

3.1 Introduction In this Chapter, I present key financial information contained in the Public Accounts. I also present information on the financial condition of the Province, including a discussion of financial indicators in the Newfoundland and Labrador context. These financial indicators are intended to assist the reader in interpreting the financial information contained in the Public Accounts and to more completely understand the significance of the information provided.

3.2 Key Balances in the Public Accounts

There are five key balances in Volume I of the Public Accounts, i.e. the consolidated summary financial statements - net debt, accumulated deficit, surplus (deficit), revenue and expense.

Net Debt

Net debt as at 31 March 2006 was \$11.7 billion (2005 - \$11.9 billion). This is the amount by which the Province's liabilities of \$13.8 billion (2005 - \$13.7 billion) exceeded its financial assets of \$2.1 billion (2005 - \$1.8 billion). It is also considered to be the amount which the government of the day leaves for future governments to either repay or refinance.

Accumulated Deficit

The accumulated deficit as at 31 March 2006 was \$9.4 billion (2005 - \$9.8 billion). This is the total net amount of all annual surpluses and deficits experienced by the Province. Adjustments to the opening accumulated deficit balance are made each year to reflect changes in prior year's amounts for certain entities.

Surplus (Deficit)

The consolidated surplus for the year ended 31 March 2006 was \$199 million (2005 - deficit of \$489 million). The \$199 million surplus for 2006 is the amount by which the Province's total revenue of \$5.6 billion exceeded total expense of \$5.4 billion. The \$489 million deficit for 2005 is the amount by which the Province's total expense of \$5.0 billion exceeded total revenue of \$4.5 billion.