Petroleum Products Division

Transportation and Infrastructure Nunavut

Annual Report 2024–25

Petroleum Products Division

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ABOUT THE REPORT

This document presents the annual report of operations for the Petroleum Products Division (PPD) of the Department of Transportation and Infrastructure Nunavut (TIN), Government of Nunavut (GN), for the period of April 1, 2024 to March 31, 2025.

The report includes the following components:

1. Annual Report: An overview of the Division's activities and achievements during the fiscal year.
2. Consolidated Financial Statements: Financial statements for the Petroleum Products Revolving Fund (PPRF), providing 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 issued by the Public Sector Accounting Board of Canada.

List of Acronyms

API	American Petroleum Institute
CGSB	Canadian General Standards Board
COGS	Cost of Goods Sold
CRF	Consolidated Revenue Fund
EPCO	Environmental Protection Compliance Order
FMB	Financial Management Board
GN	Government of Nunavut
GST	Goods and Services Tax
L	Litres
NCR	Nunavut Carbon Rebate
PPD	Petroleum Products Division
PPRF	Petroleum Products Revolving Fund
PPSF	Petroleum Products Stabilization Fund

PSAS	Public sector accounting standards
PwC	PricewaterhouseCoopers
WA	Weighted Average

CORPORATE OVERVIEW

Mandate

The Petroleum Products Division is responsible for ensuring Nunavut's communities have safe, reliable, and cost-effective access to essential fuels. This responsibility involves the strategic purchase, marine transportation, storage, quality assurance, and distribution of diesel, gasoline, Jet A-1, naphtha, and aviation gasoline across the territory.

Each year, PPD plans and executes the territory's marine resupply, working closely with its marine transportation contractor to coordinate the movement of fuel into Nunavut during a short and weather-dependent shipping season.

Fuel is received, tested, and transferred into community tank farms, where it is managed throughout the year to meet local demand. PPD maintains oversight of inventory, quality, and operations, and works closely with contracted operators to ensure safe and consistent delivery.

Operating in a remote and highly variable environment, PPD is accountable for the performance, integrity, and compliance of the fuel system as a whole, which involves managing supply, cost, and operational risk while maintaining stable and predictable service.

Our activities are centered on the following core areas:

1. Supply and Logistics – Planning and managing fuel supply, marine transportation, storage, and distribution to ensure continuous, year-round access, including the use of forward purchasing to manage price volatility.

2. Infrastructure and Asset Integrity – Operating, maintaining, and upgrading fuel storage and distribution infrastructure, including inspection, certification, and lifecycle management of critical assets.

3. Quality and Operational Control – Maintaining fuel quality and system performance through testing, verification, calibration, and ongoing operational oversight.

4. Commercial and Inventory Management – Forecasting demand, managing inventory, administering customer accounts, and ensuring accurate and timely billing.

5. Partnerships and Compliance – Working with contracted service providers to deliver fuel safely and reliably, while meeting environmental and regulatory requirements.

Through these activities, PPD supports essential services, including heating, power generation, transportation, and aviation, and contributes to the safe and reliable functioning of communities across Nunavut.

Legislative Framework

The Petroleum Products Division operates under the *Revolving Funds Act*, which establishes a cost-recovery model where operations are funded through fuel sales rather than direct government appropriations.

This framework is supported by two funds:

1. **Petroleum Products Revolving Fund (PPRF**) – Provides the working capital required to procure, transport, and distribute fuel, and to manage cash flow and exposure to market conditions. The authorized limit was increased from $250 million to $350 million in November 2023 to reflect current operational requirements.

2. **Petroleum Products Stabilization Fund (PPSF)** – Supports price stability by absorbing short-term fluctuations in fuel costs. The fund operates within a ±$20 million range, and PPD manages pricing within this limit to maintain the fund's balance over time. Surpluses are returned to the Government of Nunavut and deficits are addressed through established processes.

Together, this framework enables PPD to operate on a cost-recovery basis over time, manage inventory and working capital across the annual resupply cycle, and align procurement, pricing, and operations to support stable and reliable fuel service in Nunavut.

KEY HIGHLIGHTS IN 2024–25

Modernization of Fuel Management Systems

In 2024–25, the Petroleum Products Division awarded a contract for a new enterprise fuel management system to replace its legacy back-office and operational technologies. Implementation planning began during the year, with rollout scheduled to begin in 2025–26.

The system will introduce an integrated point-of-sale and back-office platform, improving inventory tracking, billing, and operational reporting. It will also provide a secure online customer portal, enabling direct access to transactional information. Once implemented, the system is expected to reduce manual processes, improve data accuracy, and strengthen operational oversight.

Retail Price Adjustments

Retail fuel prices are reviewed regularly to reflect market conditions and applicable federal fuel charges. Effective April 1, 2024, prices increased due to the scheduled escalation of the federal carbon charge.

Following the 2024 annual resupply and a review of market conditions in the fall, PPD recommended that retail prices remain unchanged for the remainder of the fiscal year. This approach was approved by the Financial Management Board, and prices remained stable through year-end.

Organizational Review

Between 2018 and 2021, PPD undertook a review of its organizational structure to assess how best to support its evolving operational, regulatory, and financial responsibilities.

In 2024–25, the Department completed an independent review of this work. The findings confirmed that the original recommendations remain relevant. The Department is planning to consider these recommendations as part of longer-term planning with the incoming Government following the 2025 territorial election.

This work is intended to ensure PPD remains positioned to deliver safe and reliable fuel services, while supporting effective governance and long-term infrastructure planning.

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. The Petroleum Products Division is responsible for the territory's fuel supply chain, including procurement, marine transportation, storage, and distribution, delivered through contracted arrangements within a short seasonal shipping window.

The 2024 resupply represented the second and final of two optional renewal years under PPD's long-term agreement with AV Nunavut Fuels and Woodward's Oil Limited, originally signed in 2018. The agreement provided a single territory-wide supply model, improved pricing mechanisms, and additional tanker capacity, contributing to a more consistent and reliable supply system over its term.

