
<u>100.0</u>	<u>100.0</u>	<b>Total Expense</b>	<u>6,445,090</u>	<u>5,761,799</u>

*EXHIBIT VII*  
**RECONCILIATION OF BUDGETARY CONTRIBUTION / (REQUIREMENT)**  
**TO CONSOLIDATED ACCRUAL SURPLUS**  
**2008-09 and 2007-08 Revised**

	<b>2008-09 Estimates</b>	<b>2007-08 Revised</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Budgetary Contribution / (Requirement) - CRF (Statement I in Estimates) .	<u>(54,318)</u>	<u>1,093,227</u>
Non-Cash Consolidated Revenue Fund Items:		
Sinking Fund Earnings . . . . .	43,132	48,111
Pensions . . . . .	(214,027)	(120,816)
Group Health and Life Insurance Benefits . . . . .	(104,368)	(102,729)
Amortization of Foreign Exchange Gains / Losses . . . . .	18,068	10,410
Amortization of Tangible Capital Assets . . . . .	(84,086)	(80,949)
Tangible Capital Asset Acquisitions . . . . .	318,601	163,062
Offshore Royalties . . . . .	(70,000)	199,038
Other Accrued Revenue and Expense . . . . .	<u>572,863</u>	<u>36,692</u>
	<u>480,183</u>	<u>152,819</u>
Net Adjustments - Entities:		
General Government and Legislative Sector . . . . .	2,709	2,349
Resource Sector . . . . .	6,523	12,747
Health Care Sector . . . . .	1,160	5,186
Education Sector . . . . .	23,952	33,534
Other Social Sector . . . . .	(11,302)	(8,323)
Net Income of Government Business Enterprises . . . . .	<u>95,000</u>	<u>85,000</u>
	<u>118,042</u>	<u>130,493</u>
Change . . . . .	<u>598,225</u>	<u>283,312</u>
<b>CONSOLIDATED ACCRUAL SURPLUS . . . . .</b>	<u><b>543,907</b></u>	<u><b>1,376,539</b></u>

*EXHIBIT VIII*  
**SELECTED ECONOMIC STATISTICS**  
**2004 to 2007**

	2007	% Change	2006	% Change	2005	% Change	2004
Population as of July 1 (000's) . . . . .	506.3	-0.7	509.9	-0.8	514.1	-0.6	517.3
Gross Domestic Product at Market Prices (\$ Millions) ***	27,090*	14.5	23,655*	10.0	21,496	11.4	19,302
Personal Income (\$ Millions) *** . . . . .	14,405*	4.3	13,814*	4.0	13,277	3.5	12,827
Per Capita Personal Income (\$) . . . . .	28,452*	5.0	27,092*	4.9	25,826	4.2	24,796
Labour Force, Annual Average (000's) . . . . .	251.2	-0.8	253.1	0.2	252.5	-0.7	254.3
Employment, Annual Average (000's) . . . . .	217.1	0.6	215.7	0.7	214.1	-0.1	214.3
Unemployment Rate, Annual Average (%) . . . . .	13.6	-1.2	14.8	-0.4	15.2	-0.5	15.7
Wages and Salaries (\$ Millions) . . . . .	7,364	5.9	6,954	4.7	6,645	4.0	6,390
Consumer Price Index (1997=100) . . . . .	111.1	1.5	109.5	1.8	107.6	2.7	104.8
Oil Production (Millions of Barrels) **. . . . .	134.5	21.4	110.8	-0.4	111.3	-3.0	114.8
Volume of Fish Landings (000's of Metric Tonnes) . . . . .	332.6	-6.4	355.5	5.0	338.7	1.2	334.8
Value of Fish Landings (\$ Millions) . . . . .	478.7	8.4	441.6	-11.2	497.3	-18.0	606.1
Newsprint Shipments (Thousands of Metric Tonnes) . .	549.4	-7.6	594.8	-21.9	761.8	4.1	731.7
Iron Ore Shipments (Millions of Metric Tonnes) . . . . .	18.3	-8.5	20.0	0.0	20.0	34.2	14.9
Sales of Goods Manufactured NAICS (Shipments (\$ Millions) . . . . .	5,370.4	20.4	4,459.7	53.3	2,909.1	15.0	2,529.6
Private and Public Capital Investment (\$ Millions) . . . .	4,040	-7.3	4,359	-4.7	4,576	7.8	4,243
Housing Starts (Number) . . . . .	2,652	18.7	2,234	-10.6	2,498	-13.0	2,870
Retail Trade NAICS (\$ Millions) . . . . .	6,616	9.5	6,042	3.7	5,826	1.2	5,755
New Motor Vehicle Sales (Number) . . . . .	28,260	16.8	24,188	-2.9	24,899	8.7	22,898

Note: Some data are preliminary.  
Some percent changes are based on unrounded data.  
\* Estimated by the Economics and Statistics Branch, Department of Finance  
\*\*As of November 2005, includes Hibernia, Terra Nova and White Rose production.  
\*\*\*The 2006 and 2007 estimates do not include the Provincial Government's special pension plan payments.

Source: Statistics Canada; Economics and Statistics Branch, Department of Finance.