



# Debt & Deficits

## PROVINCIAL DEFICITS

Newfoundland and Labrador has had the highest per capita revenues of any province for 12 of the last 13 years. It has also had the highest per capita program expenses of all provinces for years. If the province's per capita program spending was in line with the average of other provinces, program expenses would have been \$1.18 billion less in 2019-20.

- **Expenditures grew from \$4.97 billion in 2004-05 to \$8.97 billion in 2020-21, AN 80% INCREASE.**
- Health care is Newfoundland and Labrador's largest expense. Budget 2020 projects that Newfoundland and Labrador will spend over \$3 billion on health care in 2020-21, representing 37.7 per cent of total expenditures.
- Newfoundland and Labrador spends more per capita on health care than any other province in Canada at \$6,443 per person (the average of all provinces in Canada is \$5,196).
- **Approximately 41% of total expenditures are on EMPLOYEE COMPENSATION.**
- Newfoundland and Labrador has more public service positions (including agencies, boards and commissions) per 1,000 residents than almost all other provinces at 102.
- **The number of children in school is DECLINING EVERY YEAR and the cost per child has risen by 11.5% from 2011 to 2020.**
- In 2019-20, ferries generated revenues of just \$6.6 million and operated at a cost of \$86.7 million. This means that marine services are 92 per cent subsidized by the provincial government.
- To deliver government services, an abundance of government-run infrastructure is spread around the province: 259 schools, over 180 health care sites, 12 ferry routes, 20 airstrips, over 9,000 kilometers of highway, 1,300 bridges and management of over 800 buildings.



## PROVINCIAL DEBT

Newfoundland and Labrador's liabilities plus other obligations and exposures currently stands at around \$47.3 billion.

Debt charges are the province's second largest expense. The province spends more on servicing its debt than it does on education or transportation and infrastructure.

The province's total liabilities and financial exposures is the equivalent of **\$215,000 FOR EVERY HOUSEHOLD IN THE PROVINCE.**

- As of March 31, 2012, the province had a net debt of \$7.8 billion (\$14,927 per person), comparable to other Atlantic Canadian provinces and lower than the per capita net debt of Ontario (\$17,813) and Quebec (\$20,949). **Eight years later, Newfoundland and Labrador's net debt has almost doubled to \$14.4 billion, or \$27,575 per capita — by far the highest among provinces.**
- As of March 31, 2020, the province's unfunded pension liabilities totaled \$4.89 billion and the net liability of group retirement benefits was \$3.29 billion. **This means that the province owes its current and retired employees \$8.18 billion.**
- The pension liability is nearly \$1 billion more now than what it was just six years ago when pension reform was completed.
- The province's 30-year borrowing rate is the highest among Canadian provinces.
- In total, the province incurred \$1.5 billion in debt charges in 2019-20 (including debt charges incurred by Nalcor). It has paid about \$7.9 billion in debt charges since 2014-15.
- **Newfoundland and Labrador currently SPENDS 11 CENTS FROM EVERY DOLLAR RAISED** to pay debt costs. This is the highest in the country.