To maintain continuity, PPD exercised the final one-year extension in fall 2023, securing supply through the 2024 resupply. During the 2024–25 fiscal year, PPD completed a competitive procurement process for the next long-term fuel supply and delivery agreement. The contract was awarded to AV Nunavut Fuels and Woodward's Oil Limited. and signed on February 1, 2025, and will take effect with the 2025 resupply.

Annual Bulk Fuel Resupply

Each year, fuel is delivered to Nunavut communities by marine tanker between July and November and transferred into GN-owned bulk storage facilities for year-round use. PPD oversees shoreside operations, including safe transfer, inventory control, and product verification, supported by independent third-party inspection and testing.

In 2024, a total of 219.5 million litres of fuel was delivered across the territory, an increase from 212.6 million litres in 2023. Diesel volumes increased year over year, while gasoline and Jet A-1 volumes remained relatively stable.

The resupply was completed without major incident, and targeted operational adjustments were made where required to maintain continuity of supply in individual communities.

Enhanced Quality Control Measures on Gasoline

PPD maintains a comprehensive quality assurance program to ensure that all fuel meets applicable specifications from procurement through to final delivery. This program includes third-party testing at load ports, in-transit verification, and laboratory testing and certification upon receipt into community storage.

In 2024, PPD introduced a territory-wide mid-year gasoline sampling program to strengthen oversight of product quality throughout the storage cycle. Prior to the introduction of this program, gasoline quality was certified following delivery during the annual resupply. The addition of mid-year sampling brings gasoline quality assurance more in line with the Division's approach to aviation fuels, which are subject to additional in-service verification.

Samples were collected directly from dispenser nozzles in each community and tested by an accredited independent laboratory against Canadian General Standards Board (CGSB) specifications for Arctic conditions. All samples met specification, with results demonstrating strong performance across all parameters, including octane rating, vapour pressure, and driveability.

The program was repeated in March 2025, with consistent results. All samples again met specification, confirming stable and reliable gasoline quality across the system.

PPD continues to enhance its quality assurance processes, including expanded laboratory support and improved mechanisms for responding to customer concerns. A dedicated reporting channel has been established at fuelquality@gov.nu.ca to allow residents and stakeholders to report fuel quality concerns directly.

Fuel Procurement and Pricing

PPD manages fuel procurement in a volatile global market, with a focus on maintaining price stability and cost predictability for Nunavut communities. Given the scale and timing of the annual resupply, procurement decisions are made in advance of delivery and are structured to manage exposure to market fluctuations.

To support these aims, PPD uses a range of pricing approaches, including early price setting through futures contracts, as well as pricing at the time of loading. Early procurement remains a key tool, allowing PPD to secure a significant portion of fuel requirements ahead of the resupply season and reduce exposure to price increases during periods of market volatility.

For the 2024 resupply, approximately 88% of fuel requirements (194.6 million litres) were secured in advance, with the majority priced in late 2023 and the balance secured in spring 2024. The remaining volumes were priced at the time of loading. This approach allows PPD to manage when and how fuel is priced, rather than relying solely on prevailing market conditions at the point of delivery.

The ability to expand early purchasing is influenced by available working capital, market conditions, and cash flow requirements under the Petroleum Products Revolving Fund. Within these constraints, PPD continues to use procurement timing as a key lever to manage cost risk and support stable fuel pricing over time.

Fuel Source Location

PPD procures fuel through its established supplier, AV Nunavut Fuels in partnership with Woodward's Oil Limited, which accesses global markets through commodities brokers such as Glencore. This structure supports competitive pricing while maintaining consistent product quality.

Nunavut's Arctic fuel specifications are not widely produced, and seasonal refinery patterns add further constraints, as winter-grade fuels are typically not manufactured during the summer shipping period. As

a result, supply is generally sourced from larger refining markets, most often in the United States, where refiners have the capability to meet these requirements.

While sourcing locations may vary, all product must meet PPD's contractual specifications and applicable Canadian standards. Fuel quality is verified through independent testing at load ports and during delivery to ensure it meets requirements for safe use and storage in Arctic conditions.

Fuel Transportation

Fuel deliveries to Nunavut communities are carried out by a fleet of Canadian-flagged, double-hulled, ice-class tankers operated by Woodward Oil. These vessels are purpose-built for Arctic conditions and support the territory's annual resupply.

The 2024 resupply season began with a nine-day delay in Rankin Inlet, where the first tanker required icebreaker assistance due to heavier than normal ice conditions. This late start carried through the season, with deliveries concluding on December 2 in Iqaluit, extending the resupply window beyond its typical timeline.

Marine transportation and ship-to-shore transfer are managed by the supplier, while PPD staff oversee shoreside operations, including safe transfer into GN-owned tank farms, inventory control, and quality verification. Resupply operations require sustained coordination across all regions, with PPD personnel deployed throughout the season to support oversight and respond to changing conditions.

Fuel Sales and Distribution

Fuel distribution within Nunavut communities is carried out through local delivery contractors operating GN-owned infrastructure. PPD oversees these arrangements, including contractor performance, training, and compliance with operational and safety requirements.

In Iqaluit, fuel distribution is managed through a separate arrangement with Uqsuq Corporation, which operates the bulk fuel facilities and local delivery system under a lease agreement signed in 2021 with a 10-year term.

Across the remaining communities, fuel delivery is provided under service contracts. Nineteen of these agreements are set to expire on October 31, 2026, with the remaining five expiring one year later. Planning is underway to procure new agreements and ensure continuity of service and alignment with current operational and regulatory requirements.

Through these arrangements, PPD maintains oversight of fuel inventory, sales, and delivery across the territory, supporting consistent service to residential, commercial, and institutional customers.

FUEL SUPPLY PURCHASE

Early Price Setting and Risk Management

PPD procures fuel within a volatile global market and uses forward purchasing to manage price risk and support stable costs for Nunavut communities.

For the 2024 resupply, PPD secured 194.6 million litres in advance, representing the majority of annual requirements. Most volumes were priced in November and December 2023, with the remaining forward purchases secured in May 2024. The balance of supply was priced at the time of vessel loading under prevailing spot market conditions.

