



Petroleum Products Division

**Transportation and
Infrastructure Nunavut**

Annual Report 2023-2024

Petroleum Products Division

The English version is the authoritative version of this report.

TABLE OF CONTENTS

ABOUT THE REPORT	4
List of Acronyms	4
CORPORATE OVERVIEW	5
Key Responsibilities	5
Legislative Framework	5
KEY HIGHLIGHTS IN 2023-24	6
Upgrade to PPD's Legacy Technologies	6
Retail Price Adjustments	7
PPD Restructuring Review and Analysis	7
Enhanced Quality Control Measures on Gasoline	8
FUEL SUPPLY AND DISTRIBUTION	8
Annual Bulk Fuel Resupply	9
Timing of Fuel Purchases	9
Fuel Source Location	9
Fuel Transportation	10
Fuel Sales and Distribution	10
FUEL SUPPLY PURCHASE	11
Early Price Setting and Risk Management	11
Timing of Fuel Purchases and Relative Savings	11
West Texas Intermediate (WTI) Price of Oil	12
Managing Price Exposure	13
PETROLEUM PRODUCTS PROVIDED TO NUNAVUMMIUT	13
Product Type and Standards	13
PETROLEUM PRODUCT PRICING	14
Retail Price Benchmarks	17
Premium Gasoline Prices: Nunavut Remains Below National Average in Early Fiscal Year	18
Automotive Diesel Prices: Nunavut Compared to Other Canadian Jurisdictions	19
Other Fuel Products in Nunavut	20
Timing of Retail Price Adjustments	20
Product Cost Breakdown	21
Variations in Weighted Average Costs	22
Fuel Price Components (Nunavut Average)	24
PETROLEUM IMPORTS AND SALES	27
Imports 2023-24	27
Sales	27
Sales Forecasting and Projections	27
INFRASTRUCTURE MANAGEMENT	28
Infrastructure Condition and Planning	28
Health and Safety	28
Facility Upgrades and Compliance	29

Inspection and Documentation	29
Regulatory Oversight.....	29
Capital Investment Priorities	30
ENVIRONMENTAL STEWARDSHIP.....	30
Land Farm Management	30
Fuel Spills	31
Engineering Standards and Criteria	32
FINANCE.....	32
Summary Statement of Operations and PPSF Balance.....	32
Sales of Petroleum Products.....	33
Rent and Other Revenues.....	33
Schedule of Expenses	33
Year-End Audit	34
Petroleum Variances	34
Audited Financial Statements.....	36



ABOUT THE REPORT

This document contains the annual report of operations for the Petroleum Products Division, Department of Community and Government Services (CGS), Government of Nunavut (GN), for the period of April 1, 2023, to March 31, 2024.

The report includes the following components:

- Annual Report: an overview of PPD's activities and achievements during the fiscal year.
- Consolidated Financial Statements: These statements pertain to the Petroleum Products Revolving Fund and offer a consolidated view of its financial performance and position.

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), as recommended by the Public Sector Accounting Board of Canada.

List of Acronyms

API	American Petroleum Institute
AVOP	Airside Vehicles Operators Permit
CEPA	Canadian Environmental Protection Act
CGS	Community and Government Services
COGS	Cost of Goods Sold
CRF	Consolidated Revenue Fund
DM	Deputy Minister
EPCO	Environmental Protection Compliance Order
FMB	Financial Management Board
GN	Government of Nunavut
GST	Goods and Services Tax
L	Litres
NYMEX	New York Mercantile Exchange
PHC	Petroleum hydrocarbons
PPD	Petroleum Products Division
PPRF	Petroleum Products Revolving Fund
PPSF	Petroleum Products Stabilization Fund
PSAS	Public sector accounting standards
PwC	PricewaterhouseCoopers
WA	Weighted Average
WHMIS	Workplace Hazardous Materials Information System

CORPORATE OVERVIEW

Key Responsibilities

The Petroleum Products Division (PPD), hereafter referred to as “the Division”, plays a pivotal role in supporting Nunavut’s communities by ensuring safe, reliable access to essential fuels. Here’s how we deliver on this mandate:

1. Fuel Supply and Distribution

PPD oversees the purchase, import, storage, sale and distribution of gasoline, diesel, Jet A-1, and packaged products such as naphtha and avgas across Nunavut’s 25 communities. The Division ensures uninterrupted fuel access through bulk resupply, local delivery contracts, and efficient sales and billing processes, even in the face of extreme logistical and environmental challenges.

2. Infrastructure Management

PPD operates, maintains, inspects, and upgrades fuel storage and distribution infrastructure to meet the growing needs of Nunavut’s communities. This work includes rigorous maintenance schedules, compliance with evolving regulations, and the development of infrastructure tailored to arctic conditions.

3. Outsourced Partnerships

The division contracts and trains service providers that are responsible for fuel distribution. By managing these partnerships, PPD ensures effective fulfillment of its mandate to distribute fuel across the entire territory.

4. Environmental Stewardship

PPD addresses environmental hazards such as spills in full compliance with regulations and operates a land farm to remediate petroleum-contaminated materials. Training for contractors emphasizes environmental safety, protection, and sustainability, ensuring long-term stewardship.

By fulfilling these key responsibilities, the Petroleum Products Division (PPD) contributes to the efficient and sustainable management of refined petroleum products in Nunavut, ensuring the needs of communities are met while maintaining environmental safety and compliance.

Legislative Framework

PPD operates under the Revolving Funds Act, which mandates financial self-sufficiency through fuel sales rather than government appropriations. This framework is supported by two separate funds:

- The Petroleum Products Revolving Fund (PPRF) provides working capital for the purposes of purchasing, selling and distributing petroleum products and managing risks relating to petroleum product prices by entering into agreements and transactions referred to in section 57.1 of the Financial Administration Act. The authorized limit was increased from \$250 million to \$350 million in November 2023 to accommodate financial demands and market volatility.

- The Petroleum Products Stabilization Fund (PPSF) helps to stabilize the prices of petroleum products that are sold and distributed by the Division. The fund operates within a +/- \$20 million range, with any surplus returned to the Government of Nunavut and deficits requiring supplementary funding.

Together, these financial mechanisms enable PPD to balance market challenges, financial sustainability, and community fuel security while adhering to Nunavut's regulatory policies.

KEY HIGHLIGHTS IN 2023-24

Upgrade to PPD's Legacy Technologies

The Petroleum Products Division identified a Business Plan priority to conduct a needs assessment for the upgrade and replacement of PPD's legacy back-office software.

In late in 2022-23, the Division completed its business case for implementing a modern enterprise fuel management system, and on May 31, 2023, issued a public request for proposals (RFP) for the new system. The RFP closed in November 2023. By the end of the fiscal year, PPD and the selected proponent were finalizing contract details, though an agreement had not yet been signed.

This initiative aims to replace outdated legacy technologies, including back-office systems, point-of-sale solutions, and on-board truck sales systems used in Nunavut's communities. The upgrade is critical to addressing inefficiencies in existing systems, which have been in operation for decades and no longer meet the demands of PPD's complex fuel management and distribution activities. The new system will streamline processes, reduce manual tasks, and improve reporting and forecasting capabilities, ensuring PPD can continue to deliver safe and reliable fuel services across the territory.

Modernization Goals

The business case identifies several key areas for improvement through the adoption of a modern enterprise application:

- Inventory Management – Automating inventory processes will eliminate reliance on spreadsheets and manual calculations, improving accuracy and efficiency.
- Reporting and Forecasting – Enhanced reporting capabilities, including dashboards and historical data analysis, will support information-based decision-making and improve accuracy with resupply planning.
- Transaction Management – Integration of sales data will reduce manual reconciliation and improve the monthly financial closing process.
- Operational Efficiency – Upgrading in-truck printing systems and digitizing manual forms and approval processes will reduce costs and administrative burdens.
- Financial Management – An integrated system will enhance cash flow oversight, credit management, and contractor commission reconciliation, thus improving overall financial controls.

In late in 2022-23, the Division completed its business case for implementing a modern PPD anticipates awarding a contract early in the 2024-25 fiscal year, with planning and implementation expected to commence in Fall of 2024. This modernization effort reflects PPD's commitment to continuous

improvement, ensuring the Division remains equipped to handle the evolving demands of fuel management and distribution in Nunavut's unique operating environment.

Retail Price Adjustments

During the 2023–24 fiscal year, retail fuel prices in Nunavut were adjusted four times. Two of these adjustments were driven by changes in the federal carbon tax, while the other two were base price increases approved by the Financial Management Board (FMB) to address global fuel cost pressures.

On April 1, 2023, fuel prices rose due to the federal carbon tax escalation, compounded by the Government of Canada's denial of the Government of Nunavut's carbon tax rebate. This resulted in a combined price increase (including GST) of 11.21 cents per litre for diesel and 9.23 cents per litre for gasoline. On October 1, 2023, the FMB approved a 5-cent per litre increase to the base price of all fuel products in response to continued international market pressures.

Following the federal government's November 12, 2023, pause on the carbon tax for home heating fuel, retail fuel prices in Nunavut decreased, providing some relief for consumers on heating fuel. Then, on January 4, 2024, a further 15-cent per litre increase was approved for all fuel products to account for ongoing volatility and higher costs in global fuel markets.

The Government of Nunavut understands the impact of these adjustments on residents and communities. Each decision was carefully considered to balance the need to manage cost pressures with maintaining the reliability and sustainability of fuel services in the territory.

PPD Restructuring Review and Analysis

In 2018, PPD began reviewing its organizational structure in response to business growth, regulatory pressures, health and safety requirements, and financial challenges—including hidden subsidies to the Petroleum Products Revolving Fund (PPRF). This work culminated in a comprehensive options analysis in 2020–21, which examined potential structural changes such as creating an independent petroleum commission, merging with Qulliq Energy Corporation, or establishing a standalone Crown corporation. The analysis also identified the need for a long-term capital strategy to support the modernization and expansion of Nunavut's bulk fuel infrastructure.

In fall 2021, Bill 52 was introduced to implement the preferred option of establishing an independent petroleum commission. While the bill was not passed by the Legislative Assembly, it prompted valuable discussion and raised important questions from Members of the Legislative Assembly (MLAs) regarding PPD's structure, mandate, and financial sustainability.

To build on this work—and to address the concerns raised by MLAs during consideration of the bill—the Department issued an invitational Request for Proposals in late 2023–24 for an independent review of the restructuring analysis completed between 2018 and 2021. A contract was awarded on March 11, 2024. The findings, expected in 2024–25, will help inform future decisions on how best to position PPD to deliver safe, reliable fuel services while responding to the evolving demands of its operating environment. A renewed structure will also be key to strengthening PPD's governance and financial capacity to plan and invest in critical fuel infrastructure across the territory.

Enhanced Quality Control Measures on Gasoline

In 2023–24, PPD introduced enhanced gasoline quality control measures in response to community concerns and questions raised by Members of the Legislative Assembly, particularly regarding the condition of fuel filters in the Kivalliq region. These concerns prompted PPD to strengthen both testing protocols and consumer engagement on fuel quality.

As part of these efforts, PPD undertook Nunavut's first-ever territory-wide mid-year gasoline sampling program in March 2024. Fuel samples were collected directly from the dispenser nozzle in each community (excluding Iqaluit, which is served independently), and submitted to an accredited independent laboratory for full specification testing under the Canadian General Standards Board (CGSB) standard for premium gasoline in Zone H (Arctic). While the full range of tests was completed, PPD focused its internal reporting on three of the most operationally significant parameters:

- Anti-Knock Index (minimum 91): Territorial average was 92.3
- Vapour Pressure (range 85–110): Territorial average was 96.7
- Driveability Index (maximum 540): Territorial average was 503.5

All communities' samples passed on all parameters, and results demonstrated a strong fuel quality profile across the territory. These values confirm that gasoline in Nunavut not only met standards but performed well across critical technical indicators—offering reassurance to consumers and communities.

To strengthen public accountability, PPD is planning to launch a consumer reporting program that will allow residents to submit fuel concerns and, when needed, fuel filters for analysis. A Request for Proposals for expanded lab services is planned shortly after the 2023–24 fiscal year, with a contract award expected ahead of the 2024 resupply season. The new contract will support case-by-case investigations, including fuel filter testing and comparative sampling from community dispensers. While PPD can verify fuel quality at the point of dispensing, it cannot test fuel from personal containers or vehicle tanks, where contamination may occur. These planned measures reflect a proactive and transparent approach to addressing fuel quality concerns across Nunavut.

FUEL SUPPLY AND DISTRIBUTION

Nunavut relies entirely on marine transportation for the import of refined petroleum products, as no road or rail links connect its 25 communities to southern Canada. PPD oversees the full fuel supply chain—procurement, shipment, storage, and distribution—operating within a short summer/fall window when sea ice clears and communities become accessible by tanker.

In 2023, PPD completed the first of two optional renewal years under its long-term agreement with AV Nunavut Fuels and Woodward's Oil Limited, a partnership originally signed in 2018. The agreement replaced multiple regional contracts with a single territory-wide arrangement, introduced improved fuel pricing mechanisms, and led to the addition of three new tankers to the supplier's fleet. These upgrades have significantly strengthened the reliability and efficiency of Nunavut's fuel supply system. To maintain continuity of service, PPD exercised the final one-year extension in fall 2023, securing fuel supply and delivery through the 2024 resupply season. A new Request for Proposals (RFP) for the next long-term agreement will be issued during the 2024–25 fiscal year.

