

**NEWFOUNDLAND AND LABRADOR  
GOVERNMENT SINKING FUND**

**Activity Plan  
For the Period  
April 1, 2023 to March 31, 2026**

**BOARD OF TRUSTEES  
NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND**

TREASURY MANAGEMENT DIVISION  
DEPARTMENT OF FINANCE  
CONFEDERATION BUILDING  
P.O. BOX 8700  
ST. JOHN'S, NL  
A1B 4J6

Honourable Siobhan Coady  
Minister of Finance  
Government of Newfoundland and Labrador  
Confederation Building  
St. John's, NL  
Canada A1B 4J6

Dear Minister Coady:

As Chair of the Board of Trustees responsible for the Newfoundland and Labrador Government Sinking Fund (NLGSF), I am pleased to submit the 2023-2026 Activity Plan.

The NLGSF is a category three government entity, and in accordance with the **Transparency and Accountability Act** is required to develop a three-year Activity Plan to present information on its planned activities for the plan period. The Board of Trustees is accountable for the preparation of this plan and the achievement of the plan's objectives.

The mandate of the Board of Trustees for the NLGSF is to administer the sinking funds established by the Government of Newfoundland and Labrador for the repayment of the Province's debenture debt. This plan provides an overview of the NLGSF and identifies the key issue of the Board of Trustees during the fiscal periods covered in the plan.



Michelle Jewer, CPA, CA  
Chair

# Newfoundland and Labrador Government Sinking Fund 2023-2026 Activity Plan

## 1.0 Overview

The Newfoundland and Labrador Government Sinking Fund (NLGSF) was created pursuant to the **Financial Administration Act (FAA)** to consolidate and administer sinking funds established for the repayment of the Province's debenture debt. The Province has established sinking funds for some of its long-term debenture issues, including all new issues, and the annual contributions to these sinking funds are invested under the direction of the Board of Trustees of the NLGSF. The Board of Trustees is appointed by the Lieutenant Governor in Council to manage and control the day to day operation of the sinking funds and consists of the incumbents in four senior public service positions with the Department of Finance as follows:

Michelle Jewer	Deputy Minister
David Drover	Assistant Deputy Minister Treasury Management and Budgeting
Tom Nemeč	Director, Treasury Management
Calen Harrison	Manager of Capital Markets & Financial Assistance

The NLGSF with a March 31 fiscal year end and the results of its activities are fully consolidated in the Province's annual financial statements.

## 2.0 Mandate

The mandate of the Board is to manage and control the operational activities of the NLGSF and the sinking funds of certain Crown corporations where the Province has guaranteed the related debt. These activities include setting investment policy, investment of funds and the monitoring of such. These funds are invested in accordance with the FAA, and the NLGSF Investment Policy, primarily in equities, bonds, debentures or securities issued or guaranteed by the Government of Canada, the government of a province of Canada, or a chartered bank, with the goal of earning the maximum return from investment of the portfolio while ensuring security of the funds.

### **3.0 Sources of Funding**

For debenture issues which have sinking fund requirements, the Province makes the required sinking fund contributions to the NLGSF. In the fiscal years 2023-24, 2024-25 and 2025-26, these contributions will amount to approximately \$159.9 million based on anticipated sinking fund debentures outstanding in each fiscal year. These contribution figures will be subject to change if anticipated borrowings vary from levels estimates as a part of the Budget 2023 process. Sinking fund contributions are invested and the earnings (i.e. interest, dividends, etc.), less an amount to cover administrative costs, are re-invested.

The NLGSF's day-to-day activities are managed by employees of the Department of Finance and the NLGSF is invoiced quarterly by the Province for reimbursement of these expenses on a cost-recovery basis.

### **4.0 Priorities**

The NLGSF supports the Department of Finance in its responsibilities related to stewardship of public money and fiscal management by the investing of funds in accordance with parameters set out in the FAA.

The unpredictable nature of the investment market, will continue to challenge the Board to ensure that the investment strategy maximizes the rate of return earned on its investment portfolio, while at the same time, protecting the security of the sinking funds. The implementation of the NLGSF Investment Policy, developed in 2022-23, requires a rebalancing of the sinking fund asset mix to a target 30% allocation to equity securities, with commensurate adjustment to other asset classes. The Board of Trustees will work to operationalize the target asset mix over the 3 year activity plan period, while simultaneously managing cash flow needs for upcoming maturities of sinking fund debentures.

The Board is committed to fulfilling its mandated responsibilities. As such, it will provide annual reports detailing the activities it undertook during each preceding fiscal year in compliance with its mandate.

**Objective:** By March 31, 2024, 2025 and 2026, Board of Trustees will have continued with the prudent investment of the assets of the Newfoundland and Labrador Government Sinking Fund.

**Indicator:** The assets of the Newfoundland and Labrador Government Sinking Fund are prudently invested in accordance with the **Financial Administration Act** as evidenced by the completion of periodic reviews of reports to the Board of Trustees.