This approach reduced exposure to in-season pricing, when the bulk of supply is typically priced by default. Market conditions during the summer loading period were generally higher than those observed during the earlier pricing window. By establishing forward positions ahead of loading, PPD limited exposure to these higher spot levels.

Early purchasing also supports access to product meeting Nunavut's Arctic specifications, which can be more constrained later in the procurement cycle. The ability to execute this strategy at scale is influenced by working capital, market structure, and cash flow requirements. Within these constraints, forward purchasing remained the primary risk management tool for the 2024 resupply.

The outcome of this approach is reflected in delivered product costs. Following elevated prices in 2023–24, average costs declined across all major products in 2024–25, with diesel at $0.9334/L, gasoline at $0.9293/L, and Jet A-1 at $0.9312/L, indicating improved procurement positioning year over year.

Table 1: Average Product Costs Before Delivery

Fiscal Year	Product		
	Diesel	Gasoline	Jet A-1
2020–21	$0.6517	$0.6738	$0.6335
2021–22	$0.5392	$0.6331	$0.5923
2022–23	$0.9005	$0.7376	$0.8126
2023–24	$0.9929	$0.9882	$0.9944
2024–25	$0.9334	$0.9293	$0.9312

PETROLEUM PRODUCTS PROVIDED TO NUNAVUMMIUT

PPD supplies a range of refined petroleum products to meet the energy needs of Nunavut communities, supporting heating, power generation, transportation, and aviation across the territory.

1. Gasoline – Premium winter-grade gasoline (typically 91–92 octane) formulated for Arctic conditions and used in light vehicles, snowmobiles, and small engines.

2. Jet A-1 – Primary aviation fuel used across Nunavut, meeting Canadian aviation fuel standards. Jet A-1 also provides operational flexibility, as it can be used for heating and diesel applications where appropriate.

3. Aviation Gasoline (Avgas) – Supplied in limited quantities in select communities where required for piston-engine aircraft. Demand remains low, as most aviation activity relies on Jet A-1.

4. Diesel (ULSD) – Ultra-low sulfur diesel is the most widely used fuel in Nunavut and is critical for electricity generation, space heating, and heavy equipment. It represents the majority of fuel demand across the territory.

5. Naphtha – Packaged fuel used for camping and small-scale applications, distributed in containers for retail use.

All products supplied by PPD meet applicable Canadian General Standards Board specifications, including requirements for Arctic operability. Product selection and supply are structured to ensure reliability, safe storage, and performance under extreme conditions.

Product Standards

PPD procures fuel that meets Canadian General Standards Board specifications for Arctic Canada, with additional requirements where necessary to support operability and performance in extreme conditions. As a voting member of the CGSB committee, PPD contributes to the development of national fuel standards and ensures Nunavut's requirements are reflected in these specifications.

Independent verification is a key component of PPD's quality assurance program. Third-party inspection and testing are conducted at load ports and during marine transportation to confirm that fuel meets contractual and regulatory specifications prior to delivery.

Following delivery, PPD conducts further verification through sampling and laboratory analysis of fuel stored in community tank farms. This approach provides assurance that product quality is maintained throughout the supply chain, from procurement to final use.

PPD maintains standing arrangements with accredited third-party providers for inspection and laboratory services, with contracts periodically renewed through competitive procurement processes to ensure continued independence and technical rigor.

PETROLEUM PRODUCT PRICING

PPD sets fuel prices on a cost-recovery basis, with the objective of maintaining stable and predictable pricing for Nunavut communities over time. Pricing decisions reflect the cost of fuel procurement, transportation, and operations, while taking into account broader economic impacts.

Fuel prices are not adjusted in real time with global markets. Instead, base prices are reviewed periodically and adjusted as needed to reflect underlying costs, with support from the Petroleum Products Stabilization Fund to manage short-term volatility.

In 2024–25, base fuel prices remained unchanged following the annual resupply and fall price review. Retail prices increased on April 1, 2024, due to the scheduled escalation of the federal carbon charge.

PPD recognizes that fuel pricing has a direct impact on households, businesses, and essential services. Pricing decisions are made with a focus on balancing cost recovery with affordability and stability across the territory.

The following table outlines retail fuel prices as of April 1, 2024, reflecting the scheduled increase to the federal carbon charge. These prices remained unchanged for the duration of the 2024–25 fiscal year.

Table 2: PPD Retail Price List – All Communities Excluding Iqaluit

Product	Base Price	Territorial 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	$0.040	$0.2139	–	$0.0890	$1.8686
Diesel aviation*	$1.7448	$0.0100	$0.040	$0.2139	–	$0.1004	$2.1091
Gasoline	$1.3182	$0.0640	$0.100	$0.1761	–	$0.0829	$1.7412
Aviation gasoline*	$1.8623	$0.0100	$0.110	–	–	$0.0991	$2.0814
Naphtha (per can)	$8.4280	–	–	$0.6815	–	$0.4555	$9.5650
Jet fuel*	$1.8699	$0.0100	$0.040	–	–	$0.0960	$2.0159

*Where available

Table 3: PPD Retail Price List – Iqaluit

Product	Base Price	Territorial Excise Tax	Federal Excise Tax	Carbon Tax	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	–	–	$0.6815	–	$0.4555	$9.5650
Jet fuel	$1.8165	$0.0100	$0.0400	–	–	$0.0933	$1.9598

Note: Retail prices for gasoline and diesel for vehicles in Iqaluit are available at vendor locations.

Product Cost Breakdown

Retail fuel prices in Nunavut are comprised of the following seven 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 (first introduced in 2019)
7. Nunavut Carbon Rebate (first introduced in 2019)

1 - Weighted Average Cost of Fuel

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:

- Value of fuel already in inventory,
- Cost of newly delivered product (including freight), and
- Volume of fuel already in inventory and newly delivered product.

This approach 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.