Annual Bulk Fuel Resupply

Each year, between July and November, PPD coordinates the delivery of the territory's entire annual fuel supply by marine tanker. These shipments are offloaded into community-based bulk fuel facilities, where the fuel is stored for year-round use—particularly during the winter months when resupply is not possible.

PPD staff are present in communities during the resupply season to oversee onshore operations, ensure safe tank filling, and conduct rigorous sampling and testing. This work is supported by Intertek Testing Services Canada Ltd., an independent marine surveyor that provides third-party oversight and quality assurance. In 2023–24, approximately 212.6 million litres of fuel were delivered—a slight decrease from the previous year, due to higher starting inventory levels in some communities, which reduced the overall import requirement.

Timing of Fuel Purchases

To manage the volatility of global fuel markets, PPD uses a range of pricing options—including early price setting through futures contracts, deferred pricing during shipping, and real-time pricing at the load port. Early procurement remains a key strategy for protecting Nunavut from global price spikes, particularly during periods of uncertainty.

For the 2023 resupply season, PPD secured nearly 100% of its fuel requirements—over 211 million liters—through early price setting, locking in prices between January 2023 and April 2023. These contracts were struck at a time when West Texas Intermediate (WTI) crude oil averaged between USD \$70 and \$80 per barrel, ahead of a surge in prices during the summer of 2023, when WTI climbed above \$90 per barrel in September. By acting early, PPD avoided additional costs that would have resulted from relying on deferred or load port pricing during that high-price period.

Although early purchasing is a valuable cost management tool, PPD's ability to expand its use is limited by several factors. These include the financial ceiling of the Petroleum Products Revolving Fund (PPRF), elevated global oil prices, and higher accounts receivable balances, all of which constrain available cash flow for advance purchases. Nevertheless, the 2023 procurement strategy highlights the importance and effectiveness of early action in securing stable fuel prices for Nunavut communities.

Fuel Source Location

In 2023, PPD's supplier sourced fuel from multiple international locations based on availability, pricing, and contract fulfillment arrangements made by its commodities broker. Of the total 212.6 million litres procured for the 2023 resupply season, approximately 78% (165.7 million litres) originated from the United States, with the remaining volumes sourced from Gibraltar (UK) and the Netherlands.

- Diesel and Jet A-1 were primarily sourced from the U.S. and Gibraltar, together accounting for approximately 187.7 million litres of the total supply.
- Gasoline (24.9 million litres) was sourced from the Netherlands, where high-spec product meeting Arctic standards was available at the time of contract fulfillment.

These sourcing decisions are made by the supplier based on conditions in the global commodities market at the time of loading. Working through a broker, such as Glencore, the supplier identifies the most competitive and compliant source of product, taking into account factors like crude oil pricing benchmarks (WTI and Brent), freight costs, refinery output, and regional product specifications.

While sourcing locations change from year to year, quality assurance remains consistent. Third-party marine surveyors test the product at load ports to ensure it meets contractual specifications, with further verification conducted during intermediate storage and offloading. These protocols ensure all fuel delivered to Nunavut complies with the stringent standards required for safe use and storage in Arctic conditions.

Fuel Transportation

Fuel deliveries to Nunavut communities are carried out by a fleet of Canadian-flagged, ice-class tankers operated by PPD's contracted supplier. Purpose-built for Arctic conditions, these vessels feature double hulls, heated cargo systems, and engines capable of navigating sea ice without external assistance.

During the 2023 resupply season, marine deliveries began on July 4 in Iqaluit, with the final delivery completed in Arviat on November 11, marking the end of a five-month resupply window. While the season proceeded without any transportation incidents, PPD responded to two localized supply challenges. Approximately 40,000 litres of gasoline were airlifted to Kugaaruk to prevent a shortage, and a tanker was diverted to Pangnirtung to avoid a potential shortfall ahead of its scheduled delivery. These actions helped maintain continuous access to fuel in all communities.

Fuel is transferred from ship to shore using floating hoses, typically ranging from 200 to 1,500 metres in length. The supplier manages marine transportation and ship-to-shore transfer, while PPD staff oversee shore-side operations, including the safe transfer of product into GN-owned tank farms. Routine quality assurance procedures—including abbreviated in-transit testing—were completed throughout the season. While PPD continued to oversee shore-side operations throughout the pandemic, 2023 marked the return of staff travelling aboard tankers between communities as needed, improving real-time coordination and reducing the reliance on charter flights that had previously been required to move personnel and avoid demurrage fees during restricted travel periods. In early July, PPD utilized the new Iqaluit Deep Sea Port for fuel delivery, just prior to its official opening on July 25, 2023. The addition of this critical marine infrastructure has made offloading of fuel more efficient and has improved safety. PPD will maintain its existing offload infrastructure as a backup; however, the new marine infrastructure allows for improvements in offloading planning and practices.

Fuel Sales and Distribution

PPD distributes petroleum products in 24 Nunavut communities through local fuel delivery contractors, who are responsible for operating GN-owned fuel infrastructure and providing sales and delivery services to customers. Contractors are compensated through a per litre commission and operate under 10-year agreements, most of which are set to expire in 2026 or 2027, with an option to extend for an additional year.

In Iqaluit, the GN leases its bulk fuel facilities to Uqsuq Corporation, a private operator that purchases fuel during the resupply season and manages all aspects of local distribution. This includes fuel sales to homeowners, businesses, airlines, and third-party retailers. The GN sets prices for all bulk fuel sales

and for fuel sold directly to end users by Uqsuq Corporation, while third-party retailers determine their own pump prices for gasoline and diesel.

PPD provides initial training at no cost to new contractors and their staff. This includes instruction on fuel handling, aviation fuel procedures, product sampling, inventory management, spill response, tank inspections, and sales and cash reporting. Administrative staff are also trained on documentation procedures and the software used for managing deliveries where applicable. Refresher training may be supported with prior approval from PPD, although contractors are generally responsible for related travel and other expenses.

FUEL SUPPLY PURCHASE

Early Price Setting and Risk Management

PPD has the option to secure petroleum products in advance through futures contracts, typically between December and March, with flexibility to extend into April or May when conditions warrant. After May, however, PPD must rely on pricing at the time of loading, at which point it becomes a price taker, exposed to prevailing market rates.

Early price setting helps manage cost volatility, supports the sourcing of winter-grade fuels, and enables more accurate budgeting and retail price recommendations. PPD's decision to purchase early is informed by market trends—buying early when futures prices are favorable (e.g., in backwardation) and deferring when doing so may reduce costs (e.g., in contango).

While early purchasing offers clear advantages, it requires sufficient liquidity in the Petroleum Products Revolving Fund (PPRF). Elevated oil prices and higher accounts receivable balances can limit PPD's ability to act early, increasing exposure to global market fluctuations. By balancing timing, risk, and operational needs, PPD works to ensure stable, cost-effective fuel delivery across Nunavut.

Timing of Fuel Purchases and Relative Savings

Fuel procurement over the past two fiscal years has taken place in a context of ongoing global instability, elevated oil prices, and persistent volatility in refined product markets. Despite these challenges, PPD has continued to apply a strategic approach to fuel purchasing, relying heavily on early price setting to reduce exposure to price spikes and support stable retail pricing.

During the 2022–23 resupply season, global oil prices rose sharply in response to geopolitical tensions, including the war in Ukraine. West Texas Intermediate (WTI) crude climbed to over USD \$120 per barrel in early 2022, and refined product prices followed. Fortunately, PPD had secured most of its fuel before the worst of the price surge, but average costs were still significantly higher than in previous years. Jet A-1, for example, exceeded \$1.03 per litre on average—the highest in over a decade.

In the 2023–24 fiscal year, market conditions remained tight. While WTI prices eased slightly compared to the previous year, refined product costs stayed elevated due to limited global refining capacity, ongoing shipping disruptions, and geopolitical risks, including conflict in the Middle East. PPD again secured most of its supply through early price setting, locking in prices between December 2022 and April 2023. Although some cost pressure remained, this approach helped limit the average cost increase to under 2.5% compared to the prior year.

Average Product Costs Before Delivery – Nunavut Resupply

Product	2020-21	2021-22	2022-23	2023-24
P50	\$0.65	\$0.54	\$0.95	\$0.99
Gas	\$0.67	\$0.63	\$0.77	\$1.00
Jet A-1	\$0.63	\$0.59	\$1.03	\$1.02

West Texas Intermediate (WTI) Price of Oil

The chart below highlights the volatility of West Texas Intermediate (WTI) crude oil prices over the past three years. Price swings of more than USD \$30 per barrel occurred within short timeframes, illustrating the unpredictability of global energy markets and the financial risk posed to jurisdictions like Nunavut that rely on imported fuel.

For the 2023 resupply season, PPD secured nearly all fuel requirements through early price setting between January and April 2023—when WTI prices averaged between USD \$70 and \$80 per barrel. By comparison, prices rose above \$90 per barrel later in the summer. This timing helped shield Nunavut from increased costs that would have resulted from in-season purchasing.

As oil is priced in U.S. dollars, fluctuations in the exchange rate also impact landed fuel costs, further reinforcing the importance of strategic and timely procurement.



Managing Price Exposure

As shown in the chart above, oil prices remain highly volatile. PPD reduces Nunavut's exposure to price spikes by securing fuel in advance—typically between December and May—through early purchase contracts. This approach supports price stability, reliable supply, and more accurate budgeting. Purchasing decisions are guided by market trends and are subject to financial capacity within the Petroleum Products Revolving Fund. When early purchase is not feasible, PPD must defer to market rates at loading, increasing exposure to global price swings.

PETROLEUM PRODUCTS PROVIDED TO NUNAVUMMIUT

PPD supplies five fuel products to Nunavut communities, catering to their specific needs.

1. **Gasoline** – PPD offers 92 octane premium winter-grade gasoline, primarily used for light vehicles, snowmobiles, and outboard engines.
2. **Jet A-1** – This certified fuel is specifically designed for turbine aircraft use. Jet A-1 also serves dual purposes such as diesel and heating fuel, providing flexibility in inventory management.
3. **Aviation Gasoline (Avgas)** – Avgas is available in limited quantities and only in four communities - Rankin Inlet, Iqaluit, Arviat, and Cambridge Bay. Most air traffic relies on Jet A-1, resulting in minimal demand for Avgas. Due to its low demand and short shelf life of one year, there are no plans to expand supply to other communities. The price of Avgas is subsidized by other fuel products.
4. **Diesel** – Ultra-low sulfur diesel is the most widely consumed fuel in Nunavut. It serves various purposes, including heating, powering heavy equipment, aviation, and electricity generation.
5. **Naphtha** – Naphtha is a camping fuel product sold in four-litre containers.

Through the provision of these fuel products, PPD meets the diverse energy requirements of Nunavut communities, supporting transportation, heating, aviation, and recreational needs.

Product Type and Standards

PPD takes proactive measures to ensure the quality and compliance of the fuel it procures for Nunavut. As a voting member of the Canadian General Standards Board (CGSB), PPD procures fuel that meets the specifications for Zone H (Arctic Canada)—the national standard for petroleum products intended for use in extreme northern climates.

To verify fuel quality, PPD retains Intertek Testing Services as its third-party quality control provider. Intertek is a globally recognized firm specializing in assurance, testing, inspection, and certification. Their role includes confirming that fuel meets required specifications at the point of loading and during marine transportation. The 2023 resupply marked the final year of a three-year agreement with Intertek, with a new RFP planned ahead of the 2024 season.

After delivery to each community, PPD conducts additional verification by sampling each tank. These samples are sent to Innotech Alberta, an independent laboratory, for comprehensive analysis and certification. Like Intertek, Innotech Alberta's agreement concluded in 2023, and a new RFP will be issued in preparation for the 2024 resupply season.

To provide a comprehensive overview of the specifications for the petroleum products used in Nunavut, please refer to the table below. The table captures important details regarding the fuel's properties and quality standards, ensuring transparency and adherence to regulatory requirements.

Fuel Type CAN/ Canadian General Standards Board Government of Nunavut Variations

PRODUCT TYPE	SPECIFICATION	EXEMPTIONS
DIESEL	CAN/CGSB-3.517-2020 Type A	Low Temperature Operability - Cloud Point -43C Electrical Conductivity - 100pS/m minimum @ 4C Cetane - must meet the engine ASTM D613 engine test
AUTOMOTIVE GASOLINE	CAN/CGSB-3.5-2021	Grade 3, Class D Antiknock Performance - minimum 92 Vapour Pressure - minimum 95kPa Oxygenates - No alcohols, MTBE or other oxygenates allowed
Jet A-1	CAN/CGSB-3.23-2023	Type - Jet A-1 Electrical Conductivity - minimum 250pS/m minimum @ 4C
Naphtha	CAN/CGSB-3.27-2018	
Aviation Gasoline 100LL	CAN/CGSB-3.25-2004	

PETROLEUM PRODUCT PRICING

Since the pandemic, Nunavut has experienced a series of fuel price adjustments driven by rising global costs, carbon pricing changes, and efforts to maintain stable supply. While fuel prices remained unchanged for much of the pandemic, a series of adjustments began in 2022 to reflect rising landed costs and market volatility.

The first base price increase since COVID-19 was implemented on February 6, 2022, with prices rising by \$0.08/L for gasoline and diesel and \$0.09/L for Jet A-1. Following a sharp increase in global prices during the 2022 resupply, the Financial Management Board (FMB) approved a \$0.20/L increase on December 4, 2022.

