

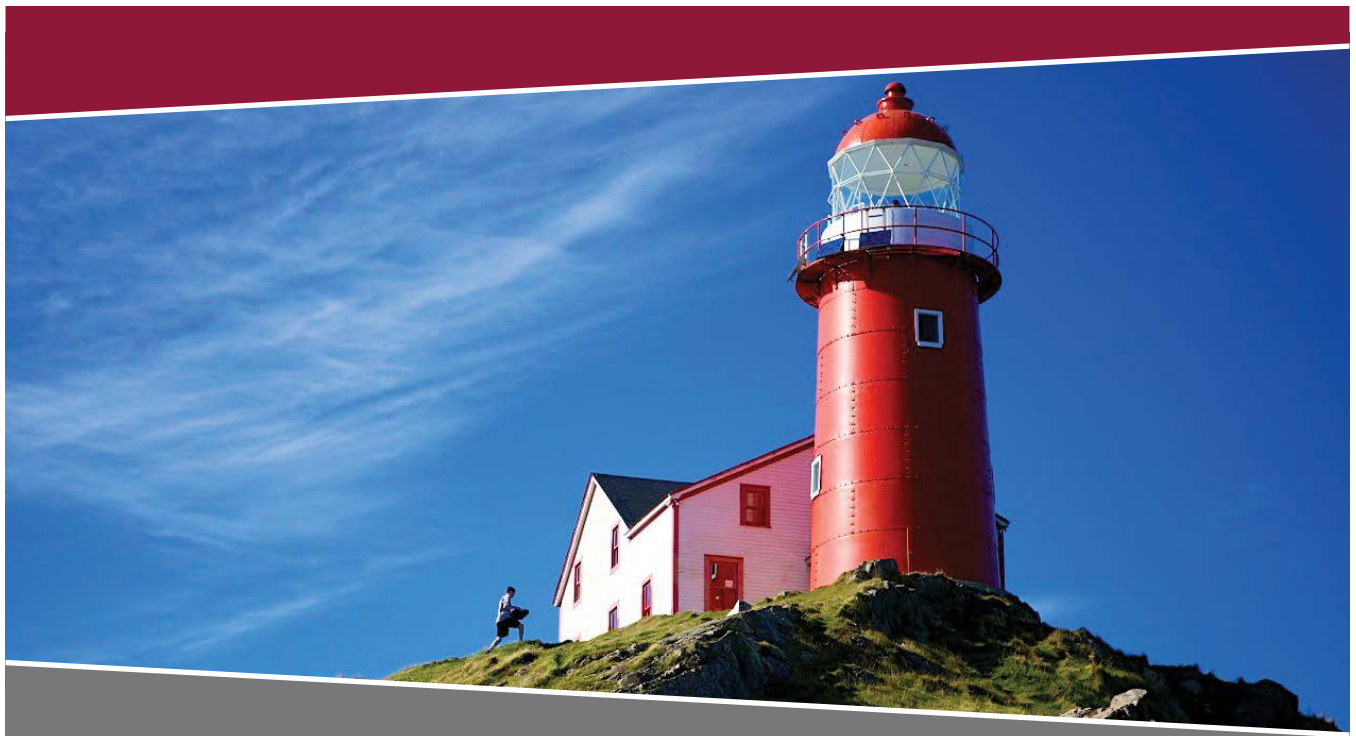


Budget 2019

Working towards a  
**brighter future**

The Economy

  
Newfoundland  
Labrador



Ferryland Lighthouse. Courtesy: Newfoundland & Labrador Tourism.

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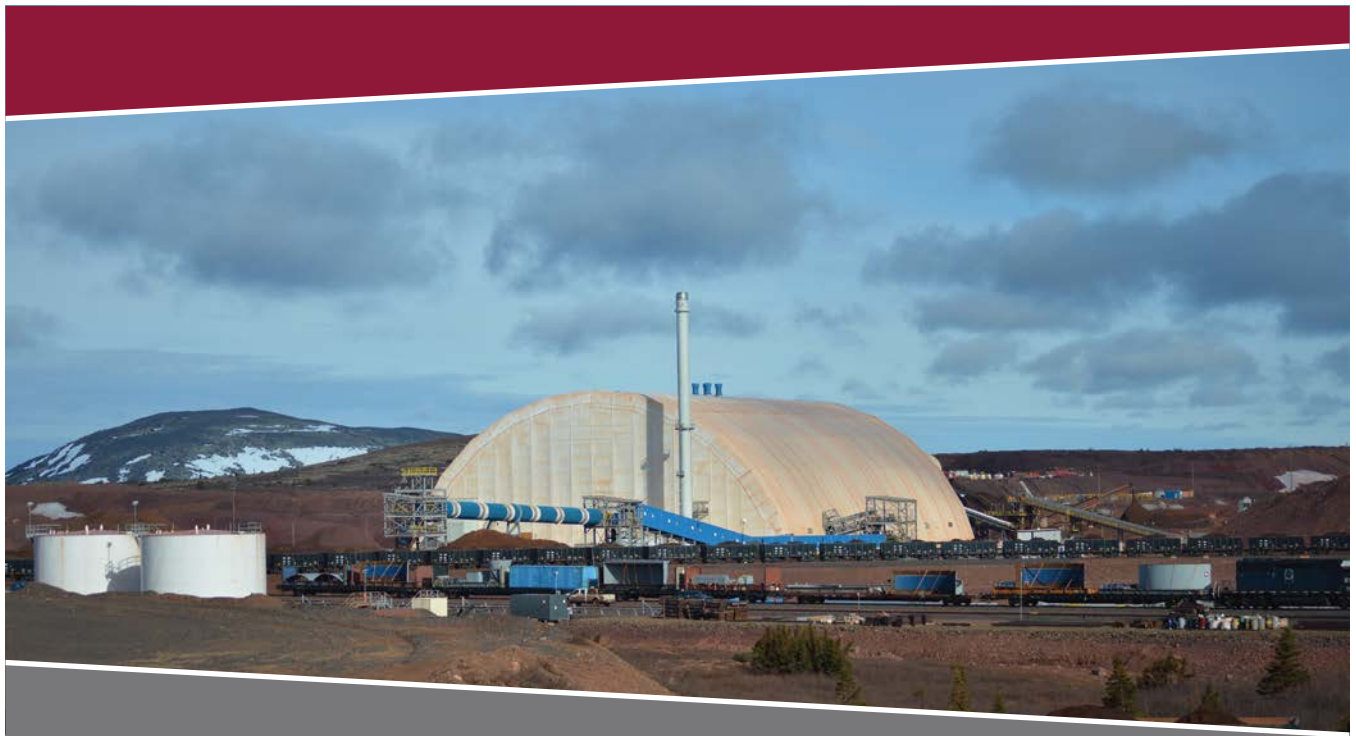
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Tata Steel Minerals Canada processing plant, Western Labrador. Courtesy: Tata Steel Minerals Canada.

## GDP and Employment by Industry

	GDP		Employment	
	2017e		2018	
	\$ Millions	% of Total	Person Years, 000s	% of Total
<b>Goods-Producing Sector</b>	<b>13,129.0</b>	<b>43.3</b>	<b>46.3</b>	<b>20.6</b>
Agriculture, Forestry & Logging	186.4	0.6	2.5	1.1
Fishing, Hunting & Trapping	435.3	1.4	3.5	1.6
Mining	1,904.8	6.3	2.7	1.2
Oil Extraction	4,359.1	14.4	2.7	1.2
Support Activities for Oil and Mining	365.8	1.2	2.5	1.1
Manufacturing	1,389.0	4.6	9.0	4.0
Fish Products	339.2	1.1	3.2	1.4
Other	1,049.8	3.5	5.8	2.6
Construction	3,894.1	12.8	20.1	8.9
Utilities	594.4	2.0	3.1	1.4
<b>Services-Producing Sector</b>	<b>17,199.0</b>	<b>56.7</b>	<b>179.0</b>	<b>79.4</b>
Wholesale Trade	649.0	2.1	5.7	2.5
Retail Trade	1,619.5	5.3	31.7	14.1
Transportation & Warehousing	1,049.3	3.5	11.9	5.3
Finance, Insurance, Real Estate & Business Support Services	4,455.2	14.7	13.8	6.1
Professional, Scientific & Technical Services	943.2	3.1	10.0	4.4
Educational Services	1,722.6	5.7	15.9	7.1
Health Care & Social Assistance	2,556.7	8.4	39.6	17.6
Information, Culture & Recreation	806.7	2.7	7.2	3.2
Accommodation & Food Services	588.4	1.9	16.0	7.1
Public Administration	2,277.6	7.5	16.8	7.5
Other Services	530.7	1.8	10.4	4.6
<b>Total, All Industries</b>	<b>30,328.0</b>	<b>100.0</b>	<b>225.3</b>	<b>100.0</b>

e: estimate

Note: Gross Domestic Product (GDP) is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products and imports. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance



Newfoundland Transshipment Limited Terminal in Whiffen Head, Placentia Bay. Credit: Newfoundland Transshipment Limited.

# Highlights and Expectations

## 2018 Highlights

- As the Hebron oil project was completed in late 2017 and the Muskrat Falls hydroelectric development moved closer to completion, capital investment declined to \$9.7 billion from \$11.0 billion in 2017, a decline of 11.8%. Nonetheless, investment levels remain high by historical standards, exceeding levels in all years prior to 2012.
- Real GDP declined by an estimated 2.9% due to the decline in capital investment and lower iron ore production resulting from the two-month strike.
- Employment increased by 0.5% to average 225,300.
- The unemployment rate declined by 1.0 percentage points to 13.8%.
- Real exports decreased by 2.6% primarily due to lower iron ore exports.
- Average weekly earnings increased by 0.3% to \$1,038. Average earnings were the second highest among provinces after Alberta.
- Household income rose by 0.8% to \$26.0 billion (down 0.8% in real terms).
- The population as of July 1, 2018 was 525,355, down 0.6% compared to July 1, 2017.
- The value of retail sales decreased by 2.4%, dampened by lower levels of vehicle sales.
- The number of new vehicles sold was 30,266, down from 33,251 in 2017 but similar to the average number of sales over the 2007 to 2011 period.

- Consumer prices rose by 1.6%. Minimal growth in food prices and lower prices for recreation, education and reading goods and services moderated the overall increase in the provincial CPI.
- Oil production increased by 4.3% to 84.0 million barrels as a result of increased Hebron production. The estimated value of production grew by 34.7% to \$7.6 billion due to higher production and higher prices.
- The price of Brent crude oil averaged US\$71.34/barrel, up 31.8% from an average of US\$54.13/barrel in 2017.
- Development and construction of the West White Rose project continued.
- The 2018 Call for Bids resulted in successful bids on five parcels totalling \$1.386 billion, including a record single bid amount of \$621 million.
- The value of mineral shipments is estimated at \$2.9 billion, a decrease of 19.3% from 2017. This decline was due to lower iron ore production and prices, which more than offset gains in nickel prices.
- Mineral exploration expenditures rose to \$45.4 million from \$41.5 million in 2017.
- The value of manufacturing shipments totalled \$6.9 billion, an increase of 15.6% compared to 2017. This was mainly due to increases in the value of refined petroleum products and non-ferrous metal (nickel).
- Total fish landings declined by 2% from 2017 to 191,800 tonnes. Landed value decreased by 3% from \$779 million to \$752 million.
- Aquaculture production volume is estimated at 18,000 tonnes, down 17% from 21,700 tonnes in 2017. The corresponding market value decreased by 8% to \$204 million, down from \$221 million in 2017.
- Provincial newsprint shipments totalled 233,884 tonnes, a decline of 5.8%, but the value of shipments increased by 11.4% due to higher prices.
- Lumber production was 92 million board feet, up from 84 million in 2017. Increased output reflects capacity improvements, strengthened markets and higher prices.
- Farm cash receipts for both crops and livestock increased by approximately 1%.
- Chicken production totalled 16.4 million kilograms, up 18.5% from 2017.
- Construction of the Muskrat Falls Project continued. Approximately 96% of project construction was complete at the end of 2018.
- There were 1,096 housing starts in the province, a decline of 21.7% from 2017 due in part to new mortgage rules introduced by the Government of Canada.
- The number of residential properties sold in the province through MLS® declined by 5.1% to 3,730 units, while the average price declined by 1.3%.
- Non-resident visitors to the province decreased by 3.5% to 533,500 due mainly to lower automobile visitation. Associated expenditures were \$569.7 million, down 1.0% from 2017.

## 2019 Expectations

- Capital investment is expected to rise by 16.8% as higher expenditures on the West White Rose project and the Voisey's Bay underground mine offset lower spending on the Muskrat Falls hydroelectric development.
- Real GDP is expected to grow by 4.1% due to higher oil and mineral exports as well as increased capital investment.

- Real exports are expected to increase by 11.3% resulting from higher oil and iron ore production.
- Employment is expected to average 228,100, up 1.2% from 2018.
- The unemployment rate is expected to fall to 13.1% due to higher employment levels.
- Household income is expected to increase by 3.3% as a result of higher employment and wages.
- Retail sales are expected to total \$9.1 billion, up 0.9% from 2018.
- Consumer prices are forecast to increase by 1.5%.
- The province's population is projected to decline 0.2% to 524,300.
- Oil production is expected to increase by 12.1% to 94.2 million barrels with higher production at Hibernia and Hebron offsetting declines at Terra Nova and White Rose.
- Brent crude prices are expected to average US\$64.40/barrel on a calendar year basis (US\$65.00/barrel for fiscal year 2019/20).
- Development and construction of the West White Rose project will continue with fabrication activities taking place at several locations in the province.
- The 2019 Calls for Bids includes parcels in the South Eastern Newfoundland and Jeanne d'Arc regions.
- Long-term exploration programs submitted by six oil companies for areas in the Jeanne d'Arc, Flemish Pass, Orphan and Carson Basins indicate upwards of 100 wells could be drilled by 2030.
- The value of mineral shipments is expected to rise by 38% as a result of production increases at Voisey's Bay, Iron Ore Company of Canada and Tata as well as the commencement of production by Tacora.
- Construction on the underground mine at Voisey's Bay will continue with the first full year of production expected in 2021.
- Tacora Resources is expected to begin iron ore production at the former Wabush Mines.
- Mineral exploration expenditures are expected to decline to about \$39 million from \$45.4 million in 2018.
- The value of provincial manufacturing shipments is expected to increase due to higher production at the Long Harbour nickel processing facility.
- Cannabis production from Canopy Growth and Biome Grow will create sustainable employment of approximately 265 persons.
- The seafood sector is expected to continue to be positively impacted by strong global demand for fish and seafood products.
- Total fish landings are expected to remain on par with 2018. Continued increases in groundfish are expected to be partially offset by further declines in shellfish.
- Grieg NL and MOWI Canada East will continue to advance their aquaculture projects.
- Newsprint shipments are expected to be around 245,000 tonnes, consistent with steady state production levels.
- Newsprint prices are expected to average US\$690/tonne, on par with 2018.
- Lumber production is anticipated to increase to approximately 97 million board feet.
- Farm cash receipts are expected to show growth across most sectors.
- A two-year Agriculture Technician (Co-op) program is set to begin in September 2019.

- Work will continue to advance the Province's five-year, nearly \$3 billion infrastructure plan for new and existing public infrastructure. Approximately \$575.4 million is expected to be spent during the 2019/20 fiscal year.
- Work will continue to advance the Muskrat Falls Project. The new transmission assets are on track to deliver power from the Muskrat Falls generating facility in late 2019.
- About \$22 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects (see page 59).
- Housing starts are forecast to increase by 1.9% to 1,117 units.
- The Canadian Real Estate Association forecasts residential sales in the province to fall 7.8% and the average resale price to fall 3.3%.
- Modest growth in international, domestic and resident travel is expected as travel price increases ease.
- Cruise activity is expected to grow with 116 port calls tentatively booked (as of February) for 21 ports in the 2019 cruise season. Scheduled port stops in Ferryland are expected for the first time in 2019.
- Work will continue on expansion and improvements at St. John's International Airport. The second phase of a two-phase expansion for the terminal building is expected to begin in 2019. These investments will allow the airport to accommodate an anticipated two million passengers by 2021.
- The Provincial Government will continue to progress initiatives outlined in *The Way Forward* to support private sector employment and economic growth.





*Rio Grande River, separating the United States and Mexico. Courtesy: [www.theconversation.com](http://www.theconversation.com).*

## Global Economic Environment

Global economic growth in 2018 is estimated at 3.7% by the International Monetary Fund (IMF), weaker than expected earlier in the year, reflecting slowing growth in Europe, Japan and China. The United States performed slightly better than expected in 2018, recording growth of 2.9%. The outlook for 2019 has also weakened as softer second half momentum in Europe and China in 2018 is expected to carry over to this year. Also, the negative impact of the escalating trade dispute between the United States and China continues to cloud the outlook.

Growth in advanced economies, while decelerating slightly, remained positive in 2018 at 2.3%. The slowdown was concentrated in the euro area (up 1.8%), with an unexpected slowdown in Germany. Concerns over the upcoming Brexit and financial risks in Italy also eroded confidence.

Economic growth in China, the largest developing country, edged lower as its economy continued

to rebalance. Nonetheless, industrial production remained strong—reflecting robust global demand—and domestic demand continued to be supported through credit growth. The IMF estimates China's GDP grew by 6.6% in 2018, down from 6.9% the previous year.

For several advanced economies, inflation remained subdued in 2018 despite near record low unemployment rates in some countries. However, growing wages and anticipation of future inflation had prompted several central banks to begin reining in loose monetary policies left over from the 2008/09 recession. The Federal Reserve in the United States began gradually raising its target rate in December 2015, while the Bank of Canada initiated this process in 2017. The Bank of England has also followed suit. Meanwhile, the European Central Bank ended its asset purchase program at the end of 2018, but has held rates low due to weaker momentum. The slowing European economy, stock

## Real GDP Growth (%)

	2017	2018	2019f	2020f
World	3.8	3.7	3.5	3.6
Brazil	1.1	1.3	2.5	2.2
India	6.7	7.3	7.5	7.7
Russia	1.5	1.7	1.6	1.7
China	6.9	6.6	6.2	6.2
Canada	3.0	1.8	1.6	1.8
United States	2.2	2.9	2.4	2.0
Japan	1.9	0.9	1.1	0.5
Australia	2.2	3.2	2.8	2.7
European Union	2.7	2.2	2.0	1.8
United Kingdom	1.8	1.4	1.5	1.6
Euro Area	2.4	1.8	1.6	1.7
Ireland	7.2	4.7	4.0	3.5
Germany	2.5	1.5	1.3	1.6
France	2.3	1.5	1.5	1.6
Italy	1.6	1.0	0.6	0.9
Spain	3.0	2.5	2.2	1.9
Portugal	2.7	2.3	1.8	1.5
Greece	1.4	2.0	2.4	2.2

f: forecast

Source: Various, available upon request

market weakness in late 2018 and signs of weakening consumer spending in the United States in recent months have prompted the Federal Reserve Board to put further interest rate hikes on hold. The Bank of Canada has adopted a similar stance.