Table 4: Example of Weighted Average Cost of Fuel Calculation

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 L	$900	$0.9000/L	2,000 L	$2,500	3,000 L	$3,400	$1.1333/L

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

2 - Profit Margin or Subsidy

Retail fuel prices in Nunavut are approved by the Financial Management Board based on recommendations from PPD. Prices are set to recover the full cost of fuel supply, including procurement, transportation, storage, and distribution, over time.

Given the timing of procurement and the use of inventory carried across fiscal periods, there may be periods where revenues exceed current costs, and others where costs exceed revenues. These variances are managed through the Petroleum Products Stabilization Fund, which allows PPD to smooth the impact of market fluctuations rather than adjusting prices in real time.

This approach supports a balanced, cost-recovery model over the long term, while maintaining stable and predictable pricing for Nunavummiut.

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 territorial 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.

Table 5: Excise Taxes on Petroleum Products

Excise Tax	Petroleum Products (per litre)						
	Diesel			Gasoline	Avgas	Naphtha	Jet A-1
	Heating	Motive	Aviation				
Territorial	–	$0.091	$0.010	$0.064	$0.010	–	$0.010
Federal	–	$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 charge has applied to certain retail fuel products in Nunavut, including gasoline, diesel, and naphtha. Fuels used for electricity generation and aviation—specifically Jet A-1 and aviation gasoline—are exempt.

To mitigate the impact on consumers, the Government of Nunavut introduced the Nunavut Carbon Rebate (NCR), which reduced the effective carbon charge by 50% on eligible fuels.

The NCR ended on April 1, 2023, following the federal government's decision not to extend the program.

Variations in Weighted Average Costs

Fuel costs in each community are based on a weighted average of existing inventory and newly delivered fuel. As a result, per-litre costs may vary between communities, even where the same product is delivered at the same price.

These differences arise primarily from variations in inventory levels at the time of resupply. Communities with lower starting inventory will see a greater proportion of new fuel in their blended cost, while communities with higher existing volumes will retain more of their previous cost base.

Additional factors may also influence costs in specific communities, including transportation requirements and unplanned operational events such as emergency fuel deliveries.

These dynamics reflect the practical realities of operating a territory-wide fuel system across remote and logistically constrained environments.



Fuel Price Components (Nunavut Average)

Retail fuel prices in Nunavut reflect a combination of fuel supply costs, transportation and operating costs, and applicable taxes and charges.

The largest component of price is the cost of fuel procurement, which is influenced by global market conditions. Additional components include transportation and distribution costs, as well as the operating margin required to support the fuel system. Federal and territorial taxes, including the carbon charge, are applied on top of these base costs.

The relative contribution of each component varies by product type. For example, aviation fuels and diesel reflect greater logistical and operational requirements, while low-volume products such as aviation gasoline may show more variability due to limited demand.

PETROLEUM IMPORTS AND SALES

Imports

In 2024, PPD imported 219.5 million litres of petroleum products to Nunavut communities, an increase of approximately 3.3% (6.9 million litres) compared to 212.6 million litres in 2023, driven primarily by higher diesel volumes.

Table 6: Annual Fuel Delivery Volumes

Calendar Year	Diesel (L)	Gasoline (L)	Jet A-1 (L)	Total Volume (L)
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**
2024	150,083,835	24,441,789	45,019,568	**219,545,192**
2025	142,647,258	25,001,494	48,191,454	**215,840,206**

Sales

Petroleum sales volume in Nunavut has remained broadly stable over the past five fiscal years, with variation across product types and a temporary decline in aviation demand during the COVID-19 period. In 2024–25, total sales increased to 220.7 million litres, up from 205.4 million litres in 2023–24 and the highest level in the period shown from 2020–21 to 2024–25 below.

The increase in 2024–25 was driven primarily by higher diesel volumes, which rose to 152.1 million litres from 139.0 million litres in the previous year. Gasoline volumes declined modestly to 22.8 million litres, while Jet A-1 volumes increased to 45.7 million litres, continuing a gradual recovery from pandemic-era levels.

Diesel remains the dominant product by volume, reflecting its central role in electricity generation, heating, transportation, and heavy equipment use across Nunavut. Gasoline volumes have remained relatively steady, while Jet A-1 continues to reflect changes in aviation activity.

Table 7: Annual Petroleum Sales Volumes

Fiscal Year	Fuel Type				Total Volume (L)
	Diesel (L)	Gasoline (L)	Jet A-1 (L)	Naphtha (L)	
2020–21	137,858,953	24,340,788	39,883,757	361,884	202,445,382
2021–22	142,212,802	23,642,856	39,292,263	276,770	205,424,691
2022–23	141,207,055	24,538,749	49,494,132		215,239,936
2023–24	139,008,236	23,869,082	42,419,120	273,669	205,570,107
2024–25	152,084,938	22,782,921	45,723,321	400,804	220,991,983

Sales Forecasting and Projections

PPD conducts annual forecasting to estimate fuel requirements in each community, based on historical consumption patterns and expected demand. These forecasts support bulk purchasing, annual resupply planning, and longer-term infrastructure decisions, including storage capacity.

While population and economic activity in Nunavut have grown significantly over time, fuel sales through PPD have increased at a more moderate pace. This pace reflects, in part, the presence of large industrial consumers that import fuel directly to their operations.

Accurate forecasting remains critical to maintaining reliable supply, managing inventory, and identifying where infrastructure investments may be required to support future demand.

INFRASTRUCTURE MANAGEMENT

PPD manages 25 bulk fuel storage facilities across Nunavut, with a combined capacity of approximately 305 million litres. These facilities are critical to ensuring year-round fuel supply in a remote environment where communities depend on a single annual resupply.

Infrastructure condition, regulatory compliance, and storage capacity are central to PPD's planning and investment decisions. Much of the existing infrastructure is aging, and demand in several communities is increasing, placing growing pressure on available storage and overall system reliability.

Infrastructure Condition and Planning

PPD maintains an ongoing program of inspection, maintenance, and targeted upgrades to manage asset condition and support continued operations. Incremental improvements are delivered through operations and maintenance and minor capital funding, allowing the Division to respond to immediate pressures and optimize existing tankage.