In 2023–24, further price adjustments were made:

- On April 1, 2023, fuel prices rose due to the federal carbon tax escalation and the denial of a carbon tax rebate to the GN, resulting in consumer price increases of 11.21 cents/L for diesel and 9.23 cents/L for gasoline (including GST).
- On October 1, 2023, a \$0.05/L base price increase was approved in response to continued international market pressures.
- On November 12, 2023, prices on heating fuel decreased following the federal government's temporary pause on the carbon tax for home heating.
- On January 4, 2024, a \$0.15/L base price increase was approved to address ongoing volatility and higher global supply costs.

These changes apply across all Nunavut communities, including Iqaluit, where the GN sets the price for bulk and retail fuel despite its distinct contractual and operational structure. PPD recognizes that fuel price adjustments affect not only government operations, but also household budgets, community-based businesses, and essential services across the territory. Each pricing decision is made with careful consideration of both cost recovery and the broader economic impact on Nunavummiut.

The following table shows retail fuel prices as of April 1, 2023, reflecting the impact of the federal carbon tax increase.

PETROLEUM PRODUCTS DIVISION RETAIL PRICE LIST PRICES EFFECTIVE APR 1, 2023 (all figures are per litre, except naphtha which is per can)							
ALL COMMUNITIES EXCLUDING IQALUIT							
Product	Base Price	Nunavut Excise Tax	Federal Excise Tax	Carbon Tax	Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$ 1.2269	-	-	\$ 0.1738	\$ -	\$ 0.0700	\$ 1.4708
Diesel vehicle	1.2347	\$ 0.0910	\$ 0.0400	0.1738	-	0.0770	1.6165
Diesel aviation*	1.5448	0.0100	0.0400	0.1738	-	0.0884	1.8570
Gasoline	1.1182	0.0640	0.1000	0.1431	-	0.0713	1.4966
Aviation gasoline*	1.6623	0.0100	0.1100	-	-	0.0891	1.8714
Naphtha (per can)	7.8110	-	-	0.5545	-	0.4183	8.7838
Jet fuel*	1.6699	0.0100	0.0400	-	-	0.0860	1.8059
* Where available							
IQALUIT							
Product	Base Price	Nunavut Excise Tax	Federal Excise Tax	Carbon Tax	Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$ 1.1642	-	-	\$ 0.1738	\$ -	\$ 0.0669	\$ 1.4049
Aviation gasoline	1.5576	\$ 0.0100	\$ 0.1100	-	-	0.0839	1.7615
Naphtha (per can)	7.8110	-	-	0.5545	-	0.4183	8.7838
Jet fuel	1.6165	0.0100	0.0400	-	-	0.0833	1.7498
* Retail prices for gasoline and diesel for vehicles in Iqaluit are available at vendor locations							

The following table outlines retail fuel prices as of October 1, 2023, following a \$0.05 per litre increase to the base price of all fuel products.

PETROLEUM PRODUCTS DIVISION RETAIL PRICE LIST PRICES EFFECTIVE OCT 1, 2023 (all figures are per litre, except naphtha which is per can)							
ALL COMMUNITIES EXCLUDING IQALUIT							
Product	Base Price	Nunavut Excise Tax	Federal Excise Tax	Carbon Tax	Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$ 1.2769	-	-	\$ 0.1738	\$ -	\$ 0.0725	\$ 1.5233
Diesel vehicle	1.2847	\$ 0.0910	\$ 0.0400	0.1738	-	0.0795	1.6690
Diesel aviation*	1.5948	0.0100	0.0400	0.1738	-	0.0909	1.9095
Gasoline	1.1682	0.0640	0.1000	0.1431	-	0.0738	1.5491
Aviation gasoline*	1.7123	0.0100	0.1100	-	-	0.0916	1.9239
Naphtha (per can)	7.8610	-	-	0.5545	-	0.4208	8.8363
Jet fuel*	1.7199	0.0100	0.0400	-	-	0.0885	1.8584
* Where available							
IQALUIT							
Product	Base Price	Nunavut Excise Tax	Federal Excise Tax	Carbon Tax	Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$ 1.2142	-	-	\$ 0.1738	\$ -	\$ 0.0694	\$ 1.4574
Aviation gasoline	1.6076	\$ 0.0100	\$ 0.1100	-	-	0.0864	1.8140
Naphtha (per can)	7.8610	-	-	0.5545	-	0.4208	8.8363
Jet fuel	1.6665	0.0100	0.0400	-	-	0.0858	1.8023
* Retail prices for gasoline and diesel for vehicles in Iqaluit are available at vendor locations							

The following table outlines retail fuel prices as of November 12, 2023, following the federal government's temporary suspension of the carbon tax on heating fuel.

PETROLEUM PRODUCTS DIVISION RETAIL PRICE LIST PRICES EFFECTIVE NOV 12, 2023 (all figures are per litre, except naphtha which is per can)							
ALL COMMUNITIES EXCLUDING IQALUIT							
Product	Base Price	Nunavut Excise Tax	Federal Excise Tax	Carbon Tax	Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$1.2769	\$0.000	-	-	-	\$0.0638	\$1.3408
Diesel vehicle	\$1.2847	\$0.091	\$0.040	\$0.1738	-	\$0.0795	\$1.6690
Diesel aviation*	\$1.5948	\$0.010	\$0.040	\$0.1738	-	\$0.0909	\$1.9095
Gasoline	\$1.1682	\$0.064	\$0.100	\$0.1431	-	\$0.0738	\$1.5491
Aviation gasoline*	\$1.7123	\$0.010	\$0.110	-	-	\$0.0916	\$1.9239
Naphtha (per can)	\$7.8610	\$0.000	-	\$0.5545	-	\$0.4208	\$8.8363
Jet fuel*	\$1.7199	\$0.010	\$0.040	\$0.0000	-	\$0.0885	\$1.8584
* Where available							
IQALUIT							
Product	Base Price	New Nunavut Excise Tax	New Federal Excise Tax	New Carbon Tax	New Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$1.2142	\$0.0000	\$0.0000	-	-	\$0.0607	\$1.2749
Aviation gasoline	\$1.6076	\$0.0100	\$0.1100	-	-	\$0.0864	\$1.8140
Naphtha (per can)	\$7.8610	\$0.0000	\$0.0000	\$0.5545	-	\$0.4208	\$8.8363
Jet fuel	\$1.6665	\$0.0100	\$0.0400	-	-	\$0.0858	\$1.8023
* Retail prices for gasoline and diesel for vehicles in Iqaluit are available at vendor locations							

The following table outlines retail fuel prices as of January 4, 2024, following a \$0.15 per litre increase to the base price of all fuel products.

PETROLEUM PRODUCTS DIVISION RETAIL PRICE LIST PRICES EFFECTIVE JAN 4, 2024 (all figures are per litre, except naphtha which is per can)							
ALL COMMUNITIES EXCLUDING IQALUIT							
Product	Base Price	Nunavut Excise Tax	Federal Excise Tax	Carbon Tax	Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$1.4269	-	-	-	-	\$0.0713	\$1.4982
Diesel vehicle	\$1.4347	\$0.0910	\$0.0400	\$0.1738	-	\$0.0870	\$1.8265
Diesel aviation*	\$1.7448	\$0.0100	\$0.0400	\$0.1738	-	\$0.0984	\$2.0670
Gasoline	\$1.3182	\$0.0640	\$0.1000	\$0.1431	-	\$0.0813	\$1.7066
Aviation gasoline*	\$1.8623	\$0.0100	\$0.1100	-	-	\$0.0991	\$2.0814
Naphtha (per can)	\$8.4280	-	-	\$0.5545	-	\$0.4491	\$9.4316
Jet fuel*	\$1.8699	\$0.0100	\$0.0400	-	-	\$0.0960	\$2.0159
* Where available							
IQALUIT							
Product	Base Price	New Nunavut Excise Tax	New Federal Excise Tax	New Carbon Tax	New Nunavut Carbon Rebate	GST	Retail Price
Diesel heating	\$1.3642	-	-	-	-	\$0.0682	\$1.4324
Aviation gasoline	\$1.7576	\$0.0100	\$0.1100	-	-	\$0.0939	\$1.9715
Naphtha (per can)	\$8.4280	-	-	\$0.5545	-	\$0.4491	\$9.4316
Jet fuel	\$1.8165	\$0.0100	\$0.0400	-	-	\$0.0933	\$1.9598
* Retail prices for gasoline and diesel for vehicles in Iqaluit are available at vendor locations							

Retail Price Benchmarks

To assess the relative affordability of fuel in Nunavut, PPD benchmarks its retail prices against those in Southern Canada. While direct comparisons are complicated by differences in fuel grade and delivery logistics, these benchmarks provide useful context for understanding Nunavut's pricing position over time.

Fuel supplied to Nunavut is typically higher grade, including #1 ultra-low sulphur diesel and premium 92-octane gasoline, to meet Arctic operating conditions. These products are compared to #2 heating oil and premium unleaded gasoline in Southern Canada.

Although Nunavut faces higher shipping and handling costs, regulated pricing and early purchasing strategies have contributed to price stability and relative competitiveness with southern markets across much of 2023–24.

The following tables show how Nunavut's fuel prices compared to select Canadian jurisdictions over key points during the fiscal year.



Nunavut's retail price for household heating fuel remained below most provincial and territorial benchmarks for much of 2023–24. Prices dipped further in November following the federal pause on carbon tax for home heating fuel, before rising modestly in January due to base price adjustments.

While heating fuel in Nunavut must meet Arctic-grade specifications and is subject to unique delivery challenges, its pricing remained broadly competitive when compared to other Canadian jurisdictions during the year.

	Household Heating Fuel (cents per litre)			
	Apr-23	Oct-23	Nov-23	Jan-24
St. John's, Newfoundland and Labrador	152.0	167.2	154.5	133.2
Charlottetown and Summerside, Prince Edward Island	119.4	161.6	149.3	143.1
Halifax, Nova Scotia	139.9	177.8	168.2	155.0
Saint John, New Brunswick	177.3	197.7	186.4	160.8
Québec, Quebec	172.5	184.7	202.3	181.3
Montréal, Quebec	168.5	188.4	191.6	177.0
Ottawa-Gatineau, Ontario part, Ontario/Quebec 2	205.7	204.8	199.5	176.6
Toronto, Ontario	184.5	195.8	188.4	160.7
Thunder Bay, Ontario 3	178.9	196.6	204.2	154.4
Winnipeg, Manitoba	151.8	169.5	160.9	139.1
Regina, Saskatchewan	163.1	186.8	170.2	143.1
Saskatoon, Saskatchewan	160.2	167.1	166.9	142.3
Edmonton, Alberta 4	..	..	..	..
Calgary, Alberta 4	..	..	..	..
Vancouver, British Columbia	173.4	193.0	185.6	165.0
Victoria, British Columbia	198.7	213.3	212.0	193.8
Whitehorse, Yukon	187.5	187.6	179.5	166.6
Yellowknife, Northwest Territories	179.8	185.6	199.0	194.9
Nunavut*	147.1	152.3	134.1	149.9

Symbol legend:

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*All communities excluding Iqaluit, where heating oil averages 6.5 cents per litre less

Statistics Canada. Table 18-10-0001-01 Monthly average retail prices for gasoline and fuel oil, by geography

Premium Gasoline Prices: Nunavut Remains Below National Average in Early Fiscal Year

Retail prices for premium unleaded gasoline in Nunavut remained lower than in most southern jurisdictions through the first half of 2023–24. By January 2024, however, Nunavut's price had risen above the national average following a base price adjustment.

While fuel costs in Nunavut reflect added logistical and climatic challenges, regulated pricing and early procurement contribute to relative price stability compared to the variability observed in southern markets.

Premium Unleaded Gasoline at Self Service Filling Stations (cents per litre)

	Apr-23	Oct-23	Jan-24
St. John's, Newfoundland and Labrador	180.0	180.0	167.0
Charlottetown and Summerside, Prince Edward Island	176.7	174.4	167.7
Halifax, Nova Scotia	172.4	178.9	165.5
Saint John, New Brunswick	176.7	174.7	160.1
Québec, Quebec	195.1	197.9	185.0
Montréal, Quebec	190.2	190.6	182.9
Ottawa-Gatineau, Ontario part, Ontario/Quebec 2	185.0	180.6	172.8
Toronto, Ontario	183.4	180.7	172.7
Thunder Bay, Ontario 3	191.5	181.4	164.4
Winnipeg, Manitoba	185.6	178.6	141.5
Regina, Saskatchewan	182.6	180.8	157.1
Saskatoon, Saskatchewan	180.8	173.6	153.1
Edmonton, Alberta 4	163.5	162.4	144.8
Calgary, Alberta 4	168.1	161.2	150.0
Vancouver, British Columbia	213.0	206.3	193.2
Victoria, British Columbia	207.4	216.9	184.2
Whitehorse, Yukon	193.6	205.2	183.4
Yellowknife, Northwest Territories	182.4	183.5	172.9
Nunavut*	149.7	154.9	170.7

Symbol legend:

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* All Communities excluding Iqaluit, where private retailer set their own price

Statistics Canada. Table 18-10-0001-01 Monthly average retail prices for gasoline and fuel oil, by geography

Automotive Diesel Prices: Nunavut Compared to Other Canadian Jurisdictions

This chart compares average retail prices for diesel fuel at self-serve stations in Nunavut (excluding Iqaluit) with selected cities across Canada during the 2023–24 fiscal year. While Nunavut's prices trailed many southern jurisdictions early in the year, by January 2024, they were higher than the national average, reflecting adjustments to the GN's base fuel price in response to increased supply costs.

