



Newfoundland and Labrador's Financial State of Affairs

Newfoundland and Labrador is facing an unsustainable fiscal situation that requires immediate action. We have continued to spend beyond our means.

If debt levels get too high, Newfoundland and Labrador is at risk of not being able to make its financial commitments such as paying salaries, operating hospitals, offering other public services or making payments to pension plans which it is legally obligated to do.

THE FOLLOWING IS A SYNOPSIS OF NEWFOUNDLAND AND LABRADOR'S FISCAL POSITION.

- Newfoundland and Labrador has the highest per capita expenditures and debt of any province in Canada. The annual cash shortfall represents approximately 25 per cent of its revenue.
- Newfoundland and Labrador has posted a cash **DEFICIT IN 61 OF THE 71 YEARS SINCE CONFEDERATION.**
- When revenue from offshore oil increased, the province spent more money. **Expenditures grew from \$4.97 billion in 2004-05 to \$8.97 billion in 2020-21, an 80% increase.**
- **If nothing changes, it is anticipated that the province will run deficits of \$7 billion over the next six years.** This is \$2 billion more than the total deficits run in the first 45 years of Confederation.



- As of March 31, 2012, the province had a net debt of \$7.8 billion (\$14,927 per capita), comparable to other Atlantic Canadian provinces and lower than the per capita net debt of Ontario (\$17,626) and Quebec (\$20,876). **Eight years later, Newfoundland and Labrador's net debt has almost doubled to \$14.4 billion, or \$27,736 per capita — BY FAR THE HIGHEST AMONG PROVINCES.**
- On a consolidated basis, the province has a gross debt of \$26.1 billion. With the addition of the debt of Nalcor, NLC, and ALC, Newfoundland and Labrador's gross debt is \$39.3 billion (\$26.1 billion + \$13.2 billion). Contingent liabilities and the 2020-2021 shortfall bring the total to \$47.3 billion. **That means \$47.3 billion in debt is sitting on the shoulders of a labour force of about 260,000 people meaning it is the equivalent of \$182,000 for every worker in the province.**
- If Newfoundland and Labrador's per capita program spending was in line with that of other provinces, program expenses would have been \$1.18 billion less in 2019-20. The budget would be close to balanced.
- Newfoundland and Labrador has 102 public service employees per 1,000 residents, more than any other province. In the last 20 years, public sector salaries and employee benefits have increased from \$1.5 billion to \$3.5 billion (an increase of 140 per cent). Currently, **SALARIES AND BENEFITS MAKE UP 41% OF ALL GOVERNMENT EXPENSES.**
- The total value of unfunded pension liabilities as at March 31, 2020 is \$4.9 billion, comprised of an unfunded liability and promissory notes. The value of other employee retirement benefits is another \$3.15 billion. Together, these represent about \$8 billion of the \$44.5 billion of our financial exposure risk.