In several communities, storage capacity is becoming increasingly constrained. To manage these pressures, PPD has implemented targeted tank additions and system reconfigurations; however, these measures are not a long-term solution to capacity and compliance requirements.

Fuel infrastructure in Nunavut is subject to federal regulations under the *Canadian Environmental Protection Act*, which established modern standards for environmental protection and system integrity. PPD continues to align infrastructure planning with these requirements while balancing operational needs and available capital.

Health and Safety

PPD is committed to maintaining high health and safety standards across its operations, with a focus on protecting staff, contractors, and the communities it serves.

Contractors are responsible for meeting applicable regulatory and training requirements, including certifications related to fuel handling, transportation of dangerous goods, and occupational health and safety. PPD supports these requirements through clear operational standards, guidance materials, and ongoing engagement in communities.

Safety practices are reinforced through regular site visits, operational reviews, and continuous improvement of procedures. This approach supports a consistent safety culture across a geographically dispersed and operationally complex system.

Facility Upgrades and Compliance

New regulations introduced under the *Canadian Environmental Protection Act* significantly increased the standard for fuel infrastructure across Nunavut. Historical deficiencies included single-walled underground piping and shore manifold configurations that no longer meet current requirements.

PPD has undertaken a long-term program to address these deficiencies. Over the past decade, code compliance has been achieved in multiple communities, with significant progress completed in recent years, including Clyde River, Grise Fiord, Kimmirut, and Sanirajak.

As of 2024–25, bulk fuel facilities in 10 communities remain non-compliant. Priority upgrades are advancing in Arviat and Taloyoak, while additional projects have been substantiated for planning in Arctic Bay, Kinngait, Kugaaruk, Kugluktuk, Naujaat, Pond Inlet, and Qikiqtarjuaq. Compliance work in Iqaluit is funded separately through a capital reserve fund provided for in the Iqaluit lease agreement.

Addressing the remaining facilities will require sustained capital investment over multiple years. PPD continues to advance these priorities through the Government of Nunavut's capital planning process, with a focus on reducing risk and achieving full compliance.

Inspection and Documentation

Tank inspections are a key component of PPD's infrastructure management program. In accordance with API 653 standards, bulk fuel tanks are required to be inspected and recertified on a defined cycle. Inspections assess tank structures, roofs, foundations, and containment systems for signs of aging or deterioration.

In recent years, PPD has increased its focus on inspection and recertification activities to address a backlog and strengthen asset integrity across the system. These activities include expanded use of third-party inspection services and a more structured approach to planning and execution.

Regional officers continue to conduct annual community-level inspections to identify operational deficiencies and confirm contractor compliance. These internal inspections are supplemented by third-party mechanical and pipeline inspections conducted prior to the resupply season. Deficiencies are tracked and addressed through maintenance and capital programs.

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, planning, and regulatory compliance.

Regulatory Oversight

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

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 Kugaaruk, Naujaat, and Pond Inlet.

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-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

PPD responds to fuel spills across the territory in accordance with established environmental and regulatory requirements. Response actions include immediate containment, protection of public safety,

recovery of product where possible, and removal and treatment of contaminated materials. Follow-up activities include monitoring and risk assessment to support appropriate remediation strategies.

Legacy Spill Sites

PPD continues to manage and remediate legacy spill sites, including Baker Lake (2021) and Rankin Inlet (2023). These sites remain under active monitoring and treatment, with contaminated materials managed through landfarming and other approved methods. Work is ongoing to advance long-term remediation and site closure.

2024–25 Spill Incidents

There were two spill incidents that occurred or were discovered in 2024–25.

Sanikiluaq (July 2024)

In July 2024, a gasoline spill occurred at the Sanikiluaq tank farm during a fuel transfer operation. Initial reports of the incident led to precautionary community evacuations while the situation was assessed.

The release was contained within the tank farm berm, and the source of the spill was identified and controlled shortly after detection. PPD mobilized its environmental response contractor to the site and coordinated with territorial and federal agencies to manage the response.

Subsequent assessment confirmed that the risk to the public was low, and the evacuation was lifted the same day. Remediation activities included recovery of impacted materials and continued monitoring of site conditions.

Pond Inlet (Discovered 2024)

A diesel spill associated with a pipeline failure in Pond Inlet was identified in 2024, with the release estimated at approximately 7,000 litres.

PPD engaged environmental contractors to carry out remediation activities, including recovery of free product, excavation of impacted soils, and follow-up sampling. Due to terrain and site conditions, portions of the impacted area required manual excavation.

Subsequent monitoring and risk assessment confirmed that risks to human health are considered acceptable, with no impacts identified in surface water or sediment. Residual soil impacts are being managed through natural attenuation and ongoing monitoring, consistent with regulatory guidance.

Engineering Standards and Criteria

PPD's Standards and Criteria for Above Ground Bulk Fuel Storage in Nunavut were last updated in 2006. While these standards continue to provide a functional foundation for infrastructure design, they do not fully reflect current regulatory requirements or evolving industry practices.

PPD is actively working to update and modernize these standards to better align with current codes, environmental expectations, and operational realities in the North. In the interim, existing standards are

applied alongside current federal regulations and applicable codes, with project-specific reviews to ensure compliance.

This approach requires design consultants to assess and incorporate updated regulatory requirements on a project-by-project basis, increasing complexity and effort. Modernized standards will provide a more consistent, efficient, and transparent framework for infrastructure development across Nunavut.

FINANCE

The financial performance of the Petroleum Products Division, including the Petroleum Products Revolving Fund and Petroleum Products Stabilization Fund, is summarized in the table below. The summary presents annual operating results, transfers to and from the Consolidated Revenue Fund (CRF), and the resulting PPSF balances.