Diesel Fuel at Self Service Filling Stations (cents per litre)

	Apr-23	Oct-23	Jan-24
St. John's, Newfoundland and Labrador	177.8	210.2	199.0

Charlottetown and Summerside, Prince Edward Island	176.1	210.4	196.1
Halifax, Nova Scotia	155.4	207.1	190.7
Saint John, New Brunswick	171.3	207.0	194.7
Québec, Quebec	177.7	204.5	188.5
Montréal, Quebec	173.1	201.6	184.7
Ottawa-Gatineau, Ontario part, Ontario/Quebec 2	163.5	180.9	161.8
Toronto, Ontario	158.2	176.6	157.9
Thunder Bay, Ontario 3	..	..	..
Winnipeg, Manitoba	165.2	182.1	153.8
Regina, Saskatchewan	160.0	179.7	157.4
Saskatoon, Saskatchewan	166.3	178.7	162.1
Edmonton, Alberta 4	142.6	161.3	147.9
Calgary, Alberta 4	142.9	166.3	153.3
Vancouver, British Columbia	184.0	211.7	180.0
Victoria, British Columbia	176.1	204.1	174.7
Whitehorse, Yukon	204.6	199.9	189.9
Yellowknife, Northwest Territories	182.0	183.1	180.8
Nunavut*	161.7	166.9	182.7

Symbol legend:

..

*All Communities excluding Iqaluit, where private retailer set their own price

Statistics Canada. Table 18-10-0001-01 Monthly average retail prices for gasoline and fuel oil, by geography

Other Fuel Products in Nunavut

While not shown in the tables above, prices for Jet A-1, naphtha, and aviation gasoline also reflect the unique conditions of fuel supply in Nunavut.

Jet A-1 is among the highest-priced fuels in the territory, driven by the specialized handling, storage, and delivery required for aviation fuel in remote communities. In contrast, naphtha and aviation gasoline are priced lower relative to their actual supply cost. These products are partially cross-subsidized by other fuels to support essential community uses, such as snowmobiles, boats, and small aircraft.

Together, these pricing dynamics illustrate the balancing required to meet operational needs, affordability goals, and regional priorities across Nunavut's fuel system.

Timing of Retail Price Adjustments

During the 2023–24 fiscal year, Nunavut implemented two base price increases: a \$0.05/L increase on October 1, 2023, followed by a \$0.15/L increase on January 4, 2024. This back-to-back adjustment is not typical and reflects challenges in aligning retail fuel prices with rising supply costs during a volatile year.

While most southern jurisdictions saw fuel prices decline in late 2023, Nunavut's adjustments were delayed, in part due to temporary gaps in internal financial capacity. These delays affected the timing and calibration of price changes at a time when global market conditions were shifting rapidly.

PPD is now working to strengthen its financial forecasting and pricing review processes to support more timely and accurate adjustments in future years, while maintaining the stability and transparency of the territorial fuel system.

Product Cost Breakdown

Retail fuel prices in Nunavut are comprised of seven (7) components:

1. The weighted-average (blended) cost of fuel, primarily:
 - a. fuel product costs, and
 - b. fuel delivery costs
2. Profit margin or subsidy
3. Goods and Services Tax (GST)
4. Nunavut excise tax
5. Federal excise tax
6. Carbon Tax (new for 2019)
7. Nunavut Carbon Rebate (new for 2019)

1 - Weighted Average Fuel Cost

Although Nunavut adopted uniform retail pricing across all communities in 2019, each community continues to have a unique weighted average (WA) cost for each fuel product. This cost reflects the blended value of existing fuel in local storage and newly delivered fuel during resupply.

The weighted average cost is calculated by combining:

- The value of fuel already in inventory,
- The cost of newly delivered product (including freight), and
- The volume of each.

This means that even though transportation costs are now standardized across the territory, fuel costs vary by community based on local inventory levels at the time of resupply.

A	B	C = (B/A)	D	E	F = (A + D)	G = B + E	H = G / F
Fuel volume before receipt of new product (litres)	Existing fuel value	Existing WA cost per litre	Volume of fuel received (litres)	Total cost for new product*	Fuel volume after receipt of new product (litres)	New blended fuel value	New WA cost per litre
1,000	\$900.00	\$0.9000	2,000	\$2,500.00	3,000	\$3,400.00	\$1.1333

*Equal to product cost of \$2,000 plus freight cost of \$500

2 - Profit Margin or Subsidy

The retail fuel prices in each community are determined by the FMB based on the proposed prices by PPD. Within these prices, there may exist a profit margin or subsidy depending on cost components of the fuel.

If the total cost components of fuel (excluding the profit margin or subsidy) are lower than the retail price, it results in a profit margin. This means that the revenue generated from the fuel sales exceeds the costs associated with acquiring and delivering the fuel. Conversely, if the total cost components of fuel exceed the retail price, it results in a fuel price subsidy. In this case, the cost of acquiring and delivering the fuel exceeds the revenue generated from its sales, leading to a subsidy to cover the difference.

The determination of profit margins or subsidies within retail fuel prices helps ensure the financial viability of the fuel program and balance the costs associated with providing fuel in Nunavut communities. The overall goal of the PPD fuel program is to generate enough profit above the cost of sales to absorb all administrative costs.

3 - Goods and Services Tax

All petroleum products sold in Nunavut are subject to five percent (5%) GST.

4 & 5 - Excise Taxes

Petroleum products sold in Nunavut are subject to varying amounts of Nunavut and Federal excise taxes on a per-litre basis. Note that diesel fuel is taxed subject to its end use, be it heating, motive (e.g., heavy equipment), or aviation fuel.

Nunavut and Federal Excise Taxes on Petroleum Products

	PETROLEUM PRODUCTS						
	P50 DIESEL			GASOLINE	AVGAS	NAPHTHA	JET A-1
	HEATING	MOTIVE	AVIATION				
NUNAVUT—Territorial Excise Tax	\$ —	\$0.091	\$0.010	\$0.064	\$0.010	\$ —	\$0.010
Federal Excise Tax	\$ —	\$0.040	\$0.040	\$0.100	\$0.110	\$ —	\$0.040

6 & 7 Carbon Tax and Nunavut Carbon Rebate

Since July 1, 2019, the federal carbon tax has applied to certain retail fuel products in Nunavut, including gasoline, P50 diesel, and naphtha. Fuels used for electricity generation and aviation—specifically Jet A-1 and aviation gasoline—are exempt from the tax.

To help offset the impact of the carbon tax, the Government of Nunavut introduced the Nunavut Carbon Rebate (NCR), which reduced the effective carbon tax rate by 50% on eligible fuels. This helped lower per-litre fuel costs for consumers.

However, the NCR ended on April 1, 2023, following the federal government's denial of the GN's request to continue the rebate program.

Variations in Weighted Average Costs

Due to the way WA costs are determined and the blending of existing fuel costs with new fuel costs, variations can arise between the per-litre costs of fuel in different communities. Consider two hypothetical communities: Community 1 and Community 2, with identical pre-resupply fuel costs and weighted averages (\$900.00 and \$0.9000/L, respectively), but different pre-resupply fuel volumes:

COMMUNITY 1			COMMUNITY 2		
A	B	C = (B / A)	A	B	C = (B / A)
FUEL VOLUME BEFORE RECEIPT	EXISTING FUEL VALUE	EXISTING WA COST PER LITRE	FUEL VOLUME BEFORE RECEIPT	EXISTING FUEL VALUE	EXISTING WA COST PER LITRE
1,000	\$900.00	\$0.9000	800	\$720.00	\$0.9000

If new fuel is resupplied, even by equal volumes and at equal costs, the new WA costs per litre will be different (\$1.1333/L for Community 1 and \$1.1500/L for Community 2):

COMMUNITY 1							
A	B	C = (B / A)	D	E	F = (A + D)	G = (B + E)	H = (G / F)
FUEL VOLUME BEFORE RECEIPT	EXISTING FUEL VALUE	EXISTING WA	VOLUME RECEIVED	TOTAL COST*	FUEL VOLUME AFTER RECEIPT	NEW BLENDED COST	NEW WA COST PER LITRE
1,000	\$900.00	\$0.9000	2,000	\$2,500.00	3,000	\$3,400	\$1.1333

**Equal to product cost of \$2,000 plus freight cost of \$500*

COMMUNITY 2							
A	B	C = (B / A)	D	E	F = (A + D)	G = (B + E)	H = (G / F)
FUEL VOLUME BEFORE RECEIPT	EXISTING FUEL VALUE	EXISTING WA	VOLUME OF FUEL	TOTAL COST*	FUEL VOLUME AFTER RECEIPT	NEW BLENDED COST	NEW WA COST PER LITRE
800	\$720.00	\$0.9000	2,000	\$2,500.00	2,800	\$3,220.00	\$1.1500

**Equal to product cost of \$2,000 plus freight cost of \$500*

In real-world scenarios, it is important to acknowledge that fuel volumes, resupplied volumes, and resupplied fuel costs are not expected to remain constant and equal. Various factors contribute to the variability of resupplied fuel costs, including the timing of fuel purchases and fluctuating world market fuel prices throughout the resupply season and from year to year. Additionally, there are incremental expenses that may arise, such as emergency fuel airlift costs, ad hoc vessel anchoring expenses, and inland freight charges for specific fuel types.

For instance, if a community exhausts its gasoline supply before the scheduled resupply, additional costs are incurred for transporting gasoline through multiple airlifts. These expenses, primarily chartering aircraft, are allocated to the fuel costs in the receiving community, leading to increased variance in WA costs between communities.

Fluctuations in fuel transportation charges also contribute to the variation in WA costs. While the current supplier contract has largely stabilized these charges, historical freight rates have reached as high as \$0.5543 per litre. In the Kitikmeot region, for example, bulk delivery freight charges were as high as \$0.4555 per litre in fiscal year 2008. However, PPD's freight rates dropped significantly for bulk deliveries to all regions.

These examples highlight the dynamic nature of fuel costs and transportation charges, emphasizing the need to account for these factors when evaluating resupplied fuel costs and understanding the variance in WA costs across communities.



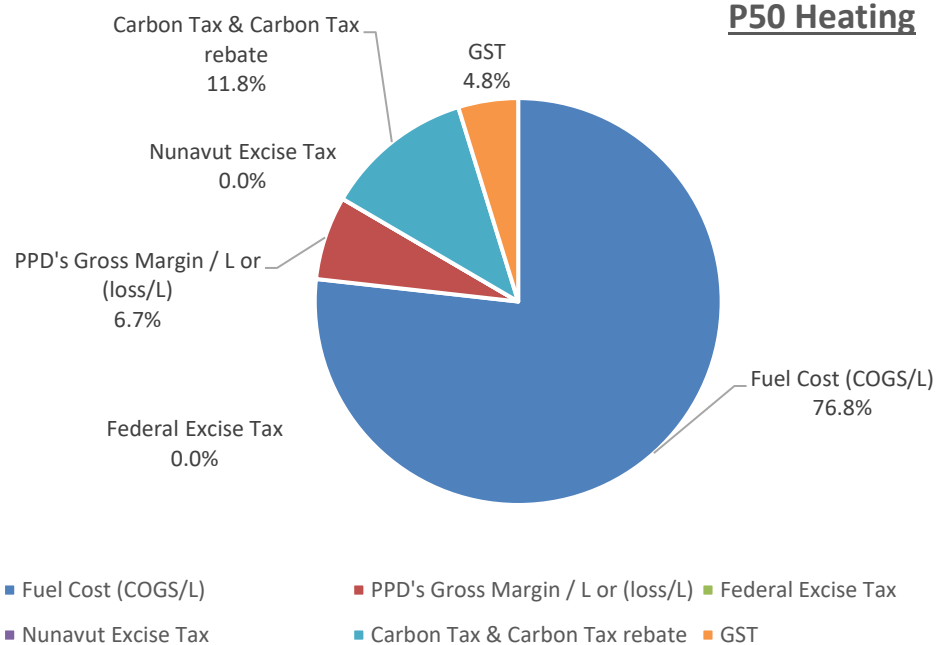
Fuel Price Components (Nunavut Average)

The table and four figures on the following pages capture the components of retail fuel prices.