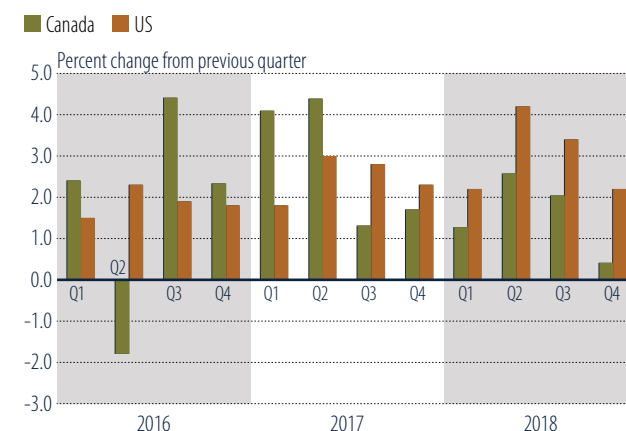
In spite of poor financial markets performance in late 2018, global growth persists and labour markets are at, or approaching, full employment in several advanced economies. Further growth will become increasingly reliant on productivity gains, which have remained limited since the 2008/09 recession. The IMF projects real GDP growth of 3.5% for the world in 2019, 2.0% for advanced economies and 4.5% for emerging market and developing economies.

## United States

U.S. economic activity increased at a solid pace in 2018. Real GDP rose by 2.9% last year, buoyed by strong gains in non-residential investment and exports and continued strength in consumer spending. Growth slowed somewhat to 2.2% in the fourth quarter of the year, compared to 4.2% and

## Quarterly Annualized Real GDP Growth

2016-2018



Source: U.S. Bureau of Labor Statistics; Statistics Canada; Department of Finance

3.4% in the second and third quarters respectively (see chart).

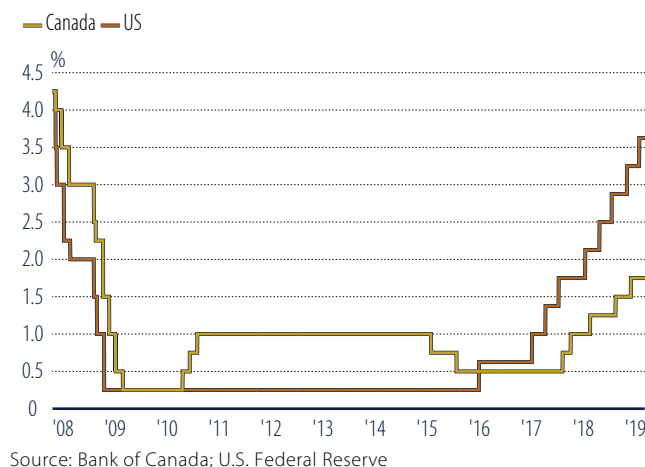
Consumer spending accounts for about two thirds of U.S. economic activity. Real consumer spending increased by 2.6% in 2018, supported by robust job gains and higher disposable income due to tax cuts. Spending on durable goods increased by 5.5%. Other aspects of consumer spending also grew, with nondurables and services growing at a pace similar to the last two years.

Real private non-residential investment recorded a second year of sustained growth, increasing by 6.9% in 2018. This growth rate is consistent with those recorded between 2010 and 2014, and follows two years of standstill in 2015 and 2016. Investment in the oil and gas sector recovered sharply, responding to crude oil prices, and overall business confidence is up as well.

However, residential investment decreased by 0.3% last year as housing starts were roughly on par with 2017 and sales of existing homes declined. The drop in residential investment reflects affordability issues stemming from higher material prices and labour building costs as well as rising mortgage interest rates.

The U.S. unemployment rate reached its lowest point since 1969 at 3.7% in November 2018 (seasonally adjusted) and stood at 3.8% as of February

## Central Bank Rates



2019. Monthly employment (seasonally adjusted nonfarm payrolls) reached 150.6 million in February 2019, a historical record following an uninterrupted upward trend for several years.

The United States has recently initiated several protectionist trade measures, which is part of the reason the IMF gave for the downward revision to its global growth forecast. In March 2018, global tariffs of 25% on steel and 10% on aluminum were imposed. Several countries, including Canada, responded with retaliatory tariffs. On another front, trade skirmishes with China have been intensifying. The United States' contention is that China continues to benefit from asymmetrical terms of trade in the form of large subsidies and state-owned enterprises, forced technology transfers and local content requirements. The situation continues to evolve with talks ongoing. A new trade deal between the U.S. and China would provide a much needed boost to global economic growth this year.

Following its inflation targeting mandate, the Federal Reserve has been progressively increasing the federal funds rate since December 2015, ending an era of ultra-low interest rates that had lasted since the last recession in 2008/09 (see chart). The last rate increase occurred in December 2018 and additional rate increases were expected in 2019. However, at the January Federal Open Market Committee meeting the Federal Reserve decided that in light of recent global economic and financial

developments it would keep the Funds rate constant for now.

While monetary policy in the United States has tightened, fiscal policy is currently expansionary. An overhaul of the tax code, adopted in January 2018, featured a notable cut in the corporate tax rate from 35% to 21%, and lowered income tax rates. The effect of this fiscal stimulus is expected to last until 2020, at which point growth is expected to slow. According to the latest survey of forecasters compiled by the Federal Reserve Bank of Philadelphia, real GDP in the U.S. is expected to grow by 2.4% in 2019.

## Canada

Canadian real GDP increased by 1.8% in 2018, following 3.0% in 2017. Capacity utilization rates for the industrial aggregate and for the mining and oil and gas industries remain at their highest levels since 2007. In spite of this, capital investment growth was subdued in 2018 with a meagre increase of 0.8%. For much of 2018, the investment climate was plagued by uncertainty surrounding future trade with the United States.

Consumption continued to fare well, with retail sales up 2.7% in 2018. Most major spending categories posted increases. Although growth was slower than the robust 7.1% recorded in 2017, it is more sustainable and similar to its long-term average growth rate. Consumer indebtedness has increased considerably over the last 15 years, but the debt service ratio—the proportion of income spent on interest and debt payments—has remained stable. This ratio is poised to slowly trend upward with higher interest rates, which may explain the slowing growth in consumption. In order to offset this potential drag on overall economic growth, additional gains in investments and productivity will be required.

Canada's inflation rate was 2.3% in 2018, the largest increase in consumer prices since 2011 and

coinciding with strong labour markets and strong wage gains. The rate of core inflation for all items excluding food and energy also increased from 1.6% in 2017 to 1.9% last year.

As the Canadian economic outlook improved in recent years, the Bank of Canada initiated a tightening of its monetary policy by raising its target for the overnight rate—twice in 2017 and three times in 2018—from 0.5% in January 2017 to 1.75% in October 2018. Barring a major slowdown in Canadian and/or global growth, additional rate increases are expected later in 2019. In theory, the Canadian dollar should gain value relative to the U.S. dollar as a result of rising rates, but those gains have been muted as the Federal Reserve concurrently raised its target rate.

Canadian employment increased by 1.3% in 2018, with growth in every province. The number of full-time jobs increased while part-time jobs declined. The unemployment rate averaged 5.8% in 2018, down from 6.3% in 2017—the lowest annual rate in the last four decades.

The renegotiation of the North American Free Trade Agreement (NAFTA) resulted in a new agreement tentatively known as the United States–Mexico–Canada Agreement (USMCA). Signed in November 2018, the deal has yet to be ratified by all three involved countries. For Canada, the biggest concession is in the dairy sector as it opens about 3.6% of its dairy market to the United States. Automobiles will require higher North American content for duty-free shipments and a minimum of 40% content coming from USMCA jurisdictions paying workers an hourly salary of at least US\$16. U.S. steel and aluminum tariffs remain in place, along with the related retaliatory tariffs from Canada. There have also been separate developments in softwood lumber and newsprint trade barriers (see *Forestry*).

The outlook for investment has improved following the USMCA deal. For almost two years, the risks posed during the renegotiation of the free trade

## Real GDP & Employment Growth

2018 and 2019 by Province

	2018		2019f	
	GDPe	Employment	GDP	Employment
NL	-0.6	0.4	1.9	1.0
PE	2.1	3.0	1.8	0.6
NS	1.0	1.5	0.9	0.9
NB	0.9	0.3	0.9	0.1
QC	2.2	0.9	1.7	1.1
ON	2.1	1.6	1.7	1.6
MB	1.7	0.6	1.6	1.2
SK	1.1	0.4	1.5	1.0
AB	2.1	1.9	1.2	0.8
BC	2.1	1.1	2.2	1.9
CA	1.9	1.3	1.6	1.4

e: estimate; f: forecast

Note: Growth rates in this table for NL may differ from the Department of Finance forecast outlined on page 13.

Source: Average of Canadian major banks and the Conference Board of Canada

agreement contributed to uncertainty, possibly depressing investment intentions as evidenced by lackluster business investment in the second and third quarters of 2018. With the removal of this uncertainty, combined with record capacity utilization rates across industries and the growing scarcity of skilled labour, investment in Canada appears to be poised to rebound in the near future. On the other hand, recently slowing European economies and geopolitical issues such as Brexit may introduce a new class of downside risks on the near-term horizon.

Economic growth in 2019 is expected to be broad-based across the country (see table), led by British Columbia and Newfoundland and Labrador. The latest average of forecasts by Canadian banks and the Conference Board of Canada expects real GDP growth in Canada to average 1.6% in 2019, with growth expected in all provinces.





*Broom Point, Gros Morne National Park. Courtesy: Newfoundland & Labrador Tourism.*

## Provincial Overview

The provincial economy continued to undergo transition in 2018. Construction of the Hebron oil project was completed in late 2017 and development of the Muskrat Falls project is in its final stages. Consequently, capital investment declined in 2018 compared to 2017. In addition, mineral production was impacted by a labour dispute at the Iron Ore Company of Canada (IOC), which resulted in the mine suspending production for two months in the spring. As a result of these factors, overall economic output fell in 2018. Real final domestic demand is estimated to have decreased by 3.8% and real GDP by 2.9%.

Nonetheless, there were some encouraging developments throughout the economy in 2018, particularly in the resource sector. In the oil and gas industry, the Hebron project marked its first full year of oil production and work on the \$3.2 billion expansion of the White Rose project (West White Rose) continued to progress. Furthermore, on July

26<sup>th</sup>, the Government of Newfoundland and Labrador, Equinor Canada and Husky Energy announced a framework agreement for the development of the Bay du Nord project. The project will be Newfoundland and Labrador's fifth oil project and sanction is expected in 2020, with first oil in 2025 (see *Oil and Gas*). The mining industry has also seen some encouraging developments. Vale Newfoundland and Labrador (VNL) announced on June 11<sup>th</sup> that it will proceed with the development of the Reid Brook and Eastern Deeps underground mines at Voisey's Bay. This is expected to result in close to \$2 billion in capital investment by VNL and will provide a long-term source of nickel concentrate for the Long Harbour processing plant (see *Mining*). As well, Tacora Resources announced that they have secured funding to restart the former Wabush Mines with production expected to commence in mid-2019.

Exports of goods and services decreased by 2.6% (in real terms) in 2018 as an increase in oil output

## Provincial Economic Indicators

	2017e	2018e	2019f	2020f	2021f	2022f
GDP at Market Prices (\$M)	33,074	34,362	35,242	35,802	37,203	37,636
% Change	4.3	3.9	2.6	1.6	3.9	1.2
% Change, real	0.9	-2.9	4.1	0.2	2.4	-0.1
Final Domestic Demand <sup>1</sup> (\$M)	36,280	34,904	36,720	35,027	35,159	36,130
% Change	-6.0	-3.8	5.2	-4.6	0.4	2.8
% Change, real	-5.9	-5.4	3.6	-6.4	-1.4	0.7
Household Income (\$M)	25,754	25,957	26,802	26,944	27,459	28,075
% Change	1.9	0.8	3.3	0.5	1.9	2.2
% Change, real	-0.6	-0.8	1.7	-1.4	0.0	0.2
Household Disposable Income (\$M)	16,912	17,047	17,581	17,695	18,039	18,451
% Change	1.2	0.8	3.1	0.6	1.9	2.3
% Change, real	-1.2	-0.8	1.6	-1.3	0.0	0.2
Retail Sales (\$M)	9,227	9,006	9,090	9,221	9,358	9,514
% Change	2.4	-2.4	0.9	1.4	1.5	1.7
% Change, real	0.3	-3.4	0.1	-0.2	-0.2	0.0
Consumer Price Index (2002=100)	135.7	137.9	140.0	142.8	145.6	148.6
% Change	2.4	1.6	1.5	2.0	2.0	2.1
Capital Investment (\$M)	10,978	9,684	11,313	9,250	9,161	9,956
% Change	-20.9	-11.8	16.8	-18.2	-1.0	8.7
% Change, real	-18.0	-12.9	14.4	-19.7	-2.8	6.7
Housing Starts (Units)	1,400	1,096	1,117	1,060	1,140	1,200
% Change	0.1	-21.7	1.9	-5.1	7.6	5.3
Employment (000s)	224.1	225.3	228.1	225.2	225.4	224.9
% Change	-3.7	0.5	1.2	-1.3	0.1	-0.2
Labour Force (000s)	262.9	261.4	262.3	260.3	260.1	259.7
% Change	-2.2	-0.6	0.3	-0.8	-0.1	-0.2
Unemployment Rate (%)	14.8	13.8	13.1	13.5	13.4	13.4
Participation Rate (%)	59.0	58.9	59.2	58.8	58.8	58.8
Population (000s)	528.6	525.4	524.3	523.6	522.1	520.4
% Change	-0.2	-0.6	-0.2	-0.1	-0.3	-0.3

<sup>1</sup> Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.

e: estimate; f: forecast, Department of Finance, April 2019

Note: Historical estimates of these indicators are periodically updated by Statistics Canada. Historical updates can impact indicator levels in the forecast period. For the most current table of Provincial Economic Indicators, which includes the latest historical data, please visit:

[www.economics.gov.nl.ca/forecast/selectedindicators.pdf](http://www.economics.gov.nl.ca/forecast/selectedindicators.pdf)

Source: Statistics Canada; Department of Finance

was offset by a decrease in mineral production. Iron ore production declined primarily as a result of the two-month labour related shutdown at IOC. Crude oil production increased by 4.3% as higher output from Hebron more than offset lower output from Hibernia and White Rose.

Capital investment in the province totalled an estimated \$9.7 billion in 2018, a decline of 11.8% from 2017. Nonetheless, investment levels remain high by historical standards, exceeding levels in all years prior to 2012. The main reasons for the decline in investment are lower expenditures on the Hebron oil project which concluded its development phase at the end of 2017 and lower spending on Muskrat

Falls. Lower residential construction spending also contributed to the decline. Residential expenditures were an estimated \$1.1 billion last year, a decrease of 17.4% compared to 2017. Expenditures on new construction fell 18.3% as spending declined for both single and multiple dwellings due in part to new mortgage rules introduced by the Government of Canada. This decline in residential investment was consistent with the 21.7% decline in housing starts (see *Construction*).

The value of retail sales—which comprise a large portion of consumer spending on goods—declined by 2.4% to just over \$9 billion in 2018. This decline was primarily due to a sharp decrease in motor

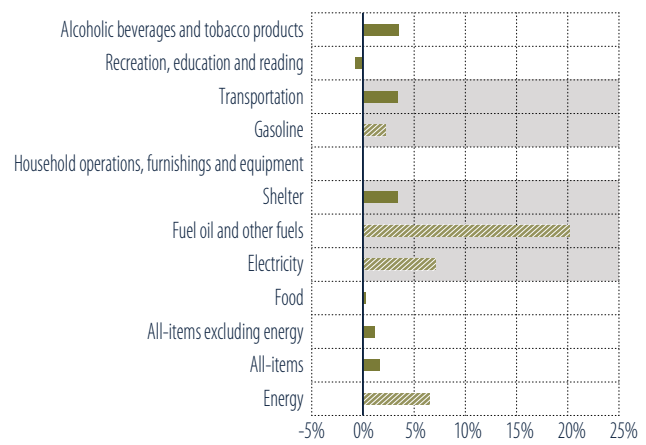
vehicle sales. New motor vehicle sales declined by almost 3,000 units or 9.0% and the value of those sales fell by 7.0%. Declines in sales at health and personal care, jewelry and sporting goods stores also contributed to the overall decline. These declines were partially offset by growth in furniture (+2.7%), food (+1.9%) and electronics stores (+3.0%). Consumer spending on services is estimated to have been about \$8.4 billion in 2018, on par with 2017. Spending on restaurants and bars, a subset of spending on services, totalled approximately \$860 million in 2018, unchanged from 2017.

### Inflation

Growth in the Consumer Price Index (CPI), or inflation, averaged 1.6% in 2018. By comparison, Canada’s inflation rate was 2.3%. Minimal growth in the food index and lower prices for recreation, education and reading goods and services moderated the increase in other areas. Food prices increased by just 0.3% last year while prices for recreation, education and reading declined by 0.7% (see chart). The energy index rose by 6.5% last year as higher crude prices exerted upward pressure on fuel oil prices and the Newfoundland and Labrador Board of Commissioners of Public

### Consumer Price Index Growth

by Component, 2018



Note: The special aggregate ‘Energy’ includes: electricity, natural gas, fuel oil and other fuels, gasoline, and fuel, parts and accessories for recreational vehicles.  
Source: Statistics Canada; Department of Finance

Utilities approved an average increase in electricity rates of 6.8% effective July 1, 2018. Gasoline prices increased by a more moderate 2.2% as higher crude oil prices were offset to some degree by a decrease in gasoline sales tax in the province—down 4¢/L in December 2017.

### Labour Markets

Labour market activity strengthened in 2018. Employment, according to the Labour Force Survey (LFS), increased slightly and the unemployment rate declined.

LFS employment averaged 225,300 last year, an increase of 0.5% compared to 2017. Employment gains were due to a significant increase in part-time employment, which rose by 9.6%. Full-time employment declined by 1.0%.