Summary Statement of Operations and PPSF Balance

Table 8: PPD Profits and Loss ($ 000s)

	2020	2021	2022	2023	2024	2025
Revenue						
Sale of Petroleum Products	$202,498	$184,531	$185,763	$243,834	$263,658	$294,139
Rent and Other Revenue	-$1,534	$4,345	$2,560	$390	$2,772	$6,874
Total Revenue	$200,964	$188,876	$188,323	$244,225	$266,430	$301,013
Expenses						
Cost of Goods Sold (COGS)	$180,994	$165,440	$156,461	$213,900	$234,801	$250,230
Operating & Administrative Expenses	$31,650	$31,493	$31,507	$42,234	$30,849	$36,643
Total Expenses	$212,644	$196,933	$187,968	$256,134	$265,650	$286,873
Net Income (Loss)	-$11,680	-$8,057	$355	-$11,909	$780	$14,140
PPSF - Opening Balance	$6,573	-$5,107	-$13,164	-$12,809	-$24,718	-$19,219
Transfer from (to) CRF	$0	$0	$0	$0	$4,719	$0
PPSF - Closing Balance	**-$5,107**	**-$13,164**	**-$12,809**	**-$24,718**	**-$19,219**	**-$5,079**

Source: Nunavut PPRF Financial Statements

PPD's financial results fluctuate year to year, reflecting the timing of fuel purchases, global commodity and foreign exchange movements, retail pricing decisions, and the use of the PPSF to smooth price volatility over time.

Sales of Petroleum Products

Revenue from the sale of petroleum products increased by 11.6% in 2024–25, driven primarily by retail pricing decisions implemented in October 2023 (+$0.05/L) and January 2024 (+$0.15/L).

In addition, higher overall sales volumes contributed to increased revenues in the current year.

These factors combined to produce a strong financial outcome, with PPD reporting a net surplus of $14.1 million. This surplus represents a significant improvement from prior years and has contributed to a material reduction in the accumulated PPSF deficit.

Rent and Other Revenues

This category includes throughput revenue earned on product distributed by Uqsuq Corporation in Iqaluit, as well as prior-year revenue and expense adjustments recorded in the current fiscal year.

Results in this category remain relatively modest and variable year to year, driven primarily by accounting timing differences rather than changes in core operations.

Schedule of Expenses

Total expenses increased to $286.9 million in 2024–25, up 8.0% from $265.6 million in the prior year.

The increase was driven primarily by higher Cost of Goods Sold (COGS), reflecting increased sales volumes, as well as a moderate increase in operating and administrative expenses.

Cost of Goods Sold

COGS increased to $250.2 million in 2024–25, up 6.6% from the prior year.

This increase was primarily driven by higher sales volumes, with unit costs remaining relatively stable compared to the prior year.

Operating and Administrative Expenses

Operating and administrative expenses increased to $36.6 million in 2024–25, up from $30.8 million in the prior year.

The increase was driven primarily by higher contract and consulting costs and a shift from a bad debt recovery in the prior year to an expense in the current year. Core operating costs, including staffing and commissions, remained relatively stable, with lower operations and maintenance costs partially offsetting the increase.

Year-End Audit

The 2024–25 year-end audit of the financial statements was completed and signed on November 20, 2025. The audit was conducted by PricewaterhouseCoopers (PwC).

The audited financial statements are included as an accompanying document to this annual report.

Petroleum Variances

In 2024–25, PPD recorded an inventory variance of $563,636, representing approximately 545,404 litres of fuel, or 0.25% of total sales volume. This level of variance is consistent with historical trends and reflects normal operational conditions associated with bulk fuel storage and distribution.

Fuel variances are expected in the industry and are primarily attributable to factors such as evaporation, temperature fluctuations, measurement tolerances, and operational handling. In accordance with established practice, PPD accepts a defined level of variance as normal and does not charge contractors for these amounts. Variances exceeding acceptable thresholds are recovered from contractors.

Table 9: Annual Petroleum Variances

Fiscal Year	Petroleum Variance ($)	Petroleum Variance (L)	Total Sales ('000 L)	Volume Written Off (% of Total Litres Sold)
2015–16	$175,720	189,755	207,221.2	0.09%
2016–17	$168,601	244,067	197,231.2	0.12%
2017–18	$172,826	103,153	204,978.2	0.05%
2018–19	$699,032	820,284	203,689.3	0.40%
2019–20	$820,901	957,798	213,098.2	0.45%
2020–21	$398,156	635,610	202,445.4	0.31%
2021–22	$229,726	371,538	205,424.7	0.18%
2022–23	$76,466	305,744	215,239.9	0.14%
2023–24	$386,476	501,141	205,570.1	0.24%
2024–25	$563,636	545,404	220,992.0	0.25%

The figures presented above represent non-chargeable variances written off by PPD.

Over the past decade, PPD has consistently maintained non-chargeable variances at less than 0.5% of total litres sold, with recent years ranging between 0.14% and 0.31%. This performance remains well within industry norms. For context, industry standards commonly accept up to 0.5% loss in bulk fuel operations.

It should be noted that the 2024–25 sales volumes and revenue figures presented in this Annual Report reflect final audited results. As a result, they differ slightly from those reported in the fuel write-off submission tabled in the Legislative Assembly, which was prepared prior to completion of the year-end audit. These differences are minor and do not impact the overall assessment of the variance.

Overall, the 2024–25 variance is within expected limits, has no material financial impact, and reflects the effectiveness of PPD's internal controls and inventory management practices.

Audited Financial Statements

Note: In 2024–25, the Petroleum Products Division was part of the Department of Community and Government Services. Effective April 1, 2025, the Department of Transportation and Infrastructure was established and became responsible for the Petroleum Products Division. References to the “Department of Community and Government Services” within the audited financial statements and the auditor’s report reflect the Government of Nunavut’s departmental structure in place during the fiscal year under audit.