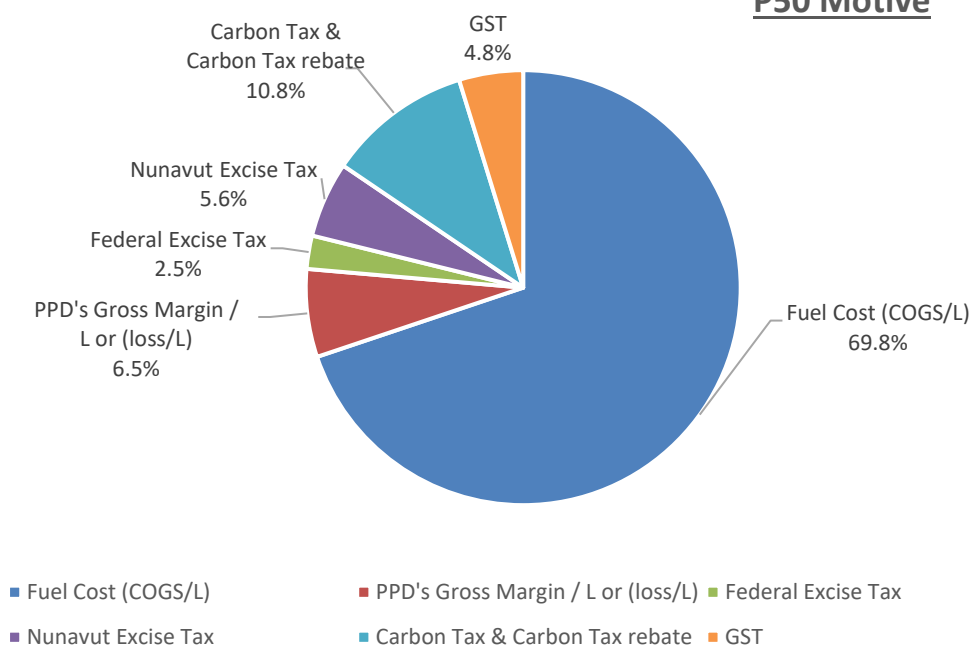
Components of Fuel Prices in Nunavut – All Types 2022-23

	P50 Heating	P50 Motive	P50 Aviation	Gasoline	Jet-A	AV Gas	Naphtha	
Fuel Cost (COGS/L)	\$1.1291	\$1.1291	\$1.1291	\$1.0824	\$1.1966	\$8.9015	\$4.9915	A
PPD's Gross Margin / L or (loss/L)	\$0.0978	\$0.1056	\$0.4157	\$0.0358	\$0.4733	-\$7.2392	\$2.8195	B = C - A
Base Price / L (per can for Naphtha)	\$1.2269	\$1.2347	\$1.5448	\$1.1182	\$1.6699	\$1.6623	\$7.8110	C
Federal Excise Tax	-	\$0.0400	\$0.0400	\$0.1000	\$0.0400	\$0.1100	-	D
Nunavut Excise Tax	-	\$0.0910	\$0.0100	\$0.0640	\$0.0100	\$0.0100	-	E
Carbon Tax	\$0.1738	\$0.1738	\$0.1738	\$0.1431	-	-	\$0.5545	F
Total Basis for GST	\$1.4007	\$1.5395	\$1.7686	\$1.4253	\$1.7199	\$1.7823	\$8.3655	G = C + D + E + F
GST	\$0.0700	\$0.0770	\$0.0884	\$0.0713	\$0.0860	\$0.0891	\$0.4183	H
Total Retail Price	\$1.4707	\$1.6165	\$1.8570	\$1.4966	\$1.8059	\$1.8714	\$8.7838	\$1.4707

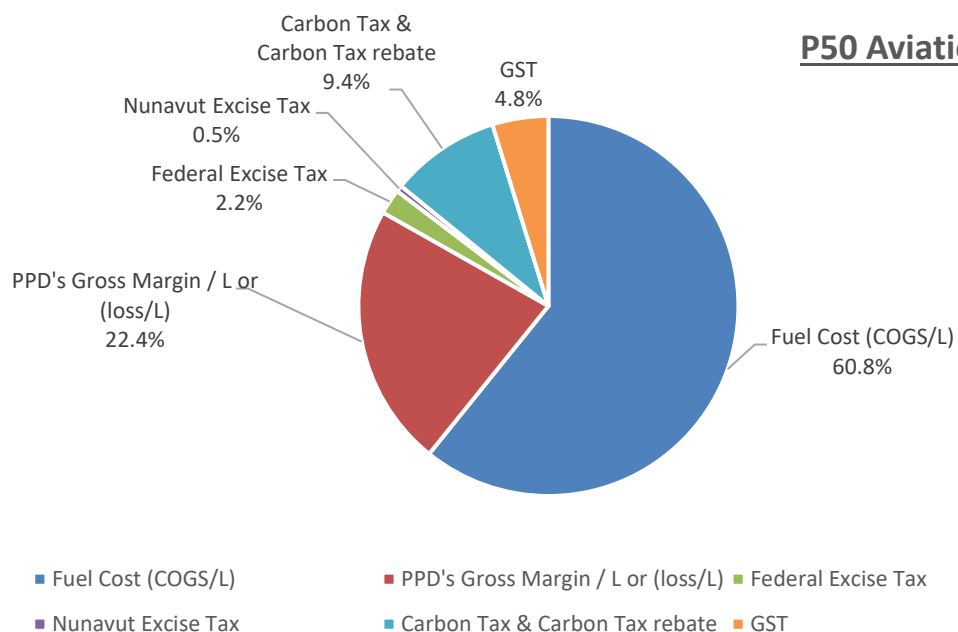
P50 Heating



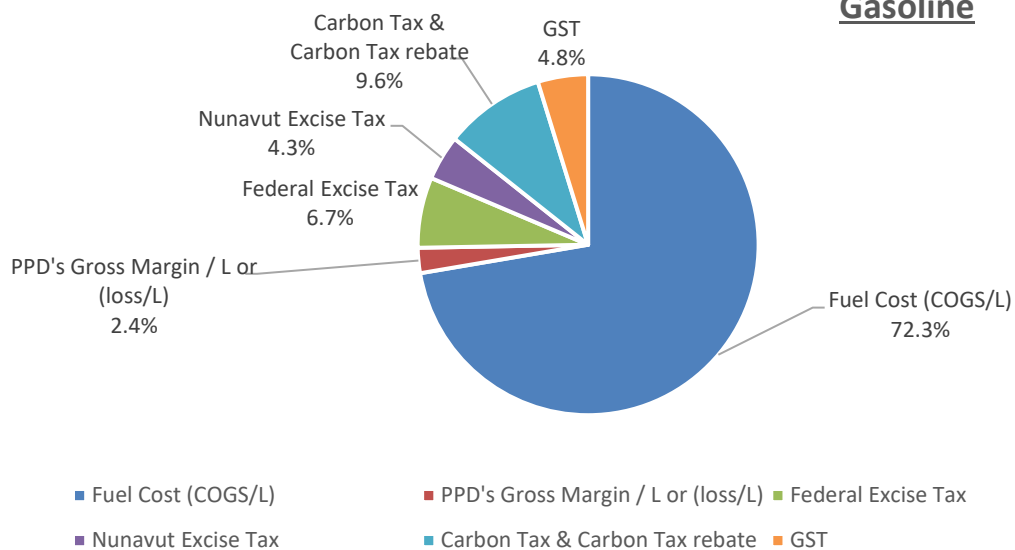
P50 Motive



P50 Aviation



Gasoline



PETROLEUM IMPORTS AND SALES

Imports 2023-24

In the 2023–24 fiscal year, PPD imported 212,627,733 litres of petroleum products to Nunavut communities, a nominal 1.8% decrease (3,874,987 litres) compared to the previous year's import volume of 216,502,720 litres.

Calendar Year	ULSD	Gasoline	Jet	Total
2019	135,584,617	23,040,332	58,198,566	216,823,515
2020	138,599,120	25,505,371	50,484,825	214,589,316
2021	130,800,512	23,964,494	36,078,451	190,843,457
2022	138,973,655	25,257,752	52,271,313	216,502,720
2023	142,427,279	24,922,646	45,277,808	212,627,733

Sales

The overall sales trend of the last five years has been marked by a peak of sales in 2019-20 (at 213.1 million litres) before COVID-19 followed by a low of 202.2 million litres in 2020-21. Sales recovered in 2022-23 at 215.2 million, which was a 5-year high. 2023-24 volumes plummeted, following two retail sales rate increases by a combined \$0.20/L in an attempt to recover the high sourcing costs incurred since calendar 2022 summer/fall resupply.

Petroleum Sales, 2019-20 to 2023-24 by Fuel Type

Fuel Type	2019-20	2020-21	2021-22	2022-23	2023-24
	Litres	Litres	Litres	Litres	Litres
Total All Diesel	137,490,637	137,858,953	142,212,802	141,207,055	139,008,236
Gasoline	23,334,437	24,340,788	23,642,856	24,538,749	23,869,082
Jet A-1	52,197,133	39,883,757	39,292,263	49,494,132	42,419,120
Naphtha (in cans)	75,949	95,600	73,115		72,296
Total All	213,098,157	202,179,088	205,275,889	215,239,936	205,389,643

Over the past five years, diesel and gasoline volumes have remained more or less steady, with small spikes or declines. As for Jet A-1, since the huge drop in 2020-21 as a result of widespread flight restrictions during COVID-19, sales have never fully recovered to their pre-COVID 19 levels (2019-20) levels.

Sales Forecasting and Projections

From Nunavut's establishment as a territory (24 years ago) in 1999 to 2024, the population has increased from 27,146 to 40,758 (up 50%). In the same period, PPD's fuel sales increased from 148 million litres to 205.4 million litres (up 39%). These figures tend to suggest Nunavut's annual fuel consumption has not kept pace with its population growth, but this is clearly not the case.

In fact, Nunavut has experienced an economic boom since inception, real GDP (adjusted based on 2017 prices) have increased by 235% from 1.302 billion in 1999 to 4.355 billion in 2024. Both population and economic activity have increased at a higher pace than the entire country in the same period.

One of the biggest drivers of Nunavut economic boom has been the mining sector which is also a major fuel and energy consumer. Given the huge annual energy requirement from mining companies (a few tens of millions of litres of fuel for a single company), several of them import the fuel directly to their facilities. This is the main reason why the annual post-pandemic fuel sales from PPD have been growing at a slower pace than the population or than the economic growth rate.

PPD conducts annual forecasting to estimate the fuel requirements of each community, analyzing historical consumption patterns and anticipated growth. These projections help determine not only bulk fuel order volumes but also the need for storage capacity expansion. While some communities have sufficient storage, others—especially those experiencing higher growth rates—are reaching their limits and require targeted upgrades.

INFRASTRUCTURE MANAGEMENT

Infrastructure Condition and Planning

PPD manages 25 bulk fuel facilities across Nunavut with a combined storage capacity of approximately 305 million litres. Infrastructure conditions and age are central to capital planning decisions. As facilities age, maintenance needs grow, operational risks increase, and it becomes more difficult to meet evolving regulatory standards. Facilities are regularly assessed for structural integrity, equipment reliability, and environmental performance.

To optimize available tankage and address localized sales growth, PPD uses both Operations and Maintenance (O&M) and small capital funding for targeted improvements. Larger upgrades are pursued through the GN's capital planning process. Capital decisions consider the cost-effectiveness of repairs versus replacement, future demand projections, compliance requirements, and long-term infrastructure resilience.

Health and Safety

PPD is committed to maintaining high health and safety standards across its operations, ensuring the well-being of staff, contractors, and the communities it serves. As a GN entity operating in Nunavut's energy and refined petroleum retail sector, PPD must adhere to both territorial and federal regulations while addressing the unique challenges of working in remote Arctic conditions.

PPD requires contractors to meet specific safety qualifications, including a valid heavy truck driver's license, a five-year driver's abstract, and, where applicable, an Airside Vehicle Operators Permit (AVOP). Additionally, contractors must complete mandatory training in Occupational Health and Safety (OHS), First Aid, Workplace Hazardous Materials Information System (WHMIS), and Transportation of Dangerous Goods (TDG). However, the responsibility for ensuring compliance with these requirements rests with the contractors and their employers.

To support safe operations, PPD provides contractors with a Contractor's Manual outlining key safety requirements related to petroleum handling, fire prevention, fuel vapour hazards, spill response, personal protective equipment (PPE), and site safety protocols. Regional PPD officers meet with contractors to review and reinforce critical procedures. Annual safety reviews offer an opportunity to discuss regulatory updates and operational risks.

By maintaining clear safety expectations, reinforcing regulatory compliance, and exploring ways to support contractor training, PPD continues to promote a strong safety culture across its operations in Nunavut.

Facility Upgrades and Compliance

New regulations introduced under the Canadian Environmental Protection Act (CEPA) in 2008 significantly raised the standard for fuel infrastructure across the country. By 2012, 22 communities and outpost camps were identified as non-compliant in Nunavut, primarily due to single-walled underground piping and outdated shore manifold locations.

In response, PPD has undertaken a long-term infrastructure upgrade program. Over the past decade, code deficiencies have been addressed in 11 communities, including Sanikiluaq, Whale Cove, Rankin Inlet, Chesterfield Inlet, Baker Lake, Coral Harbour, Gjoa Haven, and—most recently—Sanirajak, Kimmirut, Clyde River, and Grise Fiord, where substantial completion was reached in 2023–24.

Currently, 10 communities remain non-compliant: Iqaluit, Pond Inlet, Arctic Bay, Kinngait, Qikiqtarjuaq, Arviat, Nauyasat, Kugluktuk, Taloyoak, and Kugaaruk. Of these, Arviat and Taloyoak are expected to achieve compliance through full facility upgrades already in planning. Pond Inlet, Arctic Bay, and Qikiqtarjuaq will receive partial upgrades through Canada's Ocean Protection Plan, with construction expected to begin in 2025.

To address the remaining eight non-compliant communities, PPD plans to seek capital funding through the 2026–27 capital planning cycle. This work aligns with the GN's Katujjiluta Mandate to improve critical infrastructure and support safe, efficient fuel distribution across Nunavut.

Inspection and Documentation

Tank inspections are a cornerstone of PPD's infrastructure management program. In accordance with API 653 standards, bulk fuel tanks must be inspected and recertified every ten years. Inspections assess the tank structure, roof, foundation, and containment areas for signs of aging or deterioration.

Regional officers conduct annual community-level inspections to identify operational deficiencies and confirm contractor compliance. These are supplemented by third-party mechanical and pipeline inspections conducted prior to the resupply season. Deficiencies are logged and reported to PPD headquarters for follow-up.

When new tank farms are built or upgraded, PPD receives full engineering documentation, including site and tank diagrams, system specifications, and as-built records. This documentation supports long-term maintenance and regulatory compliance.