The labour force decreased slightly during 2018, falling by 0.6%. The decline in the labour force stemmed primarily from a drop in the population aged 15 and over. The participation rate stayed relatively stable at 58.9%, compared to 59.0% in 2017.

The increase in employment coupled with the decline in the labour force resulted in the unemployment rate falling by 1.0 percentage points to 13.8%.

Consistent with the increase in employment, there was a decrease in the number of Employment Insurance (EI) beneficiaries in 2018. The average number of persons receiving regular EI benefits on a monthly basis was 35,800, a decline of 7.3% compared to 2017.

Average weekly earnings rose by 0.3% to \$1,038 in 2018. On a comparative basis wages remained high, ranking the second highest among provinces after Alberta. Despite steady wages and an increase in employment, total compensation of employees declined by 1.1% compared to 2017. This is due to a number of factors including fewer high-paying construction jobs and fewer overtime hours worked, particularly in the resource sector.

## Population

Preliminary estimates indicate that the population of the province stood at 525,355 as of July 1, 2018 (see table). This represents a decline of 0.6% compared to July 1, 2017.

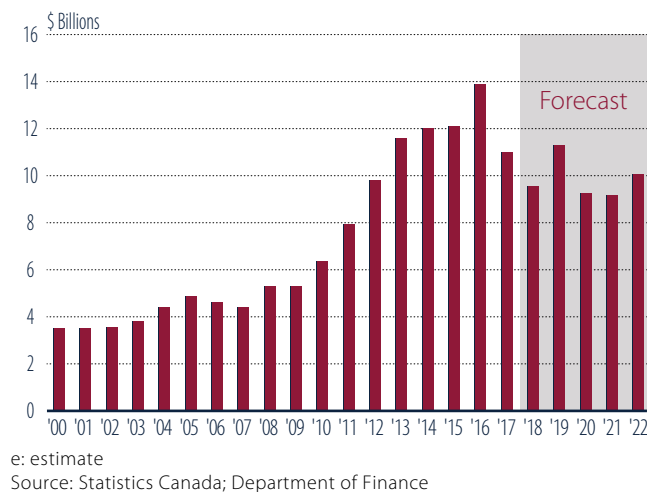
The population decrease was the result of losses from both net migration and natural change. Net migration reduced the population by 2,375 persons—a gain of 1,281 persons from international migration was offset by a loss of 3,656 from interprovincial migration. Additionally, deaths outnumbered births, resulting in a natural population decline of 837. Natural population change has been negative for several years, reflecting an aging population and a relatively low fertility rate.

## Outlook

Economic activity is expected to pick up in 2019 due to both higher exports and increased capital investment. Exports are expected to grow by 11.3% (in real terms) due to an increase in oil production from Hebron and Hibernia and a rebound in iron ore production at IOC. Capital investment is forecast to increase by 16.8% as increased capital investment at the West White Rose project and the underground mine at Voisey's Bay more than offsets declining construction activity at Muskrat Falls. As a result of the export and investment growth, real GDP is expected to grow by 4.1%, the highest rate of growth since 2013. Nominal GDP is also expected to grow, albeit at a reduced rate of 2.6% as lower oil prices offsets some of the growth in real GDP.

Labour market indicators are also expected to be positive in 2019 with employment forecast to grow by 1.2%. Household income is expected to grow by 3.3% as a result of the employment gains and wage increases. Since the growth in employment is expected to be stronger than labour force growth (0.3%), the unemployment rate is expected to decline 0.7 percentage points to 13.1%.

## Capital Investment



The medium-term outlook beyond 2019 is expected to remain challenging as government fiscal restraint and declining construction activity on major projects negatively impact growth. Employment is expected to decline over the remainder of the forecast period as the West White Rose and Voisey's Bay underground mine projects pass peak construction and the Muskrat Falls project is completed. Income and retail sales growth is expected to be subdued. However, real GDP growth is expected to remain positive in most years as a result of rising oil production.

Despite these challenges, there is significant reason for optimism. The province's fifth oil project, Bay du Nord, is expected to be sanctioned in 2020, with first oil in 2025. This development is expected to generate significant economic benefits for the province. Additionally, there are substantial oil and gas resources available in Newfoundland and Labrador's offshore area. The third independent resource assessment conducted on nine parcels in the Orphan Basin and East Jeanne d'Arc Basin was released in 2018 and estimated a resource potential of 11.7 billion barrels of oil and 60.2 trillion cubic feet of gas. The combined resource potential of the three resource estimates released to date is 49.2 billion barrels of oil and 193.8 trillion cubic feet of gas in less than seven percent of Newfoundland and Labrador's offshore area.



Land sales over the last three years have continued to show industry's confidence in the offshore potential. The most recent land sale, which closed on November 7, 2018, had bids totalling \$1.386 billion with a record single successful bid amount of \$621 million by BHP Billiton Petroleum Corp.

In addition, six oil companies are proposing long-term exploration programs for the various holdings in the Jeanne d'Arc, Flemish Pass, Orphan and Carson Basins. These programs could result in up to 95 exploration, delineation and appraisal wells by 2030 (see *Oil and Gas*). This demonstrates considerable commitment to the area. Exploration and development hold significant opportunities for future growth in oil production and, by extension, the provincial economy.

Plans for significant expansion in the aquaculture industry are also well underway. Both MOWI Canada East (formerly Marine Harvest) and Grieg NL Ltd. are pursuing aquaculture development opportunities in Newfoundland and Labrador. MOWI Canada East is expanding its Indian Head Hatchery to increase production capacity from 4.5 million to 6.7 million fish annually. The project was released from environmental assessment in 2018 and construction is underway. Grieg NL's \$250 million Placentia Bay project was also released from environmental assessment and began construction in 2018. Together, these projects have the potential to more than double the size of the total aquaculture industry (see *Fishery and Aquaculture*).

Furthermore, the Provincial Government has established several initiatives to support economic diversification and private sector employment growth. These initiatives include: delivering on work plans created through *The Way Forward* for the agriculture, aquaculture, forestry and technology industries; the delivery of the *2017-20 Provincial Tourism Product Development Plan*; the delivery of *Mining the Future 2030: A Plan for Growth in the Newfoundland and Labrador Mining Industry*; and delivery of *Advance 2030: A Plan for Growth in the*

*Newfoundland and Labrador Oil and Gas Industry* (see *The Way Forward, A Stronger Economic Foundation*).



Employees at the Iron Ore Company of Canada. Courtesy: Iron Ore Company of Canada.

## The Way Forward A Stronger Economic Foundation

*The Way Forward* plan has been leading the Government of Newfoundland and Labrador's approach to creating the conditions necessary for economic growth in the province. In November 2016, the Government of Newfoundland and Labrador released *The Way Forward: A vision for sustainability and growth in Newfoundland and Labrador*. Subsequently, *The Way Forward: Realizing Our Potential* and *The Way Forward: Building for Our Future* were released in March 2017 and April 2018, respectively. These plans outline actions the Provincial Government is taking in partnership with industry, academic and community partners to realize a shared vision of a strong and diversified province with a high standard of living. To achieve this vision, *The Way Forward* identifies four key objectives:

- (1) A more efficient public sector;
- (2) A stronger economic foundation;
- (3) Better services; and,
- (4) Better outcomes.

This article focuses on the second objective, "a stronger economic foundation." Several initiatives have been implemented to promote economic growth and entrepreneurship, with the goal of fostering conditions that support private sector job creation and economic sustainability. Several high potential sectors have been identified, specifically: aquaculture, agriculture, technology, oil and gas, mining, forestry, and the community sector. To encourage growth in these areas, the Provincial Government and industry associations, along with business owners, researchers, academics and other community groups, partnered to jointly develop work plans to grow these sectors and respond to industry needs.

In 2018 and 2019, the Government of Newfoundland and Labrador outlined work plans for the oil and gas, technology, mining and forestry sectors. These build on previously released plans in 2017 focused on agriculture, aquaculture and tourism.

## Oil and Gas

*Advance 2030: A Plan for Growth in the Newfoundland and Labrador Oil and Gas Industry* identifies actions to spur the continued growth and development of Newfoundland and Labrador's oil and gas industry. These actions cover areas such as exploration, governance and innovation and are meant to foster a culture of collaboration and entrepreneurship. By working collaboratively with industry players, the Provincial Government envisions that by 2030, there will be shorter times between discovery and production; a robust and innovative global supply and service sector; the beginning of commercial gas production; and a world-class energy cluster comprising both renewable and oil and gas energy sources. Also by 2030, the Government envisions over 100 new exploration wells drilled, multiple basins producing over 650,000 barrels of oil equivalent per day and direct operational employment of more than 7,500 people. To support these goals, the Provincial Government is transitioning the oil and gas subsidiary of Nalcor Energy to a stand-alone Crown corporation with a mandate to accelerate the growth of the oil and gas industry.

Since the launch of *Advance 2030*, the Provincial Government, Equinor Canada and Husky Energy finalized a framework agreement for the development of the Bay du Nord Project—the first deepwater production project in the province's history, which is expected to generate more than \$14 billion in economic activity. Further, the 2018 Call for Bids resulted in successful bids on five parcels totaling \$1.386 billion, including a single record bid of \$621 million.

## Technology

As of 2017, the Newfoundland and Labrador technology sector includes 591 businesses employing 8,739 employees. In an effort to increase technology sector business activity and grow the number of individuals employed in the technology sector, a joint government-industry work plan, titled *The Way Forward on Technology* was released in February 2018. A target of supporting the growth of 40

technology firms over the next two years has been established. Examples of firms supported by the Provincial Government since the launch of this plan are: Quorum Information Systems, a company that created an integrated dealer management system called XSELLERATOR for the auto industry; Bluedrop Performance Learning who are partnering with the Provincial Government for a demonstration project of SkillsPass NL, a tech solution that facilitates relevant and on demand skills training to workers and businesses; and PanGeo Subsea Inc. who are designing and developing the Seakite, a Remote Operated Tow Vehicle (ROTV)/Sub-Bottom Imager (SBI) that provides cutting-edge 3D sub-seabed imaging capability on an active towed platform.

## Mining

*Mining the Future 2030: A Plan for Growth in the Newfoundland and Labrador Mining Industry* was released on November 2, 2018, during the annual provincial mining conference and trade show. As part of *The Way Forward*, the Provincial Government committed to work with industry to position the province as a globally competitive, top-tier jurisdiction for mineral exploration—one that is safe, environmentally responsible, maximizes benefits and opportunities, and competitively produces quality products for global markets. The plan was developed in collaboration with Mining Industry NL and strategically positions Newfoundland and Labrador to avail of opportunities under the developing Canadian Minerals Metals Plan. By 2030, the Provincial Government envisions five new mines; sustainable direct employment of more than 6,200 people in operations; \$100 million in annual exploration expenditures (or at least five percent of the Canadian total); \$4 billion in annual mineral shipments (or at least 10 percent of the Canadian total); a workforce that is more diverse and includes a minimum of 30 percent women; a province that is consistently ranked as a top three Canadian jurisdiction in permitting times; and a province that is consistently ranked overall as a top three Canadian mining jurisdiction by industry.

On March 8, 2019, the Provincial Government announced the reopening of the Beaver Brook Antimony Mine in central Newfoundland—creating approximately 100 new jobs for the people in the province. Some 160,000 tonnes of antimony ore per year will be mined at full production and processed into concentrate.

## **Forestry**

*The Way Forward on Forestry* was developed in collaboration with the Newfoundland and Labrador Forestry Industry Association and released in January 2019. The plan outlines steps necessary to sustain, grow and diversify the forest industry. The 32 action items laid out in the plan are intended to foster diversification and increase efficiency in the forest sector, leading to the creation of new business activities, support for ongoing work and growth in private sector job opportunities for residents throughout the province.

## **Aquaculture**

*The Way Forward on Aquaculture* was released in September 2017 and outlined 28 specific action items designed to help achieve the goal of expanding commercial salmon production to 50,000 metric tonnes and commercial mussel production to 10,750 metric tonnes. These levels of production could more than double current levels of employment within this industry, generating an estimated additional 1,100 person years of employment. Since the launch of the plan, Grieg NL has officially commenced the company's \$250 million aquaculture project in Placentia Bay with support from both the provincial and federal governments. The project, which was subject to a comprehensive environmental assessment process, is expected to generate more than 800 new jobs once full production is reached. The project will also lead to increases in activity in the supply and services sector.

## **Agriculture**

*The Way Forward on Agriculture*, a joint industry-government work plan, was released in October 2017 and outlined 43 action items designed to

help achieve the goals of generating an additional 500 person years of employment in the agriculture industry and increasing the province's food self-sufficiency. This included redeveloping the former Wooddale Tree Nursery into a new Center for Agriculture and Forestry Development. Activity at the facility now includes the production of tree seedlings and supports fruit and vegetable crop development, bee keeping, and other research activities that will advance and diversify the agriculture sector. Since the launch of the Work Plan, 278.5 acres (approximately 211 football fields – a football field being 1.32 acres) have been prepared for fruit and vegetable production. Using an average yield to determine the contribution that 278.5 acres of agricultural land would have on food self-sufficiency, the potential of this land is expected to yield 5.57 million pounds of food for residents.

## **Tourism**

*The 2017-2020 Provincial Tourism Product Development Plan* provides an outline for creating a strong business environment for private tourism investment. The plan focuses on utilizing public resources in product development areas to help the provincial tourism industry achieve its goal of increasing resident and non-resident visitor spending to \$1.6 billion by 2020.

## **Infrastructure**

*The Way Forward: A Multi-Year Plan for Infrastructure Investments* allocates nearly \$3 billion for new and existing schools, health care facilities, roads and bridges, and municipal infrastructure over a five year period. This investment will help stimulate the economy, create jobs and foster business development throughout the province. It is estimated that this spending will generate, an average of \$560 million in GDP and 4,900 person years of employment annually. In 2019-20, the multi-year infrastructure plan budgeted \$575.4 million.

The initiatives outlined above, in conjunction with other actions outlined in *The Way Forward*, support private sector employment and economic growth—top priorities for the Provincial Government.





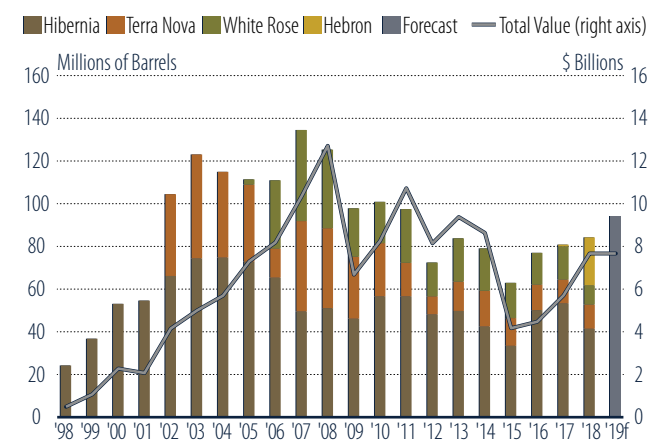
West White Rose—Concrete Gravity Structure Construction in Argentina. Courtesy: Husky Energy.

## Oil and Gas

Newfoundland and Labrador's oil and gas and related services industry contributed \$4.7 billion to nominal GDP in 2017, accounting for 15.6% of the provincial total. Direct employment in the industry was approximately 5,200 person years in 2018 and represented 2.3% of total employment in the province.

There are currently four projects producing oil in the province's offshore area: Hibernia, Terra Nova, White Rose and Hebron. Oil production increased by 4.3% in 2018 to 84.0 million barrels (MMbbls) due to increased Hebron production (see chart). The estimated value of production grew by 34.7% to \$7.6 billion due to both higher production and crude oil prices. The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US\$71.34/barrel in 2018, up 31.8% from an average of US\$54.13/barrel in 2017 (see chart). As of March 29, 2019, Brent prices stood at US\$67.93/barrel.

### Offshore Oil Production

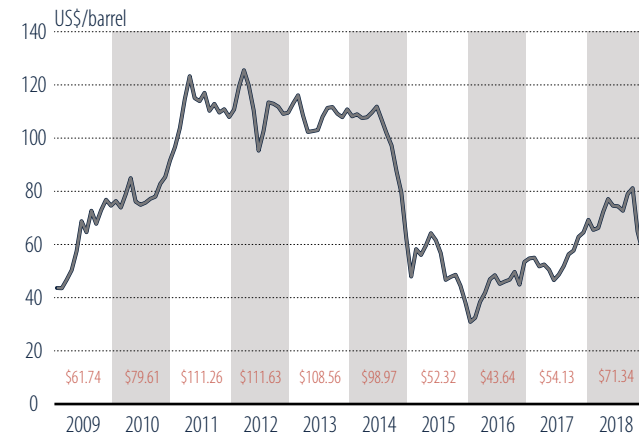


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Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

In December 2016, the Provincial Government established an Oil and Gas Industry Development Council in support of positioning Newfoundland and Labrador as a preferred location for oil and gas development. The Council made a commitment to create a long-term vision for the province's

## Brent Crude Oil Prices, Monthly



Note: Average annual Brent crude prices included for each year  
Source: U.S. Energy Information Administration

oil and gas industry, with a focus on promoting development, competitiveness and sustainability. Subsequently, the Provincial Government, in partnership with the Oil and Gas Industry Development Council, produced *Advance 2030: A Plan for Growth in the Newfoundland and Labrador Oil and Gas Industry*. The plan, released in February 2018, identifies actions to spur the continued growth and development of the oil and gas industry (see *The Way Forward*).

## Hibernia

Hibernia production totalled 41.1 MMbbls in 2018, a decrease of 22.6% or 12.0 MMbbls compared to 2017. This decrease was mainly due to a scheduled maintenance shutdown in September of last year for equipment maintenance, repair and upgrades. Since first oil in 1997, Hibernia production has expanded into two satellite areas south of the main field: the AA Blocks and the Hibernia Southern Extension (HSE) Unit. The Hibernia project had an estimated 548.4 MMbbls of recoverable reserves remaining at the end of 2018, and is expected to continue producing until at least 2040. As of December 31, 2018, there were a total of 1,344 people working on the Hibernia project in the province, of which 1,234 (91.8%) were Newfoundland and Labrador residents.

## Terra Nova

Terra Nova produced 11.4 MMbbls in 2018, an increase of 1.9% or 0.2 MMbbls compared to 2017. As of the end of 2018, the remaining Terra Nova recoverable reserves were estimated at 92.2 MMbbls. There were a total of 1,024 people working on the Terra Nova project in the province as of December 31, 2018, of which 908 (88.7%) were Newfoundland and Labrador residents.