Nunavut Petroleum Products Revolving Fund

Financial Statements
March 31, 2025

Management Responsibility For Financial Reporting

November 20, 2025

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 deficit, change in net financial debt 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, 2025 and the results of its operations, changes in net financial 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, 2025;
- the statement of operations and accumulated deficit 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
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"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
November 20, 2025

Nunavut Petroleum Products Revolving Fund
Statement of Financial Position
As at March 31, 2025
(thousands of dollars)

		2025		2024
FINANCIAL ASSETS				
Cash	$	6,597		52,123
Accounts receivable (Note 3)	$	107,060	$	129,922
Inventories for resale (Note 4)	$	195,740	$	229,158
TOTAL FINANCIAL ASSETS	$	309,397	$	411,203
LIABILITIES				
Accounts payable and accrued liabilities (Note 5)	$	44,771	$	62,938
Employee leave and termination benefits	$	221	$	190
Due to the Government of Nunavut (Note 1 & 11)	$	273,177	$	370,018
TOTAL LIABILITIES	$	318,169	$	433,146
NET FINANCIAL DEBT	$	(8,772)	$	(21,943)
NON-FINANCIAL ASSETS				
Tangible capital assets (Note 8)	$	3,694	$	2,724
TOTAL NON-FINANCIAL ASSETS	$	3,694	$	2,724
Accumulated deficit - end of the year	**$**	**(5,078)**	**$**	**(19,219)**

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 Deficit
For the year ended March 31, 2025
(thousands of dollars)

	Unaudited 2025 Budget	2025 Actual	2024 Actual
Revenues			
Sale of petroleum products (Note 6)	$ 292,251	$ 294,139	$ 263,658
Rent and other revenue (expense) (Note 7)	$ -	$ 6,874	$ 2,772
Total Revenue	$ 292,251	$ 301,013	$ 266,430
Expenses			
Supply and delivery of petroleum products (Schedule A)	$ 293,975	$ 286,873	$ 265,650
Surplus (Deficit) for the year	$ (1,724)	$ 14,140	$ 780
Accumulated deficit - beginning of the year		$ (19,219)	$ (19,999)
Accumulated deficit - end of the year		**$ (5,079)**	**$ (19,219)**

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, 2025
(thousands of dollars)

		2025 Actual		2024 Actual
Surplus for the year	$	14,140	$	780
Tangible capital assets				
Additions	$	(2,035)	$	(1,711)
Amortization	$	1,065	$	1,409
	$	(970)	$	(302)
Change in net financial debt	$	13,170	$	478
Net financial debt - beginning of the year	$	(21,943)	$	(22,421)
Net financial debt - end of the year	$	(8,773)	$	(21,943)

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, 2025
(thousands of dollars)

		2025		2024
Cash provided by operations				
Sale of petroleum products	$	313,349	$	239,497
Rent and other revenue	$	6,874	$	2,772
Supply and distribution of petroleum products	$	(266,874)	$	(241,210)
	$	53,349	$	1,059
Cash used for capital activities				
Tangible capital asset acquisitions	$	(2,035)	$	(1,711)
Cash used for financing activities				
Net borrowings from Government of Nunavut	$	(96,840)	$	55,661
Net decrease in cash	$	(45,526)	$	55,009
Cash (Bank indebtedness) - beginning of the year	$	52,123	$	(2,886)
Cash - end of the year	$	6,597	$	52,123

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, 2025
(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. The authorized maximum limit of the Fund is $350,000 .

The continued operations of the fund are dependent on continued funding of the Government 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 Deficit are in accordance with page J8 of the approved 2024-25 Main Estimates of the Government.

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 its cash collection to the Consolidated Revenue Fund (CRF), in order to continue to enjoy the CRF funding facility.

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. The Fund follows Government's capitalization policy and threshold: capital assets with a cost of less than $50 are fully expensed in the year of acquisition.
Most of 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. The Fund also has a garage and acquired an IT software during the year.

f. Services provided without charge

Tangible capital assets
The Fund does not record the value of certain tangible capital assets used in its operations. Such 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 1.01 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 plan's 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.

Oil prices have remained high in 2024 calendar year (year of purchase for this current year fiscal 2024-25), but at levels less unfavourable than the previous year.

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 Deficit 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

No new standard became effective from 1st April 2024.

A new conceptual framework, effective 1st April 2026 will replace PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives.

3. Accounts receivable

	Current	31-90 Days	91-180 Days	181-365 Days	Over 1 year	Total 2025	Total 2024
Commercial/Private	$ 18,081	$ 10,030	$ 4,472	$ 6,793	$ 16,877	$ 56,253	$ 55,708
Territorial Municipalities	$ 2,479	$ 2,834	$ 1,029	$ 147	$ 134	$ 6,623	$ 8,757
Nunavut Housing Corporation	$ 4,787	$ 4,168	$ 205	$ 267	$ 1,262	$ 10,689	$ 7,217
Qulliq Energy Corporation	$ 5,999	$ 6,401	$ 6,738	$ 8,356	$ 13,566	$ 41,060	$ 63,573
Government of Nunavut - Community and Government Services Department	$ 1,808	$ 2,666	$ 960	$ 283	$ 1,275	$ 6,992	$ 8,068
Government of Canada	$ 374	$ 471	$ 16	$ 76	$ 59	$ 996	$ 2,179
Fuel and sales taxes receivable	$ 1,539	$ -	$ -	$ -	$ -	$ 1,539	$ -
Total Account Receivable (Gross)	$ 35,067	$ 26,570	$ 13,420	$ 15,922	$ 33,173	$ 124,152	$ 145,502
Less: Allowance for doubtful accounts	$ -	$ -	$ -	$ -	$ (17,092)	$ (17,092)	$ (15,580)
Total Account Receivable (Net)	$ 35,067	$ 26,570	$ 13,420	$ 15,922	$ 16,081	$ 107,060	$ 129,922

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 2025
Commercial/Private	$ 13,438	$ 1,029	$ 14,467
Government of Nunavut - Community and Government Services Department	$ 782	$ (734)	$ 48
Qulliq Energy Corporation	$ 744	$ 404	$ 1,148
Nunavut Housing Corporation	$ 354	$ 57	$ 411
Territorial Municipalities	$ 88	$ 816	$ 904
Government of Canada	$ 174	$ (60)	$ 114
TOTAL	$ 15,580	$ 1,512	$ 17,092

4. Inventories for resale

	2025	2024
Heating fuel	$ 105,289	$ 150,299
Other fuel	$ 50,333	$ 51,007
Gasoline	$ 40,118	$ 27,852
	$ 195,740	$ 229,158

Inventories include $99,600 (2024: $127,322) of fuel products held by a third party and carried at cost.
Inventories of $564 were written-off in 2025 to account for tolerable variances which occurs for the most part as a result of evaporation during storage or dispensing of fuel (2024: $386).