Regulatory Oversight

PPD operates under a complex framework of federal and territorial regulations. Key regulators include Environment and Climate Change Canada (ECCC), Transport Canada, Measurements Canada, the Nunavut Impact Review Board (NIRB), and the Workers' Safety and Compensation Commission (WSCC).

In addition to government regulators, private sector stakeholders—such as commercial airlines—frequently audit fuel sites and request documentation to verify quality assurance and safety protocols. PPD responds to these requests while continuing to provide required plans, inspection reports, and compliance records to relevant authorities.

Aging infrastructure, rising costs, and limited funding continue to present challenges. Nonetheless, PPD remains committed to advancing infrastructure upgrades and maintaining compliance with all applicable laws and standards.

Capital Investment Priorities

PPD's capital planning is guided by infrastructure age, compliance status, operational risk, and community demand. Arviat is currently the highest priority for expansion, with design work underway and a new site being evaluated. Taloyoak has also been confirmed for upgrade and is progressing toward the needs assessment phase. Other communities identified for future upgrades include Nauyasat, Pond Inlet, and Kugaaruk.

PPD uses a combination of small capital and major capital projects to close infrastructure gaps, enhance fuel storage capacity, and meet regulatory requirements. Despite limited resources, PPD continues to integrate infrastructure priorities into the Government of Nunavut's capital planning framework and remains focused on ensuring safe, compliant, and reliable fuel service across the territory.

ENVIRONMENTAL STEWARDSHIP

Land Farm Management

To address the environmental impact of fuel operations, PPD manages a landfarm facility in Rankin Inlet for remediating petroleum hydrocarbon (PHC)-contaminated soil. The facility uses bioremediation techniques, including aeration and microbial activity, to break down contaminants.

Originally constructed during tank farm upgrades in 2008, the Rankin Inlet landfarm facility was transferred to PPD's control in 2016-17 following a spill on its pipeline system. Since then, PPD has operated the facility, treating contaminated soil from its own spills as well as accepting material from local agencies and businesses. The landfarm facility management plan guides the controlled bioremediation process, reducing the need for costly soil transportation to southern facilities.

In addition to Rankin Inlet, PPD is exploring options to construct a landfarm facility in Baker Lake to manage contaminated soil from a gasoline spill that occurred in the community in 2021. The division is currently assessing potential sites for this facility.

By maintaining and expanding landfarm capacity, PPD continues to support effective, on-site remediation of contaminated soil, reducing environmental impact and promoting sustainable waste management in Nunavut.

Fuel Spills

Baker Lake

In March 2021, approximately 10,000 litres of gasoline was released from a ruptured drain valve on the pipeline. While a portion of the product was initially contained within the berm, gasoline migrated beyond the containment area, resulting in an offsite release and the need for significant remediation efforts.

An environmental response team was mobilized immediately. Impacted soil, snow, ice, and water were excavated and managed on site. To prevent further environmental harm, PPD constructed temporary containment cells south of the tank farm to safely store and begin treatment of contaminated soils. Additional measures, including a cut-off wall and a water treatment system, were implemented to prevent hydrocarbon migration and ensure treated water met regulated discharge criteria.

Throughout 2022-23 and 2023-24, PPD actively monitored and treated the soils through tilling, aeration and nutrient application to accelerate natural degradation. Given that the released product was gasoline, which typically degrades more quickly than other petroleum fuels, PPD anticipates beginning staged release of treated soils in 2024 and 2025, pending confirmation from third-party sampling and analysis.

A new permanent land farm is planned for construction in 2024 or 2025 pending site selection and regulatory approvals. This facility will provide long-term capacity for treating any remaining contaminated soils and will enable the full decommissioning of the temporary cells south of the tank farm. Site reclamation is planned to follow, restoring the tank farm area to its original state.

Rankin Inlet

On August 22, 2023, a diesel fuel release was identified at the backup shore manifold in Rankin Inlet. The leak was traced to a dripping valve on the marine receiving pipeline, with high winds dispersing product beyond the containment well. PPD coordinated immediate containment measures and engaged an environmental consultant to manage the response and remediation.

With support from local contractors, the leaking valve was isolated, and impacted water was pumped into secure totes. Over the following week, contaminated soil was excavated from around the cement pipeline anchor, with excavation depths reaching over two metres in some areas. In total, approximately 20 truckloads of contaminated soil were removed and transported to the PPD landfarm outside Rankin Inlet for treatment.

Residual contamination was identified beneath the cement block. To minimize environmental risk, the excavation was backfilled with dry sand and capped with gravel to prevent pooling and further migration. Soil samples were collected and submitted for laboratory analysis, confirming elevated hydrocarbon levels in the removed material. The site was stabilized and will be reassessed in summer 2024 for potential settlement and any additional remediation needs.

The response was conducted under the supervision of Environment staff, with PPD overseeing the cleanup and coordination efforts throughout.

Sanikiluaq

On November 23, 2023, a diesel spill was reported within the bermed area of the Sanikiluaq tank farm. The spill was contained on-site and did not appear to migrate beyond the containment area. Initial response and clean-up were carried out by the local fuel operator, with oversight and follow-up coordinated by PPD. No offsite impacts were observed, and the site continues to be monitored as part of standard environmental due diligence.

Engineering Standards and Criteria

PPD recognizes the value in updating its Standards and Criteria for Above Ground Bulk Fuel Storage in Nunavut to better align with current regulations and industry practices. In the meantime, PPD continues to apply the existing standards, supported by reviews of applicable codes and regulations to ensure continued compliance.

While the 2006 standards remain a reliable guide for design consultants, they require consultants to independently assess and incorporate updated codes and regulations on a project-by-project basis. This adds complexity and increases the effort needed to ensure compliance. Updating the standards would provide a more consistent and streamlined framework for infrastructure development.

PPD began the process to update the Standards in 2014 but has faced multiple delays, including a pause in 2015 and further setbacks due to the COVID-19 outbreak and staffing challenges. PPD remains committed to completing updates to its Standards to improve regulatory clarity and enhance the safety and efficiency of bulk fuel storage facilities across Nunavut.

FINANCE

Financial performance of the Nunavut PPRF and PPSF is summarized in the following PPD Profits and Loss table, along with appropriations and transfers to the Consolidated Revenue Fund (CRF), and end balance of PPSF.

Summary Statement of Operations and PPSF Balance

PPD Profits and Loss (\$ 000s)

PPD financial results fluctuate each year.

Source: PPD Year-end financial statements

	2020	2021	2022	2023	2024
Revenue					
Sale of Petroleum Products	\$202,498	\$184,531	\$185,763	\$243,834	\$263,658
Rent and Other revenue	-\$1,534	\$4,345	\$2,560	\$390	\$2,772
Total Revenue	\$200,964	\$188,876	\$188,323	\$244,224	\$266,430
Expenses					
COGS	-\$180,994	-\$165,440	-\$156,461	-\$213,900	-\$234,801
Admin expenses	-\$31,650	-\$31,493	-\$31,507	-\$42,234	-\$30,849

Total Expenses	-\$212,644	-\$196,933	-\$187,968	-\$256,134	-\$265,650
Profit (Loss)	-\$11,680	-\$8,057	\$355	-\$11,910	\$780
Accumulated surplus or loss Beg of year	\$6,573	-\$5,107	-\$13,164	-\$12,809	-\$24,719
Transfer from (to) CRF					\$4,719
P. P. Stabilization Fund balance	-\$5,107	-\$13,164	-\$12,809	-\$24,719	-\$19,220

Source: PPD Financial Statements

Sales of Petroleum Products

Revenue from the sales of petroleum products increased by 8.1%. This was mainly due to a \$0.15L increase in the price of our retail products effective at the beginning of January 2024, following a previous increase of \$0.05/L in October 2023. In fiscal 2023, there was a retail price increase in December 2022 of \$0.20/L whose full effect have kicked in during 2024 fiscal. The combined effects of these price changes have enabled PPD to get back in the black with a result of \$780K, despite a reduction in sales volume by 4.6%, following an increase by 4.9% in the preceding year.

Rent and Other Revenues

This heading consists mainly of

- throughput revenue collected on each litre of product resold by UQSUQ CORPORATION, our contractor in Iqaluit of revenue or expenses from previous year,
- but also, revenue and expenses of prior year recorded only this year.

Revenue from UQSUQ was \$1.2 million in 2023-24 vs \$1.3 million in the previous year.

Schedule of Expenses

Total expenditures in 2023-24 increased to \$265.6 million (by 3.7%) from \$256.1 million in previous the fiscal year.

This was caused by an increase of Cost of Goods Sold (COGS) by \$20.9 million, partly offset by Admin expenses which were reduced by \$11.4 million, as bad debt provision was substantially reduced.

Cost of Goods Sold

COGS increased for the second consecutive year by 9.8%, following a spike by 36.7% a year before. COGS reached \$234.8 million, from \$213.9 million in previous year and 156.5 million in 2021-2022. Due to an unfavourable exchange rate and product sourcing price, PPD's landed costs per litre of its purchases products were 6.8% higher than the previous resupply (summer/fall 2022). This has trickled down to a higher COGS, despite lower sales volumes in 2023-24.

Commission Expenses

Commission expenses went down to \$17.0 million from \$17.8 million in the previous year. This is attributable for the most part to a reduction in PPD sales volumes.

Year-End Audit

The 2023-24 year-end audit of the financial statements was completed and signed by October, 30, 2024. Pricewaterhouse Coopers (PwC) conducted the audit.

In most of the recent years, PPD had the year-end audit finalized around October or November of the same calendar year. The notable exception was 2022-23 which was finalized in February 2024, due to key staff vacancies.

We have included the Financial Statements as an accompanying document in this annual report.



Petroleum Variances

Petroleum Variance: % of Total Litres Sold over the past 10 years

FISCAL YEAR	PETROLEUM VARIANCE (Dollars)	PETROLEUM VARIANCE (Litres)	TOTAL SALES BY VOLUME (Litres)	VOLUME WRITTEN OFF AS % OF TOTAL LITRES SOLD
2014-15	\$ 87,213.00	53,257	197,240,705	0.03%
2015-16	\$ 175,720.17	189,755	207,221,174	0.09%
2016-17	\$ 168,600.70	244,067	197,231,211	0.12%
2017-18	\$ 172,825.74	103,153	204,978,156	0.05%
2018-19	\$ 699,031.50	820,284	203,689,262	0.40%
2019-20	\$ 820,901.41	957,798	213,098,156	0.45%
2020-21	\$ 398,155.80	635,610	202,179,088	0.31%
2021-22	\$229,725.55	371,538	205,221,035	0.18%

2022-23	\$ 76,466.19	305,744	215,477,159	0.14%
2023-24	\$ 386,475.75	501,141	205,439,4024	0.24%

In fiscal year 2023-24, PPD experienced an inventory variance of \$386,475.75, which represented 501,141 litres of fuel. Variances are a normal occurrence and are mainly caused by shrinkage and evaporation, measurement inaccuracies, missing sale, etc. In line with industry practice, PPD accepts a certain level of volume variance as being normal, hence do not recharge the shortage to its contractor. When the shortage is beyond the acceptable threshold, the excess above this threshold is charged to the contractor.

The figures in the table above are the non-chargeable variances, written off by PPD.

At least for the past 10 years PPD has successfully maintained the non-chargeable variances below 0.5% and this trend is expected to continue. For reference, the threshold of acceptable variance for diesel in the industry is 2%, which confirms that our shrinkages have been minimal. It's important to note that despite these challenges, PPD remains committed to maintaining the highest standards of accuracy and efficiency in its operations.



Audited Financial Statements

Nunavut Petroleum Products Revolving Fund

Financial Statements
March 31, 2024



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Building Nunavut Together
Nunavut iluqatigiingniq
Bâtir le Nunavut ensemble

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Department of Community and Government Services
Nunalingni Kavamatkunnili Pivikhaqautikkut
Ministère des Services Communautaires et gouvernementaux

Management Responsibility For Financial Reporting

October 30, 2024

The preparation of these financial statements for the Nunavut Petroleum Products Revolving Fund (the "Fund"), and related information, is the responsibility of the Fund's management.

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS), which represent generally accepted accounting principles for government organizations as recommended by the Public Sector Accounting Board of Canada. When PSAS permits alternative accounting methods, management has chosen those it believes are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its accounting and reporting responsibilities by maintaining systems of financial management and internal control. These systems are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, proper records are maintained, and the fund conducts its affairs in accordance with Nunavut's Financial Administration Act.

The Department of Community and Government Services is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control.

The Fund's independent external auditor, PricewaterhouseCoopers LLP, conducts an annual audit of the financial statements in order to express an opinion as to whether the statements present fairly, in all material respects, the financial position, results of operations and accumulated surplus, change in net financial assets and cash flow for the year. Their opinion is included with these financial statements.