The operator of Terra Nova, Suncor Energy Inc., is striving to increase recoverable reserves and extend the life of the field by 10 years. As such, in the third quarter of 2017, the deep water semi-submersible drill rig *Transocean Barents* commenced work on a 15-month contract at the Terra Nova field. This work will continue this year as Transocean Ltd., the owner of the drill rig, has applied for permission to extend the use of the *Transocean Barents* to May 2020. The drill rig is being used for both maintenance work and infield drilling operations as part of an evaluation of recoverable reserves.

## White Rose

White Rose and its satellite areas (North Amethyst, South White Rose and West White Rose) produced 9.0 MMbbls in 2018, a decrease of 42.0% or 6.5 MMbbls compared to 2017. Production in 2018 was impacted by both a scheduled 19-day shutdown of the *SeaRose FPSO* in the spring and a halt in operations in November because of an oil spill stemming from a failed flowline connector. The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) approved resumption of partial production operations on January 29, 2019, and Husky Energy, the operator of the project, is continuing to work with the Board to obtain approval to resume full production. It is estimated that the recoverable reserves remaining for the entire White Rose project (including North Amethyst and extensions) were 184.9 MMbbls at the end of 2018. As of December 31, 2018, there were a total of 3,483 people working in the province on the White Rose

project (including the West White Rose development), of which 3,249 (93.3%) were Newfoundland and Labrador residents.

On May 29, 2017, the Province and Husky Energy announced that Husky was moving forward with the development of the West White Rose project. A pilot project for West White Rose began in September 2011 and production has continued to date. The West White Rose project is estimated to cost \$3.2 billion and will use a fixed drilling platform tied back to the *SeaRose FPSO*. Construction began in late 2017 with a significant amount of the project work being completed in the province. In May 2018, Husky reported that construction of the concrete gravity structure had begun at the new graving dock in Argentia and fabrication of the living quarters had begun at Kiewit Offshore Services in Marystown. Work associated with the accommodations module, flare boom, helideck and life boat stations will also take place in Newfoundland and Labrador—the contracting process for this work is still ongoing. An estimated 5,000 person years of direct employment will be generated during the construction period. First oil is expected in the fourth quarter of 2022, with the tow-out and installation of the concrete gravity structure scheduled for earlier that year. The project will produce approximately 75,000 barrels of oil per day at peak production and create an estimated 250 permanent platform jobs once operational.

A series of discoveries and satellite developments in the White Rose production area have improved the longevity of the original field since its discovery in 1984, including two new oil discoveries in recent years. These discoveries continue to be assessed. Potential developments could leverage the *SeaRose FPSO*, existing subsea infrastructure and the West White Rose drilling platform.

## Hebron

The Hebron project produced first oil on November 27, 2017. Hebron production totalled 0.8 MMbbls in 2017 and 22.5 MMbbls in 2018. The project had an estimated 683.7 MMbbls of recoverable reserves remaining at the end of 2018. As of December 31, 2018, there were a total of 1,152 people working on the Hebron project in the province, of which 1,054 (91.5%) were Newfoundland and Labrador residents.

## Bay du Nord

On July 26, 2018, the Government of Newfoundland and Labrador, Equinor Canada Ltd. (formerly Statoil Canada Ltd.) and Husky Energy Inc. announced a framework agreement for the development of the Bay du Nord project. Located in the Flemish Pass Basin (about 500 kilometers from St. John's) at approximately 1,170 meters of water depth, it will be the first remote, deepwater project in the province's offshore area. Bay du Nord will also be the first project to be negotiated under Newfoundland and Labrador's generic oil royalty regulations implemented in 2017. The project is expected to be sanctioned in 2020 and produce first oil in 2025. Based on current reserve estimates of around 300 MMbbls of recoverable oil, the expected field life of the project is between 12 and 20 years; however, potential future subsea tie-back developments could extend the project's life. Similar to Terra Nova and White Rose, the Bay du Nord project will use an FPSO vessel. According to Equinor, the pre-development and development expenditures are estimated at \$6.8 billion. This spending is expected to generate roughly 2,000 person years of construction employment in the province.

Equinor submitted a project description to the Canadian Environmental Assessment Agency (CEAA) in June 2018 that proposes developing the Bay du Nord field (which includes Bay du Nord, Bay de Verde and Bay de Verde East) and the Baccalieu discovery. This would involve drilling between 10 and 30 wells over four exploration licences and three Significant Discovery Licences in the Flemish Pass Basin.

## Exploration

A number of companies have proposed long-term exploration programs for the offshore and submitted project descriptions to the CEAA. The programs include:

- August 2016: Equinor proposed an exploration drilling program within four offshore exploration licences located in the Flemish Pass Basin. The project would include the drilling of up to 24 wells by 2027.
- September 2016: Husky Oil Operations Ltd. proposed an exploration drilling project within three offshore exploration licences in the Jeanne d'Arc Basin. The project would include drilling up to 10 wells between 2019 and 2027.
- September 2016: ExxonMobil Canada Ltd. proposed an exploration drilling project within one offshore exploration licence located in the Jeanne d'Arc Basin and two exploration licences located in the Flemish Pass Basin. The project would involve drilling up to 18 wells by 2029.
- April 2017: CNOOC International (formerly Nexen Energy ULC) proposed a drilling program within two offshore exploration licences located in the Flemish Pass Basin. The project would include the drilling of up to 10 wells by 2028.
- January 2018: BP Canada Energy Group ULC proposed a drilling program within four offshore exploration licences located in the Orphan Basin. The project proponents include BP Canada, Hess Canada Oil and Gas ULC and Noble Energy Canada LLC and the project would include the drilling of up to 20 wells from 2020 to 2026.
- September 2018: ExxonMobil proposed an exploration drilling project within one offshore exploration licence located in the Carson Basin. The project would include drilling up to five wells between 2020 and 2029.
- October 2018: Chevron Canada Ltd. proposed a drilling program within an offshore exploration licence in the Flemish Pass Basin. The project would include drilling up to eight wells from 2021 to 2030.

These programs have potential to create significant exploration activity in the Newfoundland and Labrador offshore area and bode well for the future of the industry in the province. Current exploration work commitments in the Newfoundland and Labrador offshore total \$4.3 billion.

Moreover, the CEAA, along with the C-NLOPB, Natural Resources Canada and the Department of Natural Resources, announced in September 2018 that they have developed a draft agreement for a Regional Assessment of Offshore Oil and Gas Exploratory Drilling East of Newfoundland and Labrador. This assessment will focus on the effects of existing and anticipated offshore oil and gas exploratory drilling in the offshore area east of Newfoundland and Labrador. It will aim to improve the efficiency of the environmental assessment process as it applies to oil and gas exploration drilling, while at the same time ensuring the highest standards of environmental protection continue to be applied and maintained.

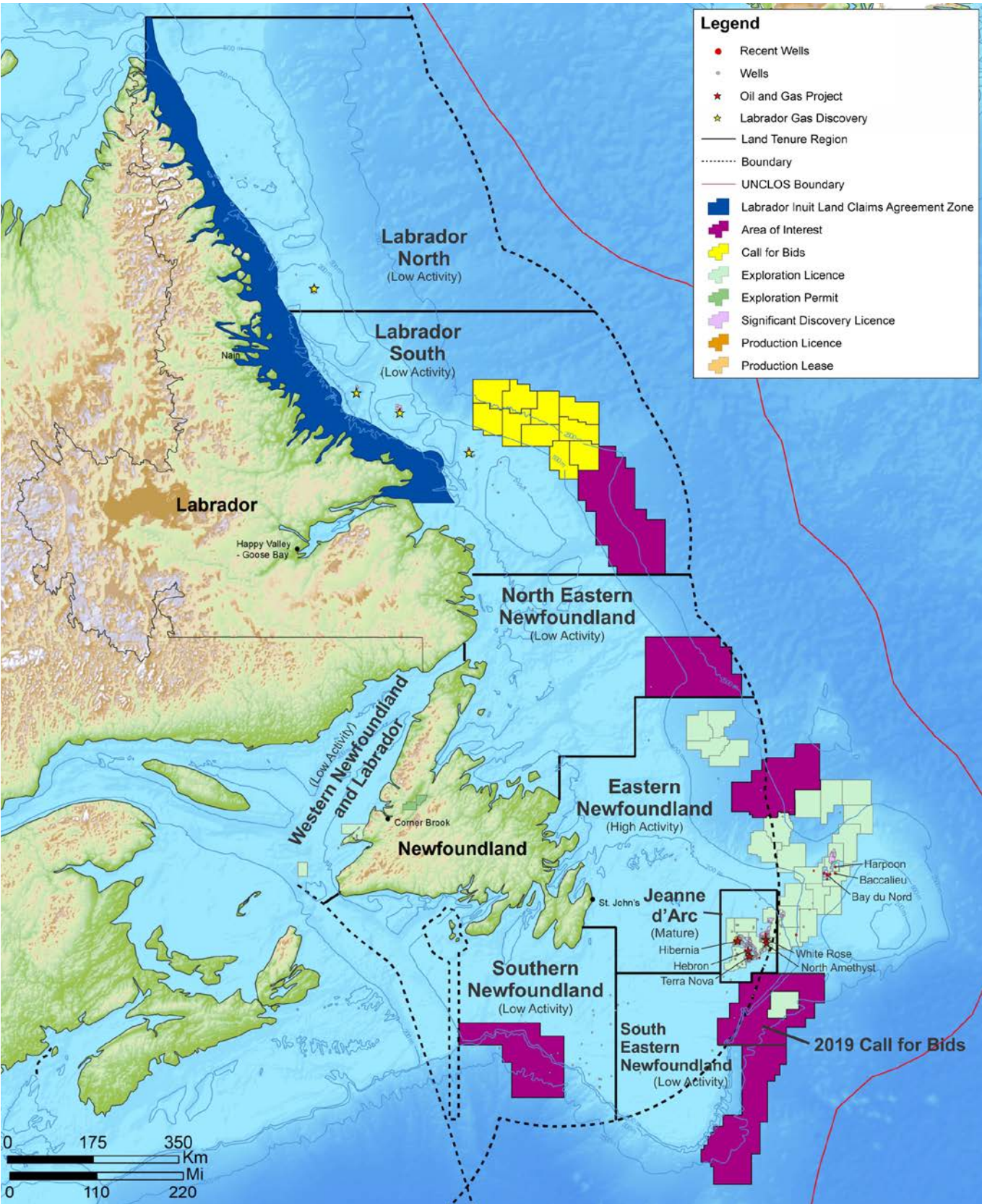
## Initiatives

The Department of Natural Resources and Nalcor Energy continue to collaborate and invest in the acquisition of geoscientific data. These data are then used as an input to carry out independent resource assessments ahead of the closing of the bidding round in the scheduled land tenure system. This offers an opportunity for industry to learn more about the oil and gas potential of the blocks on offer and ensures a full evaluation of all the offshore basins. The data collected are also available for licensing by industry. Data acquired during 2018 totalled 14,699 km<sup>2</sup> of 3D seismic, 16,279 km of 2D seismic, 5,523 km of seabed mapping, 115 seabed cores, 12,793 km of geohazard surveys, and 13.8 km of seabed video transect.

On September 7, 2018, Nalcor and BeicipFranlab announced the release of the 2018 resource assessment over the 2018 Call for Bids area in the Eastern Newfoundland and Jeanne d'Arc regions.



# Newfoundland and Labrador Offshore Area



Note: This map is for illustrative and reference purposes only. The C-NLOPB makes no claims and no warranties express or implied concerning the accuracy or validity of the information provided. For legal descriptions of licences, please visit [www.cnlopb.ca](http://www.cnlopb.ca)

Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Natural Resources

## Land Issuance Rounds Timeline

- Call for Nominations (AOI) Open
- Call for Nominations (AOI) Close
- Sector Identification
- Call for Nominations (Parcels) Open for Six Weeks
- Call for Bids Open
- Call for Bids Close
- Issuance of Licences

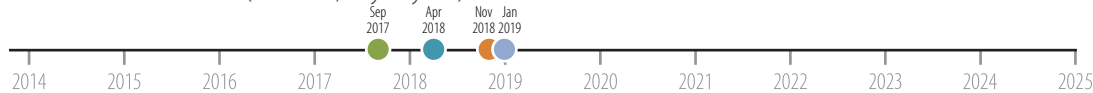
### 2018 Jeanne d'Arc (Mature, 1-yr cycle)



### 2018 Eastern Newfoundland (High Activity, 2-yr cycle)



### 2017 Jeanne d'Arc (Mature, 1-yr cycle)



### 2017 South Eastern Newfoundland (Low Activity, 4-yr cycle)



### 2016 Jeanne d'Arc (Mature, 1-yr cycle)



### 2016 Eastern Newfoundland (High Activity, 2-yr cycle)



### 2016 Southern Newfoundland (Low Activity, 4-yr cycle)



### 2016 North Eastern Newfoundland (Low Activity, 4-yr cycle)



### 2015 South Eastern Newfoundland (Low Activity, 4-yr cycle)



### 2015 Labrador South (Low Activity, 4-yr cycle)



### 2013 Labrador South (Low Activity, 4-yr cycle)



It identified an additional 11.7 billion barrels of oil and 60.2 trillion cubic feet of gas potential in approximately two percent of Newfoundland and Labrador's offshore area. This was the third independent resource assessment to be completed in the offshore area. The three resource assessments completed to date indicate a combined resource potential of 49.2 billion barrels of oil and 193.8 trillion cubic feet of gas in less than seven percent of Newfoundland and Labrador's offshore area.

The Department of Natural Resources launched the Exploration Data Room for the Newfoundland and Labrador offshore area on October 26, 2018. This initiative allows operators to access offshore public-domain well and seismic data and will encourage exploration activity in the offshore area.

### **Calls for Nominations**

The C-NLOPB issued a Call for Nominations (Areas of Interest – AOI) in the Eastern Newfoundland region on January 31, 2018. This assisted the Board in selecting a sector for the region in July of last year. This sector will be subdivided into parcels and subsequently made available for licensing in Calls for Bids in 2020 (see timeline).

Calls for Nominations (Parcels) for the South Eastern Newfoundland and Jeanne d'Arc regions opened on August 30, 2018. Nominations for the South Eastern Newfoundland region closed on November 14, 2018, while nominations for the Jeanne d'Arc region closed on January 23, 2019. These Calls for Nominations will assist the C-NLOPB in selecting parcels to be included in the subsequent 2019 Calls for Bids.

### **Calls for Bids and Results**

On April 5, 2018, the C-NLOPB announced Calls for Bids for exploration licences for 16 parcels (eight were reposted from the previous Calls for Bids) in the Eastern Newfoundland region and one parcel in the Jeanne d'Arc region. In addition, the Board

announced Calls for Bids for a production licence for one parcel in the Jeanne d'Arc region. Bids on these parcels closed on November 7, 2018 and successful bids totalling \$1,386,273,936 were received on five of the parcels, including a record single successful bid amount of \$621,021,200 by BHP Billiton Petroleum Corp. Subsequently, the Board issued five Exploration Licences on January 15, 2019.

Following the closing of the 2017 Calls for Bid, the C-NLOPB also issued an Exploration Licence to Husky Oil Operations Ltd. and BP Canada Energy Group ULC on January 15, 2018 following a successful bid of \$15,098,888 for a parcel in the Jeanne d'Arc region.

On February 5, 2019, the Board announced updates to the scheduled land tenure system, rescheduling Call for Bids in the Labrador South, North Eastern Newfoundland and Southern Newfoundland regions to allow sufficient time to update the Southern Newfoundland and Labrador Strategic Environmental Assessments (SEA). The Labrador SEA is ongoing and bids on 10 parcels in the Labrador South region will close in November 2021.

## OUTLOOK 2019

- Oil production is expected to increase 12.1% to 94.2 MMbbls with higher production at Hibernia and Hebron offsetting declines at Terra Nova and White Rose.
- The *Terra Nova FPSO* will undergo a two-week turnaround in the second quarter.
- The *SeaRose FPSO* will undergo an eight-day turnaround in the third quarter.
- Husky Energy will continue to work with the C-NLOPB to get approval to resume full White Rose production.
- Development and construction of the West White Rose project will continue in 2019 with fabrication activities taking place at several locations in the province.
- Brent crude prices are expected to average US\$64.40 per barrel on a calendar year basis (US\$65.00 per barrel for fiscal year 2019/20).<sup>1</sup>
- The 2019 Calls for Bids includes parcels in the South Eastern Newfoundland and Jeanne d'Arc regions. They are expected to close in November.
- Long-term exploration programs submitted by Equinor Canada Ltd., Husky Oil Operations Ltd., ExxonMobil Canada Ltd., CNOOC International, BP Canada Energy Group ULC and Chevron Canada Ltd. for areas in the Jeanne d'Arc, Flemish Pass, Orphan and Carson Basins bode well for the future of the oil industry in the province.

<sup>1</sup> Department of Finance forecast.





Blasting operations at IOC's Luce Pit, Labrador City. Courtesy: Iron Ore Company of Canada.

# Mining

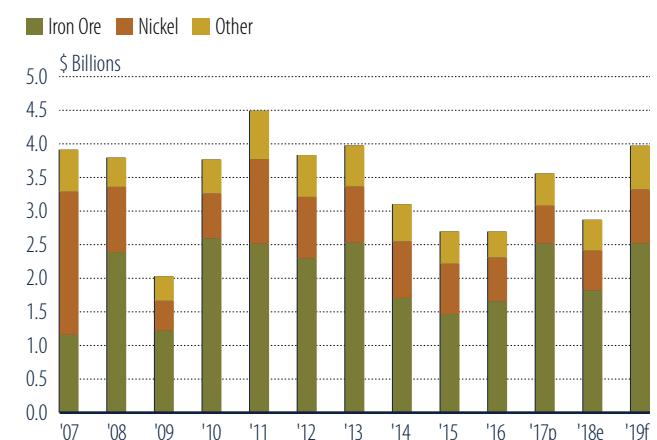
The value of Newfoundland and Labrador mineral shipments totalled \$2.9 billion in 2018, a decrease of 19.3% from 2017 (see chart). This decline was due to lower iron ore production (stemming from a two-month strike) and prices which more than offset gains in nickel prices. Total mining related employment (including employment associated with activities at Vale's Long Harbour nickel processing facility) grew by around 11% to approximately 5,700 person years in 2018. This growth mainly reflects the start of construction on the Voisey's Bay underground mine.