5. Accounts payables and accrued liabilities

	2025	2024
Accrued liabilities	$ 41,764	$ 56,518
Fuel and Sales Taxes Payable	$ -	$ 3,652
Accounts payable	$ 3,007	$ 2,768
	$ 44,771	$ 62,938

6. Sale of petroleum products

	2025	2024
Wholesale	$ 70,904	$ 63,217
Commercial/Private	$ 95,323	$ 86,951
Territorial Municipalities	$ 16,817	$ 15,064
Nunavut Housing Corporation	$ 30,494	$ 27,635
Qulliq Energy Corporation	$ 64,553	$ 54,179
Government of Canada	$ 3,839	$ 6,025
Government of Nunavut	$ 12,209	$ 10,587
	$ 294,139	$ 263,658

A private contractor in Iqaluit is charged at the landed cost of the fuel. The Fund pays or receives the price differential between the approved selling prices set by the Financial Management Board 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)

	2025	2024
Rent and other revenue		
Rent and other income	$ 5,494	$ 1,807
Recovery from prior year	$ 1,138	$ 794
Interest income	$ 242	$ 171
	$ 6,874	$ 2,772

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.

8. Tangible capital assets

	2025	2024
Fuel delivery vehicles		
Cost of tangible capital assets		
Opening balance	$ 23,504	$ 21,793
Additions	$ 1,186	$ 1,711
Closing balance	$ 24,690	$ 23,504
Accumulated amortization		
Opening balance	$ (21,092)	$ (19,696)
Amortization	$ (1,024)	$ (1,396)
Closing balance	$ (22,116)	$ (21,092)
Net book value	$ 2,574	$ 2,412
Building Storage		
Cost of tangible capital assets		
Opening balance	$ 390	$ 390
Additions	$ -	$ -
Closing balance	$ 390	$ 390
Accumulated amortization		
Opening balance	$ (78)	$ (65)
Amortization	$ (13)	$ (13)
Closing balance	$ (91)	$ (78)
Net book value	$ 299	$ 312
Other equipment (hardware and software)		
Cost of tangible capital assets		
Opening balance	$ -	$ -
Additions	$ 849	$ -
Closing balance	$ 849	$ -
Accumulated amortization		
Opening balance	$ -	$ -
Amortization	$ (28)	$ -
Closing balance	$ (28)	$ -
Net book value	$ 821	$ -
Total Net Book Value of Tangible Capital Assets	**$ 3,694**	**$ 2,724**

9. Financing costs

Management estimated that the financing costs relating to its working capital advances from the Government were $19,159 for 2024-25 (2023-24: $19,814). 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 4.70% to 6.77% during the year (2023-24: from 5.01% to 5.52%).
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 2024-25, bulk sales to Qulliq Energy Corporation totaled 25.27 million litres at a value of $27,851 (2023-24: 19.72 million litres at a value of $22,641). The Fund also incurred expenses totaling $1,334 (2023-24: $1,305) 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 any 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 2024-25, the Stabilization Fund accumulated balance was a deficit was -$5,078, from a deficit of -$19,219 at the end of the previous fiscal year. This balance was within the authorized lower and upper limit of PPSF.

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 expired in 30th November 2024.
A new RFP process was conducted in January 2025. The partnership AV Nunavut Fuel and Woodward's Oil Limited was awarded a new contract effective 31st January 2025 and ending 30th November 2029.

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 accounted for 29.0% (63.9 million litres) of overall PPD's annual sales volumes in 2024-25 (220.8 million litres).

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 was set to expire November 30, 2027.
In the final community; Iqaluit, the contract is valid till 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 has accrued the following estimated costs related to environmental remediation costs:

		2024			2025
Location	Nature of the Environmental Liability	Accrued Liability	Expense incurred / Work completed	New (or change) Estimated Accrued Liability	Accrued Liability
Baker Lake (March 2021)	Gasoline leak	$ 191	$ (55)		$ 136
Pond Inlet (June 2024)	Pipe leak		$ (293)	$ 372	$ 79
Arctic Bay (October 2024)	Tank Leak			$ 66	$ 66
Sanikkiluaq (July 2024)	Gasoline leak		$ (31)	$ 31	$ -
Sanirajak (March 2025)	Gasoline leak		$ (30)	$ 30	$ -
		$ 191	$ (409)	$ 499	$ 281

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.

During the year, four new environmental spills for which PPD was deemed liable occurred
Remediation costs were incurred for three of them: Pond Inlet - June 2024, Sanikiluaq - July 2024 and Sanirajak - March 2025
The oil spills of Sanikiluaq - July 2024 and Sanirajak - March 2025 are considered fully remediated at end of the fiscal year.

In Baker Lake (March 2021): Remediation efforts continued in 2024-25, reducing the estimated liability to $136.
For the Pond Inlet pipe leak of June 2024, we incurred $293 of remediation costs during the year but the spill was not fully remediated.
An additional quote of $79 to achieve full remediation was received from a vendor before the finalization of the financial statements.
In Arctic Bay 2024, the remediation is yet to take place.

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 2024-25.

13. Contingent Assets

The Fund has no contingent assets at March 31, 2025.

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.

As per contract UQSUQ pays a rent and administration fee and a capital maintenance fee to PPD for each litre sold while operating the facilities.

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 another party 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, 2025, around 56% of gross account receivable balances were due (by order of importance) respectively by the following related parties: Qulliq Energy Corporation, Government of Nunavut - CGS and Nunavut Housing Corporation.

The allowance for doubtful accounts recorded against the Fund's accounts receivable is $17,092 (2023-24 - $15,580)