Nathaniel Hutchinson
Director

Joseph Yohou
Comptroller





Independent auditor's report

To the Deputy Minister of Community and Government Services of the Government of Nunavut

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nunavut Petroleum Products Revolving Fund (the Fund) as at March 31, 2024 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at March 31, 2024;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial debt for the year then ended;
- the statement of cash flow for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers LLP
Stantec Tower, 10220 103rd Avenue North West, Suite 2200, Edmonton, Alberta, Canada T5J 0K4
T.: +1 780 441 6700, F.: +1 780 441 6776, Fax to mail: ca_edmonton_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Alberta
October 30, 2024

Nunavut Petroleum Products Revolving Fund
Statement of Financial Position
As at March 31, 2024
(thousands of dollars)

		2024	2023
FINANCIAL ASSETS			
Cash	\$	52,123	-
Accounts receivable (Note 3)	\$	129,922	\$ 105,759
Inventories for resale (Note 4)	\$	229,158	\$ 263,712
TOTAL FINANCIAL ASSETS	\$	411,203	\$ 369,471
LIABILITIES			
Bank indebtedness	\$	-	\$ 2,886
Accounts payable and accrued liabilities (Note 5)	\$	62,938	\$ 74,388
Employee leave and termination benefits	\$	190	\$ 223
Due to the Government of Nunavut (Note 1 & 11)	\$	350,799	\$ 294,396
TOTAL LIABILITIES	\$	413,927	\$ 371,893
NET FINANCIAL DEBT	\$	(2,724)	\$ (2,422)
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 8)	\$	2,724	\$ 2,422
TOTAL NON-FINANCIAL ASSETS	\$	2,724	\$ 2,422
Accumulated surplus - end of the year	\$	-	\$ -

Commitments and contingencies (Note 12)

Approved by: **Management**

Director

The accompanying notes and schedules are an integral part of the financial statements.

Nunavut Petroleum Products Revolving Fund
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024
(thousands of dollars)

	Unaudited 2024 Budget		2024 Actual		2023 Actual
Revenues					
Sale of petroleum products (Note 6)	\$	236,115	\$	263,658	\$ 243,834
Rent and other revenue (expense) (Note 7)	\$	-	\$	2,772	\$ 390
Total Revenue	\$	236,115	\$	266,430	\$ 244,224
Expenses					
Supply and delivery of petroleum products (Schedule A)	\$	238,263	\$	265,650	\$ 256,133
Surplus (Deficit) for the year	\$	(2,148)	\$	780	\$ (11,909)
Accumulated surplus - beginning of the year			\$	-	\$ -
(Transfer) Charge to Government of Nunavut (Note 11)			\$	(780)	\$ 11,909
Accumulated surplus - end of the year			\$	-	\$ -

The accompanying notes and schedules are an integral part of the financial statements.

Nunavut Petroleum Products Revolving Fund
Statement of Changes in Net Financial Debt
For the year ended March 31, 2024
(thousands of dollars)

	2024 Actual	2023 Actual
Surplus (Deficit) for the year	\$ 780	\$ (11,909)
Tangible capital assets		
Additions	\$ (1,711)	\$ (477)
Amortization	\$ 1,409	\$ 1,353
	\$ (302)	\$ 876
Change in prepaid expenses	\$ -	\$ -
(Transfer) Charge to Government of Nunavut (Note 11)	\$ (780)	\$ 11,909
Change in net financial debt	\$ (302)	\$ 876
Net financial debt - beginning of the year	\$ (2,422)	\$ (3,298)
Net financial debt - end of the year	\$ (2,724)	\$ (2,422)

The accompanying notes and schedules are an integral part of the financial statements.

Nunavut Petroleum Products Revolving Fund
Statement of Cash Flow
For the year ended March 31, 2024
(thousands of dollars)

	2024	2023
Cash used for operations		
Sale of petroleum products	\$ 239,497	\$ 207,649
Rent and other revenue	\$ 2,772	\$ 390
Supply and distribution of petroleum products	\$ (241,210)	\$ (316,990)
	\$ 1,059	\$ (108,951)
Cash used for capital activities		
Tangible capital asset acquisitions	\$ (1,711)	\$ (477)
Cash used for financing activities		
Net borrowings from Government of Nunavut	\$ 55,661	\$ 107,674
Net increase (decrease) in cash	\$ 55,009	\$ (1,754)
Bank indebtedness - beginning of the year	\$ (2,886)	\$ (1,132)
Cash (Bank indebtedness) - end of the year	\$ 52,123	\$ (2,886)

The accompanying notes and schedules are an integral part of the financial statements.

Nunavut Petroleum Products Revolving Fund
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars, unless otherwise stated)

1. Authority and Operations

The Nunavut Petroleum Products Revolving Fund (the "Fund") operates under the authority of the *Financial Administration Act* and regulations and the *Revolving Funds Act* (the "Act"). The Petroleum Products Division of the Department of *Community and Government Services* of the Government of Nunavut (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Government's Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. Up until March 31, 2023, the authorized maximum amount of working capital advances which could be made to the Fund was \$250,000. Legislation was passed during 2023-24 fiscal, to increase it to \$350,000 during 2023-24 fiscal year.

The continued operations of the fund are dependent on continued funding of the Government of Nunavut provided by the advances noted above.

The retail sales prices for the Fund's petroleum products are approved by the Financial Management Board of Ministers (FMB). As per the *Financial Administration Act* of Nunavut, FMB has responsibility for the financial management and administration of the Government. In its pricing decisions, FMB aims to authorize prices that would allow the Fund's to recover its cost of goods sold and operating expenses and tend to a break-even operation. Under the Act, profits and losses realized by the Fund are accumulated under the Petroleum Products Stabilization Fund (PPSF).

PPSF has a lower and upper limit of respectively -\$20,000 and +\$20,000. Any excess over these limits is charged or credited (as applicable) to CRF.

Budget

Generally accepted accounting principles (GAAP) for public sector in Canada requires a government to present in its financial statements a comparison of the results of operations and changes in net financial assets (debt) for the year with those originally planned.

The Fund did not prepare a budget of changes in net financial assets (debt) for the year and as such it has not been presented in these financial statements. The unaudited budget figures included in the Statement of Operations and Accumulated Surplus are in accordance with page J8 of the approved 2023-24 Main Estimates.

2. Significant Accounting Policies

a. Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS), as recommended by the Public Sector Accounting Board of Canada.

b. Inventories for resale

Inventories held for resale consist of petroleum products and are valued at the lower of weighted average cost and net realizable value. Inventories which are held with third parties are carried at the lower of cost and net realizable value.

c. Cash and bank indebtedness

Cash is comprised of the Fund's bank account balance net of outstanding cheques.

In line with the Revolving Funds mechanism, PPD is obligated to transfer most of its cash collection to the Consolidated Revenue Fund (CRF), in order to continue to enjoy the CRF funding facility.

Bank indebtedness referred to a net negative cash situation, taking into account outstanding cheques.

Most outstanding cheques at year end were related to tax payments.

d. Non-financial assets

Non-financial assets, including tangible capital assets, are accounted for by the Fund only if they are expected to be used to provide services in future years. These assets would not normally be used to provide financial resources to discharge liabilities of the Fund unless they were sold. Non-financial assets are amortized or charged to expenses in future periods as they are used to provide or support the provision of Fund services.

e. Tangible capital assets

Tangible capital assets are non-financial assets whose useful life exceeds one fiscal year and are intended to be used on an ongoing basis for delivering Fund services. Tangible capital assets with a cost of less than fifty thousand dollars are fully expensed in the year of acquisition. The Fund's tangible capital assets are fuel delivery vehicles which are recorded at cost and amortized on a straight line basis over their estimated useful life of 5 years.

f. Services provided without charge

Tangible capital assets

The Fund does not record the value of certain tangible capital assets used in its operations. The tangible capital assets include fuel storage facilities owned by the Government which are provided without charge to the Fund. The Fund is responsible for any minor maintenance costs related to these tangible capital assets.

Financing costs

The Fund receives working capital advances from the CRF to finance its inventory, accounts receivable and operating expenses. The working capital advances from the CRF are provided without charge to the Fund by the Government.

Environmental remediation costs

The Government has assumed responsibility for funding any environmental remediation costs associated with the Fund's operations that incurred prior to the formation of the Territory of Nunavut in 1999 and for remediation and asset retirement costs associated with Tangible Capital assets owned by the Government.

Other services provided without charge

The Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, personnel services, and legal counsel.

g. Pension plan

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. This multi-employer plan is a defined benefit pension plan for which the Fund and the employees are both required to contribute to the cost of the plan. The general contribution rate multiple effective at year end was 1.02 times for members enrolled prior to January 1, 2013 and 1.00 times for members enrolled beginning January 1, 2013.

As the plan is accounted for as a multi-employer plan and actuarial information on the plans surplus/deficit is not readily available, the plan is measured using the defined contribution, contributions are charged as an expense on a current year basis and represent the total pension obligation.

The Fund is not required under present plan legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

h. Employee leave and termination benefits

Under the terms and conditions of employment, employees may qualify and earn employment benefits for termination and removal costs based on years of service. The estimated liability for these benefits is based on an actuarial valuation prepared for this purpose and is recorded as the benefits are earned by the employees.

i. Measurement uncertainty

Financial statements prepared in accordance with Canadian public sector accounting standards require management to make estimates and judgments that affect the amounts and disclosures reported in the financial statements.

The more significant areas requiring the use of management estimates are related to the allowance for doubtful accounts. Actual results may differ from those estimates, although management does not believe that any differences would materially affect the Fund's financial position or reported results of its operations.

Significant uncertainty about the geopolitical tensions, oil supply and oil supply chain disruptions continue to impact the global economic outlook. The war between Russia and Ukraine continues, and sanctions against Russia have been maintained. As a consequence of these factors, our landed costs and our cost of goods sold in 2024 have remained high.

j. Revenues

Unless otherwise stated, all revenues are reported on an accrual basis in the period in which transactions or events give rise to the revenues. For the sale of petroleum products, revenue is recognized when the product is delivered to the customer and collection is reasonably assured.

Revenue related to services and products received in advance of being earned are deferred and recognized when the services are performed and products delivered.

Recoveries of prior years expenditures, including reversals of prior years expenditure over-accruals, are disclosed in note 7, Rent and other revenue. Pursuant to the Financial Administration Act, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

k. Expenses

Expenses are recorded on an accrual basis.

l. Contractual obligations and contingencies

The nature of the Fund's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to fuel resupply and delivery agreements with fuel suppliers, wholesale customers and community contractors. Contractual obligations are not accrued until the terms of those contracts or agreements are met.

The contingencies of the Fund are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued. Contingent liabilities result from among other things, potential environmental contingencies.

m. Financial instruments

Financial instruments include cash, accounts receivable, due to the Government of Nunavut, and accounts payable and accrued liabilities.

These financial instruments are measured at amortized cost. Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when these financial instruments are derecognized due to disposal or impairment.

Transaction costs related to the acquisition of these financial instruments are included in the cost of the related instruments.

The fair values of the Fund's cash, accounts receivable, due to the Government of Nunavut and accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity.

n. Adoption of new accounting standards and future changes in accounting standards

A number of new and amended standards issued by PSAB are effective from 1st April 2023:

* PS 3400 Revenue: establishing guidance on how to account for and report revenue, with the distinction of revenue arising from exchange transaction vs non-exchange transactions,

* PSG-8 Purchased Intangibles: providing guidance on the recognition, measurement and classification of purchased intangibles,

* PS 3160 Public Private Partnerships: providing guidance on the recognition, measurement, disclosure of particular public private partnerships.

The latter two standards have no impact on PPD's Financial Statements since the Fund does not have any intangible assets nor any active public private partnership.

In respect of PS 3400 Revenue, all PPD's revenue under the scope of this standard is from exchange transactions.

PPD provides fuel products to customers in exchange of monetary consideration. Revenue is recorded when the performance obligation is rendered i.e. when the fuel products are delivered.

The remaining revenue are out-of-scope of PS 3400 Revenue and are grants received from Transport Canada in respect of the "Ocean Protection Plan". Revenue from these transfers is recorded in line with PS 3410 Government Transfers and is essentially partial refunds of expenditures carried out for specific projects agreed with Transport Canada.

3. Accounts receivable

	Current	31-90 Days	91-180 Days	181-365 Days	Over 1 year	Total 2024	Total 2023
Commercial/Private	\$ 10,047	\$ 14,621	\$ 9,185	\$ 6,372	\$ 15,483	\$ 55,708	\$ 42,221
Territorial Municipalities	\$ 2,402	\$ 3,869	\$ 1,935	\$ 463	\$ 88	\$ 8,757	\$ 6,895
Nunavut Housing Corporation	\$ 4,693	\$ 1,069	\$ 648	\$ 167	\$ 640	\$ 7,217	\$ 13,640
Qulliq Energy Corporation	\$ 21,183	\$ 5,794	\$ 9,339	\$ 12,781	\$ 14,476	\$ 63,573	\$ 48,468
Government of Nunavut - Community and Government Services Department	\$ 1,751	\$ 3,286	\$ 1,535	\$ 185	\$ 1,311	\$ 8,068	\$ 5,727
Government of Canada	\$ 692	\$ 857	\$ 287	\$ 73	\$ 270	\$ 2,179	\$ 2,940
Fuel and sales taxes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,642
Total Account Receivable (Gross)	\$ 40,768	\$ 29,496	\$ 22,929	\$ 20,041	\$ 32,268	\$ 145,502	\$ 126,533
Less: Allowance for doubtful accounts	\$ -	\$ -	\$ -	\$ -	\$ (15,580)	\$ (15,580)	\$ (20,774)
Total Account Receivable (Net)	\$ 40,768	\$ 29,496	\$ 22,929	\$ 20,041	\$ 16,688	\$ 129,922	\$ 105,759

Above is the analysis of the Account Receivable balances based on Ageing buckets.
Please note Amounts reported under column "Current Column" are not past due.
The "Total Account Receivable (Net)" represents the balance that is not impaired.