## Market Conditions

Market conditions for the provincial mining industry fluctuated throughout 2018. Iron ore prices remained relatively steady, staying between \$60 and \$70 for most of the year (see chart). Overall, iron ore prices averaged \$66.34/tonne in 2018, down 6.0% from 2017.

On the other hand, nickel prices were more erratic. Prices rose substantially over the first half of 2018, reaching a peak of \$7.12/lb in June as the possibility of sanctions being placed on a major Russian nickel producer increased fears of supply constraints. However, uncertainty around global economic growth and the fear of an escalated

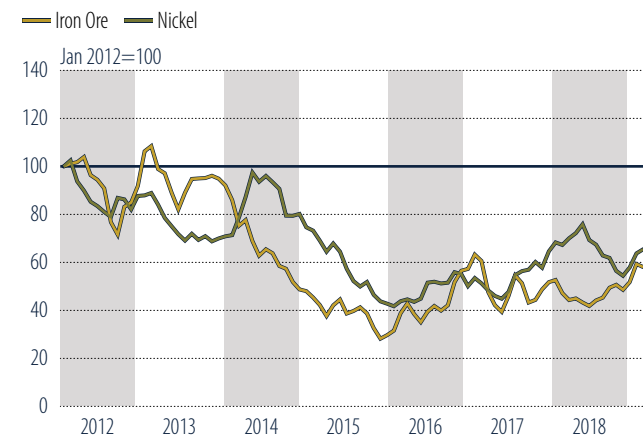
## Value of Mineral Shipments



p: preliminary; e: estimate; f: forecast

Source: Department of Natural Resources; Natural Resources Canada

## Mineral Price Indices



Source: London Metal Exchange; MetalPrices.com; Bloomberg

China-U.S. trade dispute lead to substantial price declines in the second half of the year, even as demand increased. For the year as a whole, nickel prices averaged \$5.95/lb, up 26.0% from 2017.

### Iron Ore Company of Canada

The Iron Ore Company of Canada (IOC), located near Labrador City, is the province's oldest operating mine. The mine currently generates approximately 1,800 person years of employment.

IOC shipped 15.1 million tonnes of iron ore in 2018, down 21% from 2017. This significant decline in production was due to a work stoppage at the mine from March 27 to May 28 of last year because of a labour dispute. The company has since negotiated a new, five-year collective agreement with their employees and production ramped back up to normal levels by the end of June. Capital spending at IOC was \$205 million in 2018, down from \$265 million in the previous year.

Production at the new Moss Pit (previously known as the Wabush 3 deposit) began in September 2018. The new open pit mine will allow flexibility in providing iron ore feed to the existing concentrator plant to achieve and maintain production of iron concentrate at the mill's rated capacity.

### Tata Steel Minerals Canada

Tata Steel Minerals Canada (TSMC) operates a high-grade iron ore project, which straddles the Québec-Labrador border. This operation is a joint-venture between Tata Steel of India, Ressources Québec and New Millennium Iron Corp. TSMC has deposits in both Labrador and Québec.

Until recently, TSMC had been operating as a direct shipping ore (DSO) project, but is now transitioning to the production of high grade concentrate to take advantage of the current market premiums. TSMC has restarted construction of the \$700 million wet processing plant, which will produce the concentrate. Construction of the plant initially began in 2011, but was put on hold in 2016 due to low commodity prices. The wet plant is currently in the final stages of construction and once complete, TSMC will produce both concentrate and DSO.

TSMC also plans to develop the Howse deposit. Once developed, the open pit mine is expected to be operated seasonally for approximately 15 years and have a maximum production rate of 22,000 tonnes of iron ore per day. The project has been given Mining Act approval and has been released from both Federal and Provincial environmental assessment.

In recent years, TSMC has idled operations during the winter to reduce operational costs. However, in 2018, some operational activity continued over the winter months as work on the construction and commissioning of the wet plant continued. The project generated approximately 400 person years of employment in the province in 2018.

### Vale

Vale Newfoundland and Labrador (VNL) operates the Voisey's Bay open pit nickel mine on the north coast of Labrador and the nickel processing facility in Long Harbour on the island portion of the province. Currently, all nickel mined at Voisey's Bay is shipped to Long Harbour for processing and the processing

facility operates using 100% Voisey's Bay concentrate. The value of nickel shipped by VNL rose by 4.2% in 2018 as a result of higher nickel prices.

On June 11, 2018, VNL announced that it would be proceeding with the development of an underground mine at Voisey's Bay. The project had initially been sanctioned in July 2015 but had been put on hold pending a company-wide review of all base metal operations. Capital investment in the project is expected to be almost \$2 billion. Vale also announced that it had entered into an agreement with two companies to sell 75% of cobalt produced in Labrador starting in 2021 for an upfront payment of \$US690 million. This deal allowed Vale to raise 40% of the capital needed for the development of the underground mine.

On October 17, 2018, the development of the underground mine officially began with the first blast at the Reid Brook portal rock face. The underground mine will include two separate deposits (Reid Brook and Eastern Deeps) and is expected to produce 45,000 to 50,000 tonnes of nickel-in-concentrate annually that will be processed into finished nickel at the Long Harbour processing plant. Mining operations will gradually transition from open pit to underground beginning in 2020. Access to the underground ore is expected to increase operational employment at the Voisey's Bay mine from its current level of 500 person years to approximately 950 person years annually and is expected to extend the mine life to 2034.

Employment for all aspects of the Voisey's Bay project—current operations at the Voisey's Bay mine, the Long Harbour nickel processing facility and construction of the underground mine—averaged about 2,000 in 2018.

## Other Mines

Rambler Metals and Mining Canada Ltd. (RMM) extracts and processes ore from its copper-gold Ming Mine on the Baie Verte Peninsula. RMM

commenced commercial production in November 2012. Recent initiatives, focused on productivity and efficiency improvements, have enabled RMM to boost production as the company works towards its target of a sustained 1,250 tonnes of concentrate per day. RMM continues to pursue engineering evaluations of the potential of a further operational capacity increase with the goal of reaching 2,000 tonnes of concentrate production per day. Over the first three quarters of 2018, the company produced 3,067 tonnes of copper and 2,881 ounces of gold, an increase of 5.4% and 27.5%, respectively, from the same period in 2017. The mine currently generates around 200 person years of employment annually.

Anaconda Mining Inc. began gold production at its Point Rousse project near Baie Verte in 2008. In early 2018, production shifted from the Pine Cove pit to the Stog'er Tight deposit which is now the main feed source for the Pine Cove mill. Anaconda has continued an aggressive drilling program to further delineate the resource estimates for a number of gold prospects in the area. One of these prospects, the Argyle deposit, is expected to begin development in mid-2019 with ore production commencing in the third quarter of the year. Anaconda produced 20,149 ounces of gold in 2018, an increase of around 11% from a similar period in 2017. The operation currently generates around 80 person years of employment annually.

Canada Fluorspar Inc. (CFI) is operating a fluorspar mine and mill located in St. Lawrence. Construction of the project is complete and CFI made its first commercial shipment in August 2018. Production is expected to continue to ramp up. When the mine and mill are both fully operational, the project is expected to produce up to 200,000 tonnes of fluorspar concentrate per year. CFI generated around 250 person years of employment in 2018.

The province's construction aggregate industry (i.e. producers of gravel, sand, crushed stone, or other mineral material that is used in the construction industry) shipped approximately seven million

metric tonnes of aggregate, sand and gravel valued at \$39.9 million in 2018. The sector generated around 550 person years of employment.

## Development

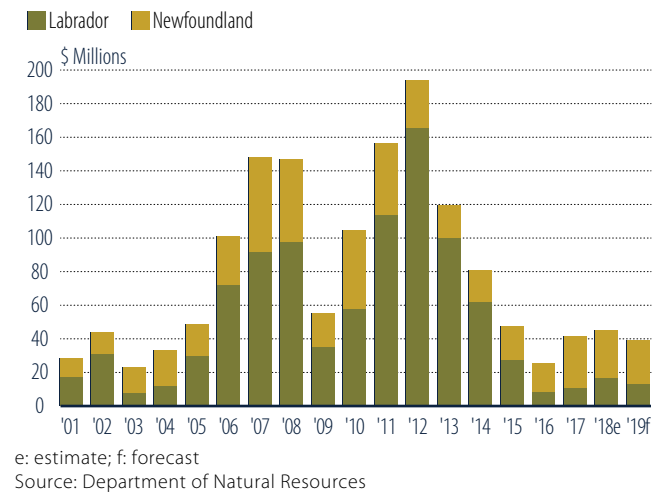
In July 2017, Tacora Resources Inc. announced that it had acquired the assets associated with the Scully Mine located in Wabush. The iron ore mine was formerly owned by Cliffs Natural Resources, who closed it in October 2014. In November 2018, Tacora announced that it had secured funding for the restart of the mine. The company is currently in the process of hiring the workforce and implementing the various commercial contracts and capital projects required for the restart of the operation. Costs associated with reactivating the mine are estimated at US\$276 million. Mining operations are expected to begin in June 2019 with production ramping up through 2021. Once fully operational, the project is expected to generate around 300 person years of employment.

China Minmetals is moving forward with the redevelopment of a closed antimony mine in central Newfoundland. The Beaver Brook Antimony Mine ceased production in 2012 due to falling commodity prices, lower than expected ore grades and high operating costs. The re-opening of the mine is expected to create 100 new jobs and at full production the mine is expected to produce 160,000 tonnes of antimony per year.

## Exploration

Mineral exploration activity has recovered somewhat due to several new exploration projects on both the island and in Labrador. Continued interest in gold has spurred several large scale gold exploration projects. Improving nickel prices have resulted in several new exploration projects for this commodity in areas surrounding the Voisey's Bay mine site as well as other prospective areas of Labrador. While still low on a historical basis,

## Mineral Exploration Expenditures



exploration expenditures rose to \$45.4 million in 2018 from \$41.5 million in 2017 (see chart).

A number of other long-term potential projects continued to progress in 2018. Alderon Iron Ore released the results of an updated Feasibility Study on the Kami Iron Ore Project. Norzinc reported an updated resource estimate for their Lemarchant VMS Deposit. Buchans Resources conducted a drilling program in the Buchans area while Search Minerals continued drilling on their Deep Fox rare earth prospect in preparation for an initial resource estimate.

Marathon Gold is progressing with their Valentine Lake Gold Camp in central Newfoundland. Recent drilling results have continued to show significant resource potential. An environmental assessment was expected to be submitted to provincial and federal regulators in March and the company is planning to complete a preliminary feasibility study in 2019.

## Mining the Future 2030

*Mining the Future 2030: A Plan for Growth in the Newfoundland and Labrador Mining Industry* was released on November 2, 2018. The plan was developed in collaboration with Mining Industry NL and strategically positions Newfoundland and Labrador to avail of opportunities under the developing Canadian Minerals Metals Plan.

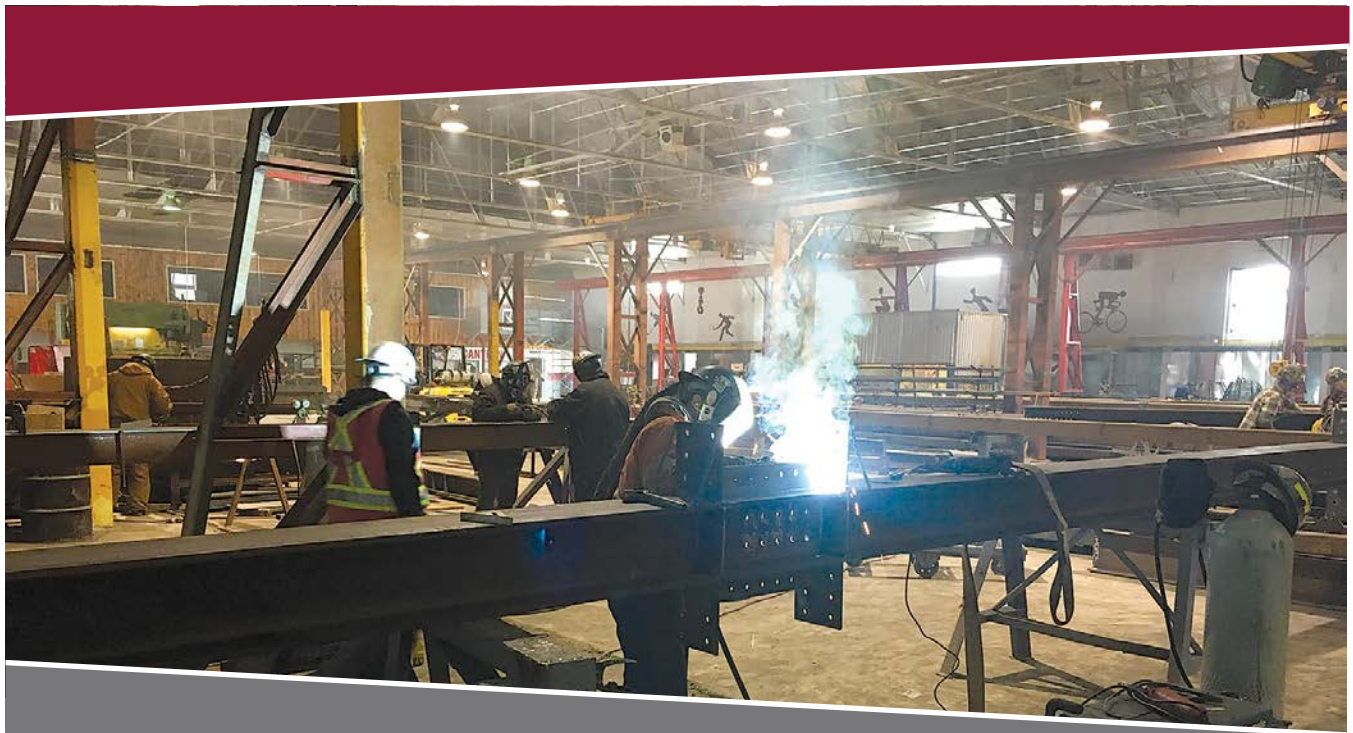


## OUTLOOK 2019

- The value of mineral shipments is expected to rise by 38% as a result of production increases at Voisey's Bay, IOC and Tata as well as the commencement of production by Tacora.
- Iron ore prices have continued to rise thus far in 2019 driven by supply concerns. As of March 29<sup>th</sup>, iron ore prices were around US\$82/tonne.
- Nickel prices have risen thus far in 2019, halting the declines that were experienced over the second half of last year. As of March 29<sup>th</sup>, nickel prices were US\$5.85/lb.
- Ramp-up of Vale's nickel processing plant at Long Harbour will continue as the company moves toward nameplate capacity.
- Construction on the underground mine at Voisey's Bay is expected to continue with the first full year of production expected in 2021.
- Tacora is expected to begin iron ore production.
- Production is expected to ramp up at CFI's fluorspar mine.
- Exploration expenditures are expected to be about \$39 million.

By 2030, the Provincial Government envisions:

- Five new mines;
- Sustainable direct employment of more than 6,200 people in operations;
- Doubling annual exploration expenditures to \$100 million (or at least five percent of the Canadian total);
- \$4 billion in annual mineral shipments (or at least 10 percent of the Canadian total);
- A workforce that is more diverse and includes a minimum of 30 percent women—double the current level;
- Ensuring the province is consistently ranked as a top three Canadian jurisdiction in permitting times; and
- Ensuring the province is consistently ranked overall as a top three Canadian jurisdiction by industry.



*Metal Fabrication, Harbour Grace. Courtesy: Fitz's Mobile Welding.*

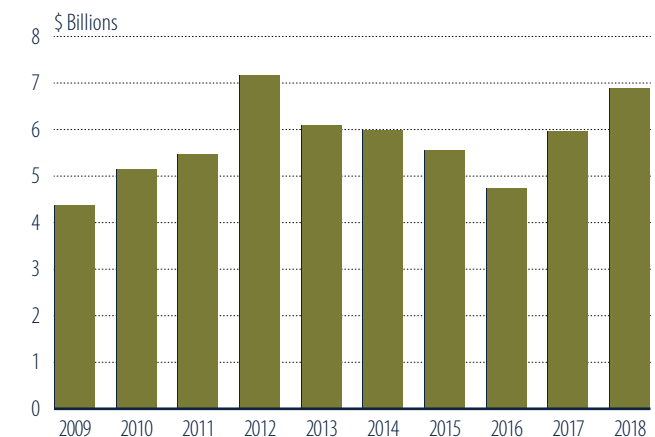
# Manufacturing

Newfoundland and Labrador's manufacturing industry contributed \$1.4 billion to nominal GDP in 2017, representing 4.6% of total provincial GDP. In 2018, manufacturing employment was approximately 9,000 person years and accounted for 4.0% of total employment in the province.

The provincial manufacturing industry produces a wide variety of products, but the majority of manufacturing output is concentrated in refined petroleum, food processing (primarily fish), fabricated metal manufacturing, non-ferrous metal (nickel) production and processing, and newsprint. The value of manufacturing shipments totalled \$6.9 billion in 2018, an increase of 15.6% compared to 2017 (see chart). This growth was mainly due to an increase in the value of refined petroleum products and higher shipments of non-ferrous metals.

Employment in the manufacturing industry averaged approximately 9,000 in 2018, down 1.1% from the previous year. Employment gains in food

## Manufacturing Shipments

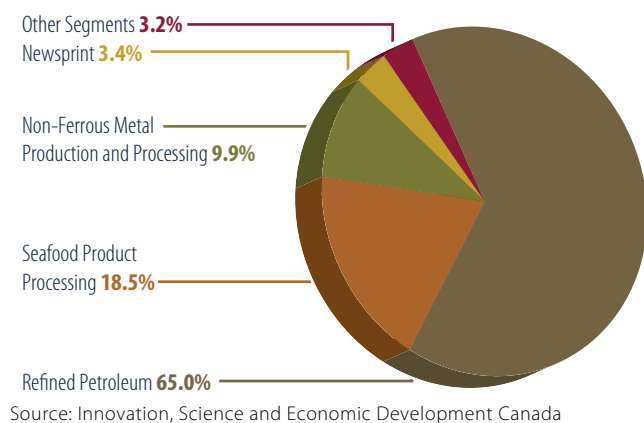


Source: Statistics Canada

manufacturing were offset by losses in fabricated metal processing. Total wages and salaries paid in the manufacturing industry declined by 2.6% in 2018, consistent with the drop in employment.

Locally manufactured products are shipped throughout the province, elsewhere in Canada and to international markets. The value of international manufacturing exports from Newfoundland and

## Distribution of International Manufacturing Exports by Industry, 2018



Labrador was approximately \$4.9 billion in 2018, a 29.2% increase compared to 2017. This increase was primarily due to higher shipments of non-ferrous metals and refined petroleum products. The United States remains the largest international export market for Newfoundland and Labrador manufacturers, representing 68.2% of international exports during 2018.

Refined petroleum products account for the largest portion of the value of provincial manufacturing output. The North Atlantic Refinery in Come by Chance is strategically located along Atlantic crude oil shipping routes. As such, the refinery has access to petroleum markets in Europe and the eastern U.S. seaboard. The company has committed to investing capital and improving operations at the refinery. Capital expenditures for improved operations at the North Atlantic refinery continued in 2018, with a scheduled turnaround completed in the spring/summer. During this turnaround, one third of the refinery was shut down to carry out inspections and repairs to equipment as part of an ongoing process to ensure the long-term viability of the facility. Another turnaround is expected in 2019. The value of international petroleum exports from Newfoundland and Labrador totalled \$3.2 billion in 2018, representing an increase of 33.8% compared to 2017. This increase in value can be attributed to higher year-over-year prices for petroleum products and production gains resulting

from an increase in daily throughput capacity. The company employs approximately 450 full-time employees; an additional 250 workers were involved in the most recent turnaround.

Fish processing plays a significant role in Newfoundland and Labrador's manufacturing industry. The value of international seafood product exports totalled approximately \$935 million in 2018, down 3.5% from 2017. The United States and China accounted for about 74% of export value for the province's seafood products (see *Fishery and Aquaculture* for details).

In recent years, fabricated metal manufacturing activity has fluctuated with major project construction activity. In 2018, fabricated metal manufacturing employment averaged around 500, down from an average of 800 in 2017; however, the development of the West White Rose project should boost activity in this sector (see *Oil and Gas* for details).

Vale Newfoundland and Labrador (VNL) owns and operates the nickel processing plant in Long Harbour. The nickel concentrate processed at the facility is sourced exclusively from the Voisey's Bay mine in Labrador. While the primary output from the plant is nickel, cobalt and copper are also produced as by-products. VNL announced in June 2018 that it had secured a deal to sell 75% of its future production of cobalt. An upfront payment of US\$690 million was made, plus expected additional payments of an average of 20% of cobalt prices upon delivery. Payments from this deal are being used to help finance the development of the underground mine at Voisey's Bay (see *Mining*). Shipments from the Long Harbour plant increased in 2018. International exports of non-ferrous metal production and processed products more than doubled compared to 2017 largely due to the increase in shipments from the Long Harbour Plant. The nickel processing facility currently employs approximately 900 people.

Lumber production in Newfoundland and Labrador reached 92 million board feet in 2018, up 9.5% from 2017. The increase is attributed to increased production from larger sawmills due to improved markets and lumber pricing. The volume of newsprint shipped from Corner Brook Pulp and Paper Limited decreased by 5.8% in 2018 compared to the previous year; however, the estimated value of shipments rose 11.4% due to higher prices for newsprint (see *Forestry* for details).

Other notable developments in Newfoundland and Labrador's manufacturing industry include:

■ In May 2018, Husky reported that construction of the concrete gravity structure had begun at the new graving dock in Argentia and fabrication of the living quarters had begun at Kiewit Offshore Services in Marystown. Other components of the project including the fabrication of the flare boom, helideck and life boat stations and the engineering and fabrication of the accommodation module will also take place in this province.

■ On November 29, 2018, the Provincial Government issued two five-year commercial cutting permits on the Great Northern Peninsula, totalling 100,000m<sup>3</sup> per year, to Timberlands International Limited (Newfoundland and Labrador), a subsidiary of Active Energy Group Plc. The permits will support the operation of a \$19.7 million wood pellet plant that Timberlands International Limited plans to construct in Hawkes Bay in 2019. The plant would export 55,000-65,000 metric tonnes of CoalSwitch wood pellets to Poland each year. The project is expected to create at least 25 full-time positions in the plant and 30-50 positions in the harvesting and trucking sector.

■ On December 8, 2017, the Provincial Government announced it had entered into an agreement with Canopy Growth Corporation for the supply and production of cannabis in the province. The company will supply up to 8,000 kilograms of cannabis and related products to the province annually. Products will initially be imported but a production facility is

currently being constructed in the province and is scheduled to be completed by the fall of 2019. The facility, which is expected to cost over \$40 million and produce 12,000 kilograms of cannabis annually, is projected to create 145 jobs and operate for at least 20 years.

■ On November 2, 2018, the Provincial Government reached a production and supply agreement with Biome Grow Inc. and its local entity The Back Home Medical Cannabis Corporation. Biome Grow agreed to supply up to 24,000 kilograms of cannabis to the province over a three year period with an option to renew. The company will build a new production facility in Barachois Brook—an initial 18,000 square foot facility, followed by an expansion of 150,000 square feet—that will create a minimum of 120 production jobs. Biome is committed to produce local cannabis by the second half of 2019 and to operate its facility for a minimum of 20 years. Biome Grow will also receive access to five retail licenses and expects to create an additional 80 jobs within its retail stores.

■ SubC Imaging is a Clarenville-based company that produces high resolution cameras and imaging solutions for inspection and monitoring of offshore and underwater assets. The company, which has a staff of about 25, has over 130 clients spanning more than 20 countries including the United States, Brazil, China, Italy, Australia, Saudi Arabia, Italy, and Singapore. In 2018, SubC Imaging became a strategic affiliate with OceanGate Inc., a U.S.-based company that provides subsea manned submersible solutions for industry, research and exploration. OceanGate has planned a Titanic Survey Expedition for the summer of 2019 and will use SubC Imaging's cameras, lights and software as its primary equipment to capture the first 4K images and video of the Titanic wreck. The video and pictures captured will be used to build a virtual 3D model of the shipwreck and surrounding debris field. In 2018, SubC Imaging also teamed up with Kolossal, an ocean exploration and conservation organization in California, in an attempt to capture the



## OUTLOOK 2019

- The value of provincial manufacturing shipments is expected to increase as Vale Newfoundland and Labrador continues to ramp up production at the nickel processing facility in Long Harbour.
- Fish processing production is expected to remain on par with 2018 levels.
- Provincial newsprint shipments are expected to total around 245,000 tonnes. Although the U.S. export tariffs on newsprint have been withdrawn, like many Canadian producers, Corner Brook Pulp and Paper will be challenged to maintain their competitive position in a shrinking North American newsprint market.
- Cannabis production from Canopy Growth and Biome Grow will create sustainable employment and new revenue.
- Fabricated metal manufacturing will continue to benefit from increased construction activity on the West White Rose project.

first video of a giant squid in its natural environment. The work of SubC Imaging and Kolossal won a \$20,000 Con X Tech Prize from Conservation X Labs, a startup for tech innovation in conservation and development.



*Aquaculture Production in St. Alban's. Courtesy: Department of Fisheries and Land Resources.*

## Fishery and Aquaculture

The total value of fish and seafood production in the province exceeded one billion dollars for the fourth consecutive year in 2018. The fish and seafood sector continues to be a major source of employment, particularly for residents in rural areas of the province.

The seafood sector employed approximately 15,882 people from over 400 communities in 2018, compared to 16,619 in 2017. The number of registered fish harvesters declined 2% to 9,234 workers, while the number of workers in the processing sector declined by 8% to 6,224. Direct employment in the aquaculture industry in 2018 remained on par with the previous year at 424 workers.

### Wild Fisheries

Recent stock assessments indicate that some of the province's groundfish stocks continue to show signs of growth, which appears to be largely driven by increasing water temperatures since the late

2000s. The March 2018 stock assessment for northern cod indicated an unexpected reduction in the stock, but levels are still above those observed during the 2000s. Other groundfish stocks, particularly redfish, are continuing to grow in areas around Newfoundland and Labrador.

Though warmer water temperatures are more favourable for groundfish, they appear to be having a negative impact on the abundance of some key shellfish resources. Recent assessments indicate that the snow crab resource remains at low levels around Newfoundland and Labrador. Northern shrimp also continues to decline off the east coast of the island and Labrador, while generally remaining stable in northern areas.

Total fish landings were down slightly in 2018, declining 2% from the previous year to around 191,800 tonnes. This decrease was primarily due to lower catches of key species, including cod, herring, shrimp and crab. The corresponding total landed

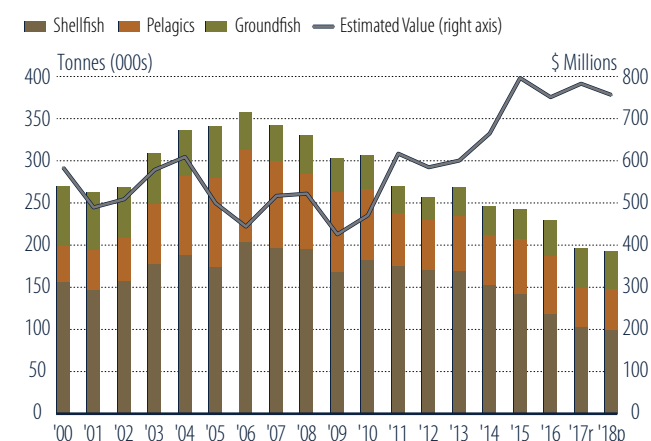
## Landings and Landed Value by Species

	2017 Revised		2018 Preliminary		2017/2018 Comparison	
	Volume (tonnes)	Value (\$000s)	Volume (tonnes)	Value (\$000s)	% Volume	% Value
Shrimp	45,768	215,869	44,696	222,337	-2.3%	3.0%
Snow Crab	33,605	325,261	28,062	295,030	-16.5%	-9.3%
Other Shellfish	23,333	91,152	27,055	96,938	16.0%	6.3%
<b>Total Shellfish</b>	<b>102,706</b>	<b>632,282</b>	<b>99,813</b>	<b>614,306</b>	<b>-2.8%</b>	<b>-2.8%</b>
Turbot	9,791	55,471	10,457	57,477	6.8%	3.6%
Cod	20,747	30,734	16,184	23,401	-22.0%	-23.9%
Flounders	8,123	11,523	8,982	12,275	10.6%	6.5%
Redfish	5,286	9,619	6,283	10,911	18.9%	13.4%
Other Groundfish	2,708	19,829	2,702	14,338	-0.2%	-27.7%
<b>Total Groundfish</b>	<b>46,655</b>	<b>127,176</b>	<b>44,608</b>	<b>118,402</b>	<b>-4.4%</b>	<b>-6.9%</b>
Capelin	21,862	6,939	27,889	8,844	27.6%	27.4%
Herring	21,303	7,609	13,772	4,919	-35.4%	-35.4%
Mackerel	2,653	1,749	5,626	3,708	112.1%	112.1%
Other Pelagics	142	957	50	432	-64.8%	-54.8%
<b>Total Pelagics</b>	<b>45,960</b>	<b>17,253</b>	<b>47,337</b>	<b>17,903</b>	<b>3.0%</b>	<b>3.8%</b>
Harp Seals (Number)	82,721	2,005	59,554	1,497	-28.0%	-25.3%
<b>Total</b>	<b>195,321</b>	<b>778,716</b>	<b>191,758</b>	<b>752,108</b>	<b>-1.8%</b>	<b>-3.4%</b>

Notes: Species components may not sum due to independent rounding. Total volume does not include the number of seals. The value of flounders may not be representative of port prices.

Source: Fisheries and Oceans Canada; Department of Fisheries and Land Resources

## Wild Fishery Landings



r: revised; p: preliminary

Source: Fisheries and Oceans Canada; Department of Fisheries and Land Resources

value decreased 3% from \$779 million to \$752 million, mainly the result of lower catches of higher value species, particularly snow crab (see chart).

## Shellfish

Shellfish accounted for the majority of fish landings (52%) and landed value (82%) in the commercial fishery in 2018. Shellfish landings dropped 2.8% last

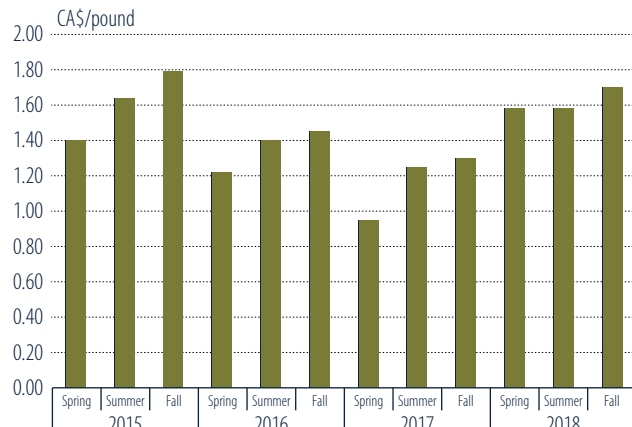
year to 99,800 tonnes. Lower landings of snow crab and slightly lower landings of shrimp (both due to quota cuts) were partially offset by higher landings of other shellfish (clams, sea cucumber, other crustaceans and other molluscs). The corresponding landed value for shellfish also decreased 2.8% to approximately \$614 million.

Snow crab landings declined 16.5% to 28,000 tonnes, due to quota cuts. The Total Allowable Catch (TAC) for the Newfoundland and Labrador region in 2018 was 29,390 tonnes, an overall quota level decrease of approximately 17% from 2017. The corresponding landed value of snow crab, however, only dropped 9% due to higher raw material prices.

Shrimp landings declined 2.3% to 44,696 tonnes, also due to quota cuts. The TAC in Shrimp Fishing Area (SFA) 6 was reduced 16.1% to 8,730 tonnes in 2018. However, higher raw material prices resulted in the value of shrimp landings increasing by 3% last year. The minimum landed price paid to harvesters for inshore shrimp in the 2018 spring

## Minimum Landed Price Paid to Harvesters

### Inshore Shrimp



Source: Fish Food & Allied Workers Union

and summer fisheries were both \$1.58/pound, up from \$0.95/pound and \$1.25/pound in spring and summer 2017, respectively. Fall prices were also up last year, increasing from \$1.30/pound to \$1.70/pound (see chart).

## Groundfish

Groundfish accounted for around 23% of landings and just under 16% of landed value in the province last year. Total groundfish landings declined 4.4% to 44,600 tonnes. Higher landings for turbot, flounders and redfish were offset by a 22% decline in cod landings. The corresponding landed value decreased by 6.9% to \$118 million as prices for most groundfish species declined in 2018.

## Pelagics

Pelagics accounted for 25% of total fish landings and 2.4% of total value in 2018. Pelagic landings increased by 3% to 47,337 tonnes last year, resulting mainly from higher capelin and mackerel catches. Capelin landings increased 28% to approximately 27,900 tonnes after dropping over 40% to 21,900 tonnes in 2017. Mackerel landings more than doubled to over 5,600 tonnes. Herring landings declined 35% to 13,800 tonnes. The corresponding landed value for pelagics increased 4% to approximately \$18 million.

## Aquaculture

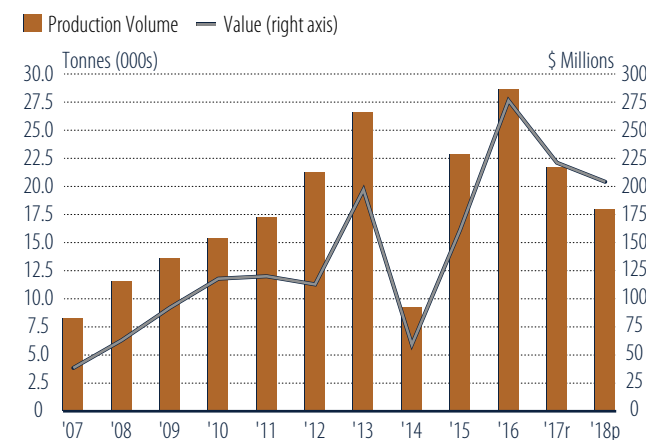
Aquaculture production in the province is comprised of salmonids (Atlantic salmon and steelhead trout) and shellfish (blue mussels). Production volume is estimated to be approximately 18,000 tonnes last year, down 17% from 21,700 tonnes the previous year. This decline was mainly the result of lower salmonid production. The corresponding market value is estimated to have decreased by 8% to \$204 million, down from \$221 million in 2017 (see chart).

Salmonid production decreased 20% to approximately 15,100 tonnes. The decline in production was due to infectious salmon anaemia virus (ISAV) events, weather, and early harvesting. The corresponding value of salmonids decreased by around 8%. The production volume of shellfish was 2,870 tonnes, relatively on par with 2017 levels. The value of shellfish dropped by 5% due to unfavourable exchange rates.

The average market price for 8-10 pound whole fish Atlantic salmon in 2018 was \$4.77/pound, slightly less than the previous year. Mussel prices remained stable throughout the year, with small fluctuations due to changes in exchange rates. The average market price for fresh, live mussels in 2018 was \$1.86/pound, just below \$1.88/pound in 2017.

## Aquaculture Production Volume and Value

### All species



r: revised; p: preliminary

Source: Department of Fisheries and Land Resources



## Processing and Marketing

In 2018, there were 88 active processing plants across the province, on par with 2017. Of these facilities, 69 were primary, two were secondary, five were aquaculture and 12 were in-province retail establishments. The total volume of seafood

### Aquaculture Development

MOWI Canada East (formerly Marine Harvest Canada East) and Grieg NL Ltd. are both pursuing aquaculture development opportunities in Newfoundland and Labrador.

MOWI Canada East continues to expand its presence in Newfoundland and Labrador with the purchase of the Gray Aqua Group Ltd. in 2017 and the acquisition of Northern Harvest Sea Farms Ltd. in 2018. Through Northern Harvest Smolt, MOWI Canada East is expanding its Indian Head Hatchery to increase production capacity from 4.5 million to 6.7 million smolt annually. Construction on the project commenced in 2018 and is expected to be completed by the end of 2020. The project, which has an estimated cost of \$51 million, was released from environmental assessment in September 2018.

In September 2018, Grieg NL officially launched the \$250 million aquaculture project in Placentia Bay with support from both the provincial and federal governments. The launch follows the project's release from a comprehensive environmental assessment process, which included more than 15 conditions to ensure the project proceeds in an environmentally-sustainable manner. The project is expected to generate more than 800 new jobs once full production is reached.

These planned investment activities will lead to increases in activity in both the production and supply and services sectors.

production decreased by 3.5% to 111,162 tonnes last year, down from 115,233 tonnes in 2017.