Allowance for doubtful accounts

	Balance, Beginning of the year	Increase (Decrease) of Bad debt allowance in current year	Total 2024
Commercial/Private	\$ 18,933	\$ (5,495)	\$ 13,438
Government of Nunavut - Community and Government Services Department	\$ -	\$ 782	\$ 782
Qulliq Energy Corporation	\$ -	\$ 744	\$ 744
Nunavut Housing Corporation	\$ 348	\$ 6	\$ 354
Territorial Municipalities	\$ 1,493	\$ (1,405)	\$ 88
Government of Canada	\$ -	\$ 174	\$ 174
TOTAL	\$ 20,774	\$ (5,194)	\$ 15,580

4. Inventories for resale

	2024	2023
Heating fuel	\$ 150,299	\$ 177,860
Other fuel	\$ 51,007	\$ 48,768
Gasoline	\$ 27,852	\$ 37,084
	<u>\$ 229,158</u>	<u>\$ 263,712</u>

Inventories include \$127,322 (2023: \$176,070) of fuel products held by a third party and carried at cost.
Inventories of \$386 were written-off in 2024 to account for tolerable variances which occurs for the most part as a result of evaporation during storage or dispensing of fuel (2023: \$76).

5. Accounts payables and accrued liabilities

	2024	2023
Accrued liabilities	\$ 56,518	\$ 71,807
Fuel and Sales Taxes Payable	\$ 3,652	
Accounts payable	\$ 2,768	\$ 2,581
	<u>\$ 62,938</u>	<u>\$ 74,388</u>

6. Sale of petroleum products

	2024	2023
Wholesale	\$ 63,217	\$ 74,861
Commercial/Private	\$ 86,951	\$ 67,572
Territorial Municipalities	\$ 15,064	\$ 13,146
Nunavut Housing Corporation	\$ 27,635	\$ 25,075
Qulliq Energy Corporation	\$ 54,179	\$ 47,818
Government of Canada	\$ 6,025	\$ 4,608
Government of Nunavut	\$ 10,587	\$ 10,755
	<u>\$ 263,658</u>	<u>\$ 243,835</u>

A private contractor in Iqaluit is charged the landed cost of the fuel. The Fund pays or receives the price differential between the approved selling prices set by the Government and a negotiated selling price which would permit the private contractor to earn a fair return on fuel sales.

7. Rent and other revenue (expense)

	2024	2023
Rent and other revenue		
Rent and other income	\$ 1,807	\$ 1,361
Recovery (expense) from prior year	\$ 794	\$ (1,016)
Interest income	\$ 171	\$ 45
	<u>\$ 2,772</u>	<u>\$ 390</u>

Rent includes leasing fees received from private contractors who are leasing from PPD fuel storage facilities in Iqaluit. Interest income includes financing charges on accounts receivable and bank interest.

In 2023, the total amount of \$390 amount included \$(1,161) of foreign exchanges losses, incurred as a result of

* Remaining portions of fuel purchases settled at a defavorable exchange rate than the initial order,

* as well as non settled fuel purchase, converted at the closing exchanged rate.

In 2024, for clarity of the financial information, the foreign exchange gain and loss are in a dedicated expense category in Sch A.

The amount is a gain of \$141

8. Tangible capital assets

	2024	2023
Fuel delivery vehicles		
<i>Cost of tangible capital assets</i>		
Opening balance	\$ 21,793	\$ 21,316
Additions	\$ 1,711	\$ 477
Closing balance	<u>\$ 23,504</u>	<u>\$ 21,793</u>
<i>Accumulated amortization</i>		
Opening balance	\$ (19,696)	\$ (18,356)
Amortization	\$ (1,396)	\$ (1,340)
Closing balance	<u>\$ (21,092)</u>	<u>\$ (19,696)</u>
<i>Net book value</i>	<u>\$ 2,412</u>	<u>\$ 2,097</u>
Building Storage		
<i>Cost of tangible capital assets</i>		
Opening balance	\$ 390	\$ 390
Additions	\$ -	\$ -
Closing balance	<u>\$ 390</u>	<u>\$ 390</u>
<i>Accumulated amortization</i>		
Opening balance	\$ (65)	\$ (52)
Amortization	\$ (13)	\$ (13)
Closing balance	<u>\$ (78)</u>	<u>\$ (65)</u>
<i>Net book value</i>	<u>\$ 312</u>	<u>\$ 325</u>
Total Net Book Value of Tangible Capital Assets	\$ 2,724	\$ 2,422

9. Financing costs

Management estimated that the financing costs relating to its working capital advances from the Government were \$19,814 for 2024 (2023: \$7,091). The financing cost is based upon the average monthly balances due to the Government at a monthly average borrowing rate applicable to the Government. The average borrowing rate ranged from 5.01% to 5.52% during the year (2023: from 1.00% to 4.87%). This was substantially high (above 5%) throughout the year compared to 2023 where they started a 1.00%. These financing costs are not charged to the Fund by the Government.

10. Related party transactions

The Fund is controlled by the Government and related to Qulliq Energy Corporation and Nunavut Housing Corporation through common control. The Fund enters into transactions with these entities in the normal course of operations. In addition to the significant transactions with related parties disclosed elsewhere in the financial statements the Fund is related in terms of common ownership to all Government created departments, agencies and Crown corporations.

A portion of the total annual sales to Qulliq Energy Corporation are priced at cost; the per-litre cost of fuel and associated freight with no added margin. These are referred to as, "bulk sales" and represent fuel purchased by Qulliq Energy Corporation for generating power throughout the Territory. In 2023-24, bulk sales to Qulliq Energy Corporation totalled 19,720 litres at a value of \$22,641 (2023: 19,952 litres at a value of \$21,274). The Fund also incurred expenses totalling \$1,305 (2023: \$1,212) from Qulliq Energy Corporation.

11. Transfer to Government of Nunavut

The Fund operates under the authority of the "Consolidation of Revolving Funds Act R.S.N.W.T. 1988, c. R-7" and subsequent amendments, simply referred to as the Revolving Funds Act.

As a general principle laid out in section 60 of the Financial Administration Act, at the end of each fiscal year, each Deputy Minister whose department administers a revolving fund shall:

- a) prepare a balance sheet and statement of operations for the revolving fund and any other information that the Comptroller General may require,
- b) transfer any profit in a revolving fund to the Consolidated Revenue Fund (CRF) as public revenue ; and
- c) charge any loss in the revolving fund to an appropriation.

However the Revolving Funds Act lays out (in section 8) an exception for the Petroleum Products Revolving Fund (PPRF): Under this act, at the end of a fiscal year, any profit shall be credited or loss shall be charged to the Petroleum Products Stabilization Fund hereafter referred to as the Stabilization Fund.

The accumulated surplus (respectively deficit) in the Stabilization Fund limit is +\$20,000 (respectively -\$20,000) Where the accumulated surplus exceeds \$20,000, the excess of the surplus balance shall be credited into the CRF. Where the accumulated deficit is below -\$20,000, the overage on the lower limit shall be charged to an appropriation.

At end of last fiscal year (2023), the Stabilization Fund accumulated balance was a deficit was -\$24,718 which was lower than the the authorized lower limit of the Stabilization Fund Authorized Limit.

During the fiscal year of these financial statements a supplementary appropriation of \$ 4,719 was enacted to bring PPSF accumulated deficit back to -\$20,000.

12. Commitments and contingencies

a. Fuel supply and transportation contracts

After the 2017 re-supply season, multiple contracts with Woodward's Oil Limited for the supply and transportation of petroleum products expired. Following the RFP procurement process, AV Nunavut Fuels Inc., in partnership with Woodward's Oil Limited, was selected as the successful proponent to provide fuel supply and transportation services throughout Nunavut under a single contract expiring on 30th November 2022. The Government exercised its extension right on 21st October 2022 for a first extension from 1st December 2022 to 30th September 2023. In June 2023, The Government exercised a second extension which is still in force till 30th November 2024.

b. Wholesale resupply contracts

Iqaluit

The Government entered into a five-year contract, which expired in November 2017, with Uqsuq Corporation ("Uqsuq"), where Uqsuq leases and operates the fuel storage facility in Iqaluit. Under this contract Uqsuq buys fuel from the Government through the Fund at the landed cost and resells it at prices approved by the Government to residents and businesses of Iqaluit. Following Cabinet approval, several extensions were granted via negotiated contract which expires by end of November 2031.

Under this contract, PPD is obligated to sell all the fuels volumes requirements of Iqaluit to UQSUQ at landed costs and receives in return a mark-up equivalent to lease revenue, based on volumes sold by UQSUQ.

The volumes under this contract account for 27% of overall PPD's annual volumes.

c. Community fuel delivery contracts

The Fund provides fuel delivery services in 25 communities in Nunavut. These services are carried out through formal fuel delivery contracts which are awarded by the Government to local individuals or businesses residing in the respective communities. Contracts were awarded for 23 communities on November 1, 2016 and will expire October 31, 2026.

Of the remaining two communities, one was awarded for Rankin Inlet on November 1, 2017 and will expire November 30, 2027. The final community, Iqaluit, received a one year contract extension which expires in November, 2031. Under the contracts, private contractors are paid a commission for services rendered on a, "cents per litre" basis.

d. Environmental site assessments and remediation costs

In the course of normal operations the Fund may become responsible for certain remediation costs related to its tank farms. The cost of such remediation work is not accrued until either a decision to remediate by the entity occurs or the contamination exceeds current environmental health standards, and the cost and timing of the remediation work can be reasonably estimated.

The Fund's accrued estimated cost of remediation is as follows:

Location	Nature of the Environmental Liability	2023		2024	
		Accrued Liability	Work Completed/ Change in Estimated Accrued Liability	Accrued Liability	
Baker Lake (March 2021)	Gasoline leak	\$ 422	\$ (231)	\$ 191	
		<u>\$ 422</u>	<u>\$ (231)</u>	<u>\$ 191</u>	

The above liabilities are based on the contractors' quotes for remediation of the respective sites. The amounts are undiscounted and net present value technique has not been used since the Fund expects to do the remediation work in the near future. The above figures do not include any recoveries. If they exist, the Fund expects to collect them via insurance or from the fuel delivery contractors in the respective communities.

In prior years, an Environmental Protection Compliance Order (EPCO) was issued to the Fund for deficiencies in Rankin Inlet. The Fund has not included a liability associated with the EPCO as it relates to assets owned by the Government and hence the Government has taken responsibility for the EPCO through its capital projects. There was no new EPCO issued to the Fund during the fiscal year 2024.

13. Contingent Assets

The Fund has no contingent assets at March 31, 2024.

14. Contractual Rights

Contractual rights are rights to economic resources stemming from agreements that will generate future asset and revenue to the entity. These contractual rights can be classified into four categories: sales of goods and services, leases of property, royalties and revenue/profit-sharing arrangements and others.

GN on behalf of PPD has signed effective December 1st 2021 a 10-year agreement with UQSUQ Corporation to operate a bulk storage facility and pipeline distribution system at Iqaluit.

GN owns the bulk storage facility and the pipeline distribution system.

The contract expires on November 30th, 2031, GN has the right to renew the contract for another 5-year term provided GN gives written notice to UQSUQ on or before November 30, 2030.

PPD has two main revenue streams for this contract: Sales of goods, services (rent and administration).

PPD sells the refined petroleum products at landed costs to UQSUQ who in turns operates the facility and pays a bulk price for the product and a throughput fee (rent based on volume).

15. Financial risk management

The fund has exposure to the following risks from its use of financial instruments: liquidity risk and credit risk.

a) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty meeting obligations associated with financial liabilities. The Fund's financial assets and liabilities, with the exception of amounts due to the GN are expected to be settled in less than 6 months. The Fund enters into transactions to purchase goods and services on credit. Liquidity risk is measured by reviewing the Fund's future net cash flows for the possibility of a negative cash flow. The Fund manages the liquidity risk resulting from its accounts obligations by maintaining sufficient cash resources and available working capital advances payable from the GN.

This is achieved by striving to maintain Account Receivable and Inventories within the limits of the working capital advances enjoyed from the Consolidated Revenue Fund of Nunavut.

b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund maximum exposure to credit risk is the carrying value of its accounts receivable. A significant amount of the Fund's accounts receivable is due from government entities and, as such, has low credit risk. The Fund manages credit risk through monitoring of the outstanding balances. As at March 31, 2024, more than 55% of Account Receivable was due (by order of importance) respectively by the following related parties: Qulliq Energy Corporation, Government of Nunavut - CGS and Nunavut Housing Corporation.

PPD has amended its bad debt estimate policy. The previous policy had inconsistencies such as taking 100% provision on balances over 60 days. As an example, during fiscal 2023, invoices for December activity period, which were effectively produced and sent to customers in February were provisioned for bad debt at 100% at 31st of March 2023. The revised policy sets for non related parties: respectively 100%, 50% and 0% provision on invoices respectively above 2 years, 1-2 years, below 1 year .

An allowance for doubtful accounts recorded against the Fund's accounts receivable is now at \$15,580 vs \$20,774 in 2023, partly due to the changes in the criteria and but also due to the increase of related parties in the account receivable mix.

Nunavut Petroleum Products Revolving Fund
Schedule of Expenses by Type
As at March 31, 2024
(thousands of dollars)

Schedule A

	2024	2023
	Supply & Delivery of Petroleum Products	Supply & Delivery of Petroleum Products
Expense type:		
Cost of goods sold	\$234,801	\$213,900
Commissions	\$16,960	\$17,794
Operations and maintenance	\$7,481	\$3,491
Contract and consulting services	\$4,646	\$5,917
Salaries, wages and employee benefits	\$4,643	\$5,290
Amortization	\$1,409	\$1,353
Travel and relocation	\$1,046	\$1,801
Foreign Exchange (Gain) Loss	-\$141	\$0
Bad debt (recovery) expense	-\$5,194	\$6,588
Total expense	\$265,650	\$256,133