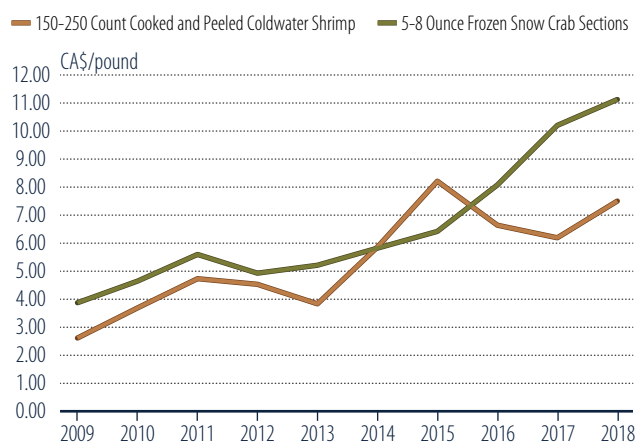
In 2018, the U.S. and China accounted for 74% of the international export value of the province's seafood products. The U.S. remains the largest market and represented 47.3% of total export value (up from 44.9% in 2017), while China accounted for 26.5% (up from 21.2% in 2017). Other major markets include Denmark (3.9%), the United Kingdom (3.7%) and Iceland (3.0%). Last year, Newfoundland and Labrador's international seafood product exports were valued at approximately \$935 million, 3.5% lower than 2017.

A relatively low Canadian dollar and higher market prices continued to benefit snow crab processors in 2018. Similar to the past few years, a lower global supply of snow crab put upward pressure on market prices. The average market price for 5-8 ounce snow crab sections was over 9% higher than in 2017. Market prices for inshore shrimp also increased significantly in 2018. The price of cooked and peeled inshore shrimp averaged \$7.50/pound, up 21% from 2017.

Newfoundland and Labrador seafood producers have benefitted from market access under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), which came into

### Shrimp and Snow Crab

Average Market Prices



Note: Crab prices are U.S. market prices and shrimp prices are Danish market prices.

Source: Urner Barry; Gemba Seafood Consulting A/S; Bank of Canada

force on September 21, 2017. Under CETA, the majority of seafood tariff lines became duty free, and the remaining tariffs will be phased out over seven years. In the meantime, Newfoundland and Labrador producers have been able to avail of transitional Tariff Rate Quotas (TRQs) for cooked and peeled shrimp (23,000 tonnes) and frozen cod fillets (1,000 tonnes).

There are a number of initiatives in place intended to help transform and drive innovation in the fish and seafood sector, including the Atlantic Fisheries Fund (AFF). The AFF is cost-shared between the Government of Canada and the Atlantic provinces. This fund spans a seven-year time frame and will support innovation in the fish and seafood sector in Atlantic Canada. The fund is already providing significant economic benefits for the province's fish harvesters, fish processors and aquaculture companies. In 2018, AFF approved 73 fisheries and aquaculture projects in the province, with a commitment of over \$19.2 million.

## OUTLOOK 2019

- The Newfoundland and Labrador fishing and aquaculture industries are expected to continue to be positively impacted by strong global demand for fish and seafood products.
- Total fish landings are expected to remain on par with 2018. Continued increases in groundfish are expected to be partially offset by declines in shellfish.
- Quotas for shrimp and snow crab may be further reduced due to low biomass levels.
- Grieg NL and MOWI Canada East will continue to advance their aquaculture projects.
- Government will continue to support the fishing and aquaculture industries in the province through various initiatives.



Pulpwood truck, CBPPL mill yard. Courtesy: Department of Fisheries and Land Resources.

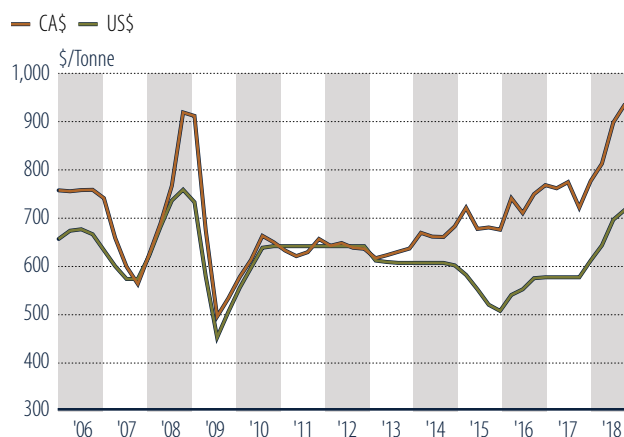
# Forestry

## Newsprint

### Market Conditions

North American newsprint producers continued to deal with challenging market conditions in 2018. Demand dropped by two-thirds between 2000 and 2018, reflecting the growing popularity of digital media. Newsprint producers removed considerable capacity over this time frame to offset the declining demand, resulting in tighter supply and, therefore, rising market prices (see chart). More recently, the imposition of tariffs (later cancelled as discussed below) and balanced supply and demand contributed to higher market prices. However, as demand continues to decline, further decreases in supply will be necessary to maintain current prices. Capacity reductions by Kruger at its Québec mills and Norpac's shift to other grades of paper likely helped offset some of the impact of lower demand on prices. For the year as a whole, the price of newsprint averaged US\$692/tonne in 2018, 18.5% higher

### North American Newsprint Prices



Source: TD Financial Group; Pulp and Paper Weekly; Bank of Canada; Department of Finance

than 2017. Price gains in Canadian dollars are similar as the Canada-U.S. exchange rate remained largely unchanged on average.

On January 9, 2018, the U.S. Department of Commerce (DoC) announced preliminary countervailing duties on uncoated groundwood paper (including

newsprint) from Canada. Then, on August 2, 2018, the U.S. DoC announced final countervailing duty and anti-dumping rates on Canadian producers. These rates were subsequently eliminated on August 29 by the U.S. International Trade Commission after finding that the "U.S. industry was not materially injured or threatened with material injury by imports from Canada." Duties paid during 2018 will be refunded.

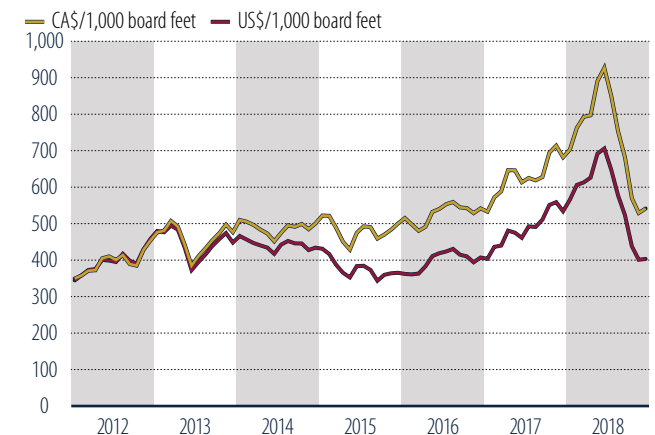
## Provincial Industry

The provincial newsprint industry has faced challenges similar to those of the overall North American industry, with the number of newsprint facilities reduced from three to one over the last 15 years. The remaining facility is owned by Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Inc. CBPPL employs close to 550 full-time and casual workers among the paper mill, power plants and forest operations. Provincial newsprint shipments in 2018 totalled 233,884 tonnes, a decline of 5.8%, but the estimated value of shipments increased by 11.4%. Higher newsprint prices were more than enough to offset the decrease in output.

The mill in Corner Brook was challenged by the tariffs imposed by the U.S. DoC in 2018. Kruger faced a combined preliminary rate set at 32.09%, later revised to 9.53% in the DoC's final determination, and ultimately cancelled. Throughout, CBPPL maintained production at normal operating levels. However, the company endeavoured to reduce its reliance on U.S. markets and were successful in doing so.

Newfoundland and Labrador newsprint exports to the United States in 2018 declined by 19.7%, while exports to other international markets increased by 187.0%.

## Lumber Prices



Note: Price is for Kiln Dried Eastern Spruce-Pine-Fir # 1&2 2x4 R/L - Delivered Great Lakes

Source: Random Lengths Weekly Pricing; Department of Natural Resources; Bank of Canada; Department of Finance

## Lumber

2018 was a volatile year for lumber prices. Starting the year at US\$566 per thousand board feet, it reached an historical peak at US\$706 in June and then returned to US\$401 in November. The rally in the first half of the year was sustained by supply shortages, transportation backlogs and price increases to offset U.S. lumber duties. This ended in the second half of the year, when prices fell back down, on par with January 2017.

On the demand side, residential construction is a major driver for this sector. Growth in single-family housing starts have been slowing in the United States; however, there was continued strength in repair and remodelling. Housing starts in Canada also declined in 2018 to 212,843, down 3.1% from 2017.

Newfoundland and Labrador lumber production was estimated at 92 million board feet in 2018, up from 84 million in 2017. Increased output reflects capacity improvements, strengthened markets and higher prices.

Sexton Lumber Co. Ltd., the largest sawmill in the province, recently installed a new finger jointing plant. This new addition allows the company to increase the variety of lumber lengths it produces.



## OUTLOOK 2019

- North American newsprint demand is anticipated to continue its long-standing decline. However, with recent capacity reductions, the market supply is tight.
- Newsprint prices are expected to average US\$690/tonne, on par with 2018. The exchange rate should continue to be favourable to Canadian producers as the Canadian dollar is expected to remain broadly unchanged.
- Newsprint shipments from Newfoundland and Labrador are expected to be around 245,000 tonnes, consistent with steady state production levels.
- North American lumber prices are expected to remain at high levels. Prices are forecast to average US\$495 per thousand board feet in 2019. However, the near-term outlook for residential construction remains uncertain in both Canada and in the United States, with both countries experiencing weaker housing starts in recent months.
- Provincial lumber production is anticipated to increase to approximately 97 million board feet.
- In collaboration with the Newfoundland and Labrador Forestry Industry Association and other stakeholders, Government is developing a plan for diversifying the province's forestry sector.

The industry is also exploring opportunities in lumber by-products. For example, Burton's Cove Logging and Lumber Ltd. in Hampden installed a new storage facility to store processing residues. Those residues are used in energy applications and for animal bedding.

The Canada-U.S. softwood lumber trade dispute remains a source of concern for Canadian lumber exporters. However, Newfoundland and Labrador sawmills continue to benefit from the "Atlantic Exclusion". In November 2017, the U.S. DoC announced that lumber produced and originating from Nova Scotia, Prince Edward Island and Newfoundland and Labrador would be excluded from countervailing and anti-dumping duties. This decision has been positive for the provincial sawmill industry. Approximately \$18 million in lumber was exported from the province to the U.S. in 2018.

### Future Developments

On November 29, 2018, the Government of Newfoundland and Labrador issued two five-year harvesting permits to Timberlands International Limited (subsidiary of Active Energy Group), totalling 100,000m<sup>3</sup> of wood annually for Forest Management Districts 17 and 18 on the Northern Peninsula. The company proposes to build a \$19.7 million black wood pellet plant in Hawkes Bay. Black wood pellets—unlike the white wood variant—have higher heating values and improved durability. The plant would have an annual capacity of 55,000-65,000 metric tonnes of pellets for export to Poland through the local port. The project is expected to create 25 positions in the plant and 30-50 jobs in harvesting and trucking.



*Apple orchard. Courtesy: Department of Fisheries and Land Resources.*

## Agriculture

The agriculture industry in Newfoundland and Labrador is diverse, with operations ranging from large dairy and poultry farms to small organic farms. Receipts for crops and livestock were each up last year. Crop production was helped by gains in potatoes and floriculture, while livestock production was boosted by gains in chicken. However, total provincial farm receipts were down slightly in 2018 mainly due to lower business risk management payments under the AgriStability program.

Estimates for total crop production receipts show an increase of 1.1% to \$19.8 million in 2018. Gains were recorded in potatoes, small fruits, and floriculture and nursery products. Estimates for livestock and livestock products, which account for approximately 85% of total receipts, indicate a 1.0% increase to \$116 million production. Gains were due to increases in egg and chicken production. The value of eggs increased by 1.3% and data from the Chicken Farmers of Canada indicates that the volume of chicken

produced in the province in 2018 totalled approximately 16.4 million kilograms, up 18.5% from 2017. This growth was a result of a rebound in chicken production to more normal levels after a labour dispute restricted production in 2017.

The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) came into effect on December 30, 2018. Under this new trade agreement, Canada has granted CPTPP countries access to protected Canadian markets for dairy, poultry, turkey and egg products, in the form of import quotas. The import quotas, if fully utilized, would be roughly 2.4% of current Canadian egg production, 2.3% of current turkey production, 2.1% of current chicken production and 3.25% of dairy production. The CPTPP quotas will be phased in over 11 to 19 years, depending on the quota. However, the majority of the new access will have been phased in by year six of the agreement (2023), followed by smaller growth until the final phase-in year.

## Farm Cash Receipts

Newfoundland and Labrador, \$Millions

	2017	2018 <sup>e</sup>	Actual Ch, \$M	% Change
Crops	19.6	19.8	0.2	1.1
Dairy	47.8	47.8	0.0	0.0
Eggs	18.6	18.9	0.2	1.3
Poultry and Hogs*	36.3	38.1	1.8	4.9
Fur	8.3 <sup>e</sup>	7.4	-0.9	-10.7
Other**	3.8	3.8	0.04	1.1
Program Payments	3.9	1.8	-2.1	-53.9
<b>Total Receipts</b>	<b>138.3</b>	<b>137.6</b>	<b>-0.7</b>	<b>-0.5</b>

\* Includes chicken, chicks, turkeys & hogs.

\*\* Includes cattle, calves, sheep, lambs and misc. livestock.

e: estimate

Source: Statistics Canada, Table 32-10-0046-01 Farm Cash Receipts; Economic and Project Analysis Division, Department of Finance

The new United States-Mexico-Canada Agreement (USMCA) trade agreement has a number of implications for the Canadian dairy, egg and poultry sectors. Under the new agreement, U.S. dairy farmers will be granted access to just under 3.6% of Canada's protected dairy market, and Canada has agreed to eliminate its Class 6 and Class 7 milk categories within six months. Classes 6 and 7 are recently created milk categories designed to address the oversupply of non-fat solids in the Canadian dairy industry, which had the effect of limiting U.S. imports of non-fat solids such as skim and whole milk powder. The dairy tariff rate quotas will be phased in over 19 years and the federal government says it will compensate Canadian dairy farmers who will be negatively impacted by the agreement. Some access to poultry and egg markets was granted as well including new tariff rate quotas that will be phased in over 16 years. The federal government will also compensate poultry and egg producers if they are negatively impacted. The USMCA has yet to be ratified in any country. Currently, Newfoundland and Labrador is self-sufficient in fresh milk and egg production under Canada's supply management system for dairy,

poultry and eggs. This system coordinates supply and demand through production and import controls and pricing mechanisms.

In October 2017, the Province launched *The Way Forward on agriculture*—an agriculture sector development work plan. This plan was developed through a partnership between industry and the Provincial Government to achieve the following goals: foster new and expanding agriculture business activity, including secondary processing; increase food self-sufficiency; and generate additional employment opportunities within the industry. To help advance these goals, the Provincial Government has:

- Increased access to Crown land for the agriculture industry. In this regard, 59 areas totalling approximately 62,000 hectares have been identified for agricultural use. To date, 49 of those areas—a total of 50,569 hectares—have been reserved for development.
- Established a new Centre for Agriculture and Forestry Development in Wooddale.
- Announced a new Federal-Provincial funding agreement (the Canadian Agricultural Partnership) designed to support employment creation, new entrants, secondary processing, economic growth, and food self-sufficiency. This is a \$37 million five-year program running from 2018/19 to 2022/23. Program funding for this year is fully committed.
- Partnered with the College of the North Atlantic to introduce a two-year Agriculture Technician (Co-op) program. Funding support of \$1.4 million over two years is provided through the federal Labour Market Development Agreement and administered by the Department of Advanced Education, Skills and Labour. The program is set to begin September 2019 and will provide students with a broad range of skills necessary to operate a successful farm.

## OUTLOOK 2019

- Farm cash receipts are expected to show growth across most sectors.
- The increase in Crown land available for agricultural development bodes well for the future of the industry.
- A two-year Agriculture Technician (Co-op) program is scheduled to begin in September 2019.





Road construction on Route 470. Courtesy: Department of Transportation and Works.

# Construction

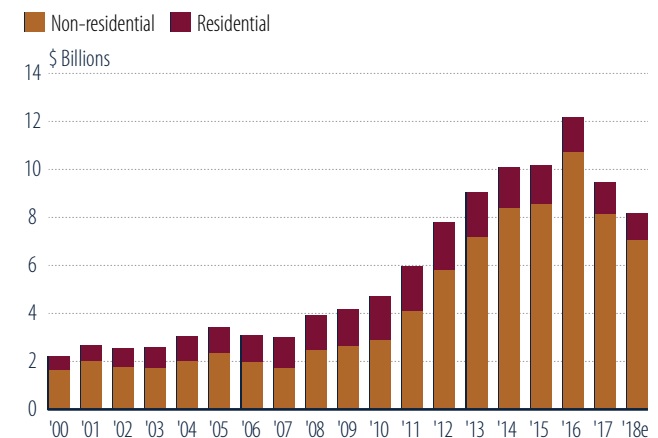
Changes in construction activity in Newfoundland and Labrador are largely driven by the timelines of major project developments. As such, activity in the construction industry declined in 2018 as the Hebron oil project was completed in late 2017 and the Muskrat Falls hydroelectric development is nearing completion.

## Construction Related Investment

Construction related investment spending in the province was estimated to be about \$8.2 billion in 2018, down 13.7% from the previous year (see chart). There were decreases in both non-residential and residential expenditures.

Non-residential investment, which accounts for the vast majority of construction related investment in the province, totalled an estimated \$7.1 billion in 2018, down 13.1% compared to 2017 levels. This drop can be attributed to the completion of the development phase of the Hebron oil project in

## Construction Related Investment



e: estimate

Source: Statistics Canada; Department of Finance

the fall of 2017 and lower activity on the Muskrat Falls hydroelectric development. Nevertheless, the Muskrat Falls project was still a significant contributor to non-residential construction last year, and details concerning this project are contained in a special discussion on page 50.

The construction industry continues to benefit from provincial government infrastructure investment. The five-year, nearly \$3 billion plan for new and existing public infrastructure (e.g. schools, roads, healthcare facilities) was announced in March 2017 and is expected to generate 4,900 person years of employment (direct and spin-off) per year over the five-year period. Some examples of announcements under this plan include:

- Five-year provincial road plan;
- 145 bed long-term care facility in Corner Brook;
- 60 bed long-term care facility in Gander;
- 60 bed long-term care facility in Grand Falls-Windsor; and
- 20 bed expansion to the protective care unit at the Dr. Hugh Twomey Health Centre in Botwood.

Recent developments in the oil and gas industry also bode well for construction in Newfoundland and Labrador. In May 2017, Husky Energy confirmed plans to develop the West White Rose project with a fixed drilling platform. Construction began in late 2017 and the project is estimated to cost \$3.2 billion. The living quarters are being fabricated at Kiewit Offshore Services in Marystown and the concrete gravity structure is being constructed at the new graving dock in Argentia. As of December 31, 2018, there were a total of 2,423 people working in the province on the West White Rose project, of which 2,324 (95.9%) were Newfoundland and Labrador residents.

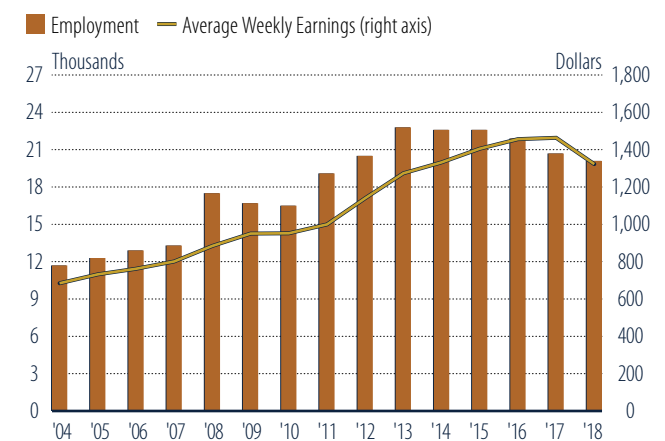
In addition, the construction industry has continued to benefit from development work in the mining industry. On June 11, 2018, Vale Newfoundland and Labrador (VNL) announced that it would be proceeding with the development of an underground mine at Voisey's Bay. The project had initially been sanctioned in July 2015, but was put on hold pending a company-wide review of all base metal operations. Capital investment in the project is expected to be almost \$2 billion and approximately 650 jobs will be created during peak construction.

Residential construction spending totalled an estimated \$1.1 billion in 2018, a decrease of 17.4% compared to the previous year. Expenditures on new construction fell 18.3% last year compared to 2017 as spending declined for both single and multiple dwelling buildings. This decrease in new construction spending is consistent with last year's drop in housing starts (see *Real Estate*). Expenditures on renovations, conversions and other work declined 17.8% in 2018 relative to the previous year as a drop in single dwelling spending more than offset an increase in multiple dwelling spending.

## Employment and Wages

Despite the decline in activity over the last few years, construction employment and wages remained at high levels in 2018 (see chart). Employment fell from its peak of almost 23,000 over the 2013 to 2015 period; however, it still averaged 20,100 last year compared to 13,300 in 2007. Average weekly earnings (including overtime) in the construction industry were \$1,323 in 2018. While this represents a 9.6% decrease compared to 2017, it is higher than the average weekly earnings for any year prior to 2014. The drop in weekly earnings was partly due to a reduction in overtime hours worked, as average weekly earnings excluding overtime were down just 5.4%. The loss of a large number of high-paying construction jobs related to the Hebron oil project also negatively impacted average weekly wages in the construction industry in 2018.

## Construction Employment and Wages



Source: Statistics Canada; Department of Finance

## OUTLOOK 2019

- Total construction related capital spending is expected to increase by 17.8% billion due to higher construction activity on the West White Rose project and the underground mine at Voisey's Bay.
- Employment associated with major projects is expected to rise as capital spending increases.
- The Province's five-year, nearly \$3 billion infrastructure plan will be an important contributor to the industry. Approximately \$575.4 million is expected to be spent during the fiscal year 2019/20.
- About \$22 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects (see page 59).

### Muskrat Falls Project

The Muskrat Falls Project includes an 824 megawatt hydroelectric generating facility; over 1,600 kilometres of transmission lines across the province (including a subsea transmission link connecting Labrador to the island); and transmission lines connecting Newfoundland and Nova Scotia (the Maritime Link). Nalcor Energy is developing the generating facility and the transmission lines across the province, while Emera is developing the Maritime Link.

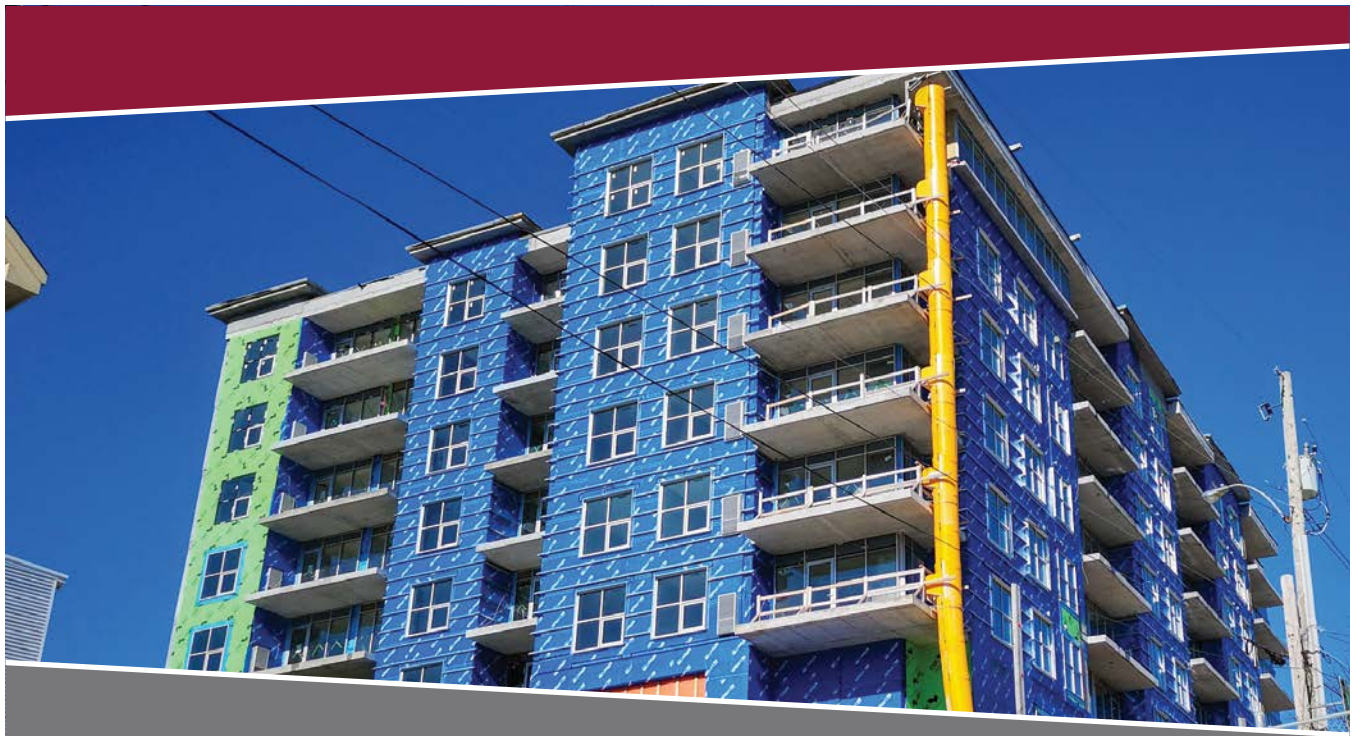
Construction of the project continued throughout 2018. Overall construction of the project (excluding the Maritime Link) reached 96% completion as of December 2018. There were 1,928 people working on the project at that time, of which, around 90% were residents of Newfoundland and Labrador.

All work on the transmission lines from Churchill Falls to Muskrat Falls and then onto Soldiers Pond has been completed. In June 2018, Nalcor successfully flowed initial power from the Churchill Falls generating plant across the new transmission assets to Soldiers Pond. Commissioning work on the transmission assets is ongoing and will continue through the winter. The new transmission assets are on track to deliver power from the Muskrat Falls generating facility in late 2019.

The generation portion of the project reached 92% completion in December 2018. The spillway is operational; construction of the North Spur and South dams is finished; the North Dam is nearing completion; and the powerhouse and intake structures are substantially complete. Work is underway for the installation of the turbines and generators in the powerhouse.

The first test exchange of power across the Maritime Link occurred at the end of 2017.

Capital cost for the Muskrat Falls Project (excluding the Maritime Link) is currently \$10.1 billion with incurred costs of \$8.9 billion at the end of December 2018. The total cost of the project (including financing and interest) is projected to be \$12.7 billion.



Star of the Sea Residences, Henry Street, St. John's. Courtesy: Department of Finance.

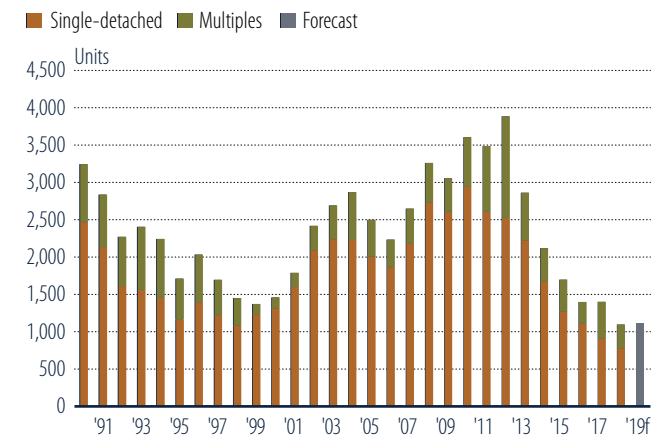
# Real Estate

Activity in the real estate market slowed significantly in Newfoundland and Labrador in 2018, partly due to higher mortgage rates and more stringent mortgage rules. Housing starts fell compared to 2017, with a drop in both single-detached and multiple starts. In addition, both the number of residential properties sold and the average sale price continued to decline. In the commercial sector, vacancy rates remained high due to an abundant supply of office space and slowing demand.

## Housing Starts

There were 1,096 housing starts in the province in 2018, a 21.7% decrease from 2017. Single-detached housing starts, which typically account for the vast majority of total starts in the province, fell to 779 units, a decrease of 13.9% compared to 2017 (see chart). Starts of multiple housing units decreased by 36.0%, from 495 units in 2017 to 317 units in 2018.

## Housing Starts



f: forecast

Source: Statistics Canada; Department of Finance

Housing starts declined in both urban and rural areas of the province in 2018. There were 799 housing starts in urban areas in 2018, a 24.0% decrease compared to the previous year. Housing starts declined in all the major urban centres in the province except for Grand Falls-Windsor, which went from 40 to 41 starts (see table). In the St. John's Census Metropolitan Area (CMA), the largest



## Housing Starts by Region

	2017	2018	% Change
<b>Total Urban</b>	<b>1,051</b>	<b>799</b>	<b>-24.0</b>
Bay Roberts	43	28	-34.9
Corner Brook	79	60	-24.1
Gander	126	38	-69.8
Grand Falls-Windsor	40	41	2.5
St. John's	763	632	-17.2
<b>Rural</b>	<b>349</b>	<b>297</b>	<b>-14.9</b>
<b>Total Province</b>	<b>1,400</b>	<b>1,096</b>	<b>-21.7</b>

Source: Canada Mortgage and Housing Corporation

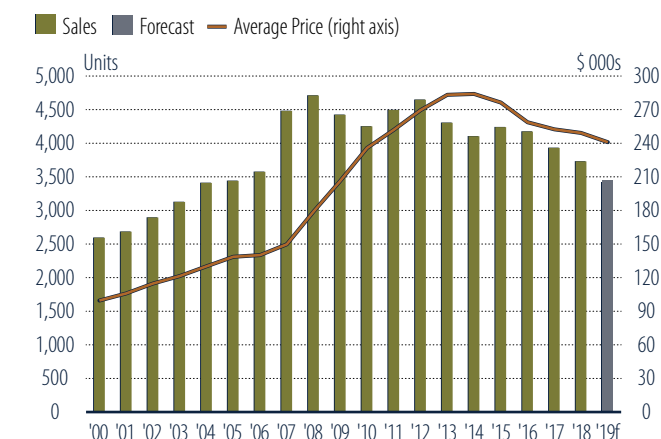
market in the province, housing starts declined 17.2% to 632 units. Rural housing starts were 297 units in 2018 compared to 349 units in 2017, a decline of 14.9%.

## Residential Sales and Prices

The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) fell by 5.1% to 3,730 units in 2018 (see chart). The average MLS® residential price in the province was \$249,190 in 2018, a decrease of 1.3% compared to 2017 and 12.2% lower than the peak average price recorded in 2014.

In the St. John's CMA, the number of residential sales decreased 5.1% to 2,046 units, compared to 2,157 units in 2017. The average MLS® residential price was \$295,580 in 2018, a decrease of 2.7% compared to 2017. This decline in average sale price is partly due to a decline in the average resale price of existing homes and partly due to the changing composition of the new home market, from larger single-detached homes to more affordable semi-detached and row houses. The supply of more affordable homes has increased as homebuilders have targeted the preferences of first-time homebuyers and people looking to downsize.

## Residential MLS® Sales & Average Price



f: forecast

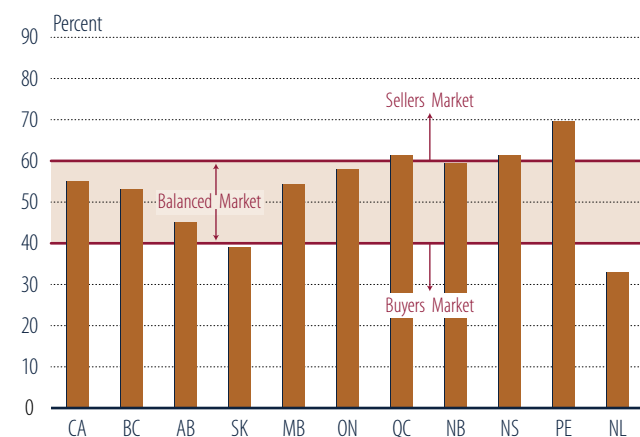
Source: Canadian Real Estate Association

## Affordability

The affordability ratio, which equals the average price of a home divided by the average household income, is commonly used to measure how affordable homes are for buyers. In 2018, the average cost of a home in Newfoundland and Labrador was 3.57 times the average household income in the province. This was higher than the affordability ratio of New Brunswick (2.73) and Prince Edward Island (3.38), but less than Nova Scotia (3.78) and all other provinces in Canada. In comparison, the average cost of a home was 7.02 times average household income in Ontario and 9.58 times household income in British Columbia.

Decreasing home prices over the last several years reflect a shift from a relatively balanced market to a buyers' market as indicated by the sales-to-new listings ratio. The sales-to-new listings ratio, which is the ratio between the number of homes sold and the number of new listings entering the market, is commonly used as an indicator of housing market conditions. A housing market is considered balanced when the ratio is between 40% and 60%. A ratio below 40% indicates a buyers' market, while a ratio above 60% indicates a sellers' market. Newfoundland and Labrador's housing market remained firmly in the buyers' market range with a sales-to-new listings ratio of 33.0% in 2018. Among

## Home Sales-to-New Listings Ratios, 2018



Source: Canadian Real Estate Association

the provinces, Newfoundland and Labrador had the lowest sales-to-new listings ratio last year (see chart). Saskatchewan (39.0%) was the only other province with a ratio indicating a buyers' market, while Prince Edward Island (69.5%) was solidly in the sellers' market range. The sales-to-new listings ratio in Ontario (57.8%) and British Columbia (53.1%) indicates that those two markets, which both had ratios over 70% in 2016, have shifted from a strong buyers' market into a balanced housing market range. Overall, the Canadian sales-to-new listings ratio was at 54.9% in 2018.

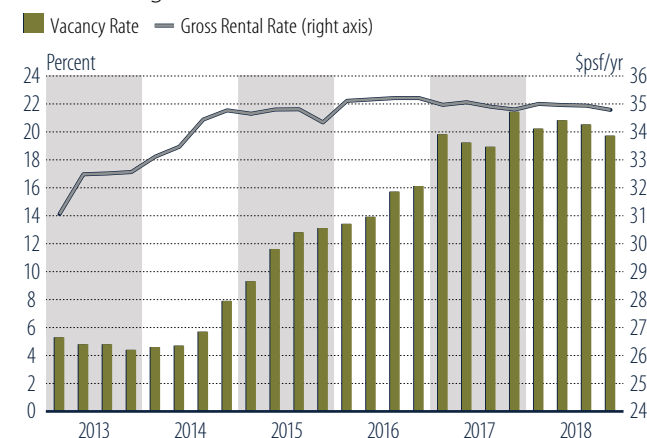
In addition to the recent economic slowdown, new mortgage rules introduced by the Government of Canada in January 2018 that set a new minimum qualifying rate, or "stress test", for homebuyers is likely having an impact on the residential housing market. Rising interest rates have also dampened new housing starts and resale activity. Since July 2017, the Bank of Canada has raised its benchmark rate five times, from 0.5% to 1.75%. As a result, the average 5-year mortgage rate rose from 4.64% in July 2017 to 5.34% at the end of 2018.

## Rental Market

According to the Canada Mortgage and Housing Corporation's most recent Rental Market Survey in October 2018, the overall urban residential

## Office Vacancy and Rental Rates

### St. John's Region



psf: per square foot

Source: Cushman & Wakefield Atlantic

vacancy rate in Newfoundland and Labrador was 6.0%, down 0.6 percentage points (ppt) from the same survey in 2017.<sup>2</sup> The vacancy rate in the St. John's CMA was 6.3% in October 2018, compared to 7.2% in 2017. As for the other urban areas of the province, the residential vacancy rate was 4.1% in Corner Brook in 2018 (up 0.3 ppt from October 2017), 6.6% in Gander (up 3.3 ppt), and 4.9% in Grand Falls-Windsor (down 2.8 ppt).

The average monthly rent for a two-bedroom apartment in the province in October 2018 was \$870, up from \$854 in October 2017. By comparison, the average rent for a two-bedroom apartment was higher in Nova Scotia (\$1,090) and Prince Edward Island (\$903), but lower in New Brunswick (\$801).

## Commercial

The office vacancy rate in St. John's has increased in recent years, reaching a high of 21.4% in the fourth quarter of 2017 before falling to 19.7% in the fourth quarter of 2018 (see chart). Overall, the vacancy rate averaged 20.3% in 2018, compared to 19.8% in 2017. Higher vacancy rates are the result of an abundant supply of new and renovated office

<sup>2</sup> The Rental Market Survey is conducted in urban areas with populations of at least 10,000 and targets the primary rental market, which only includes rental units in privately initiated apartment structures with at least three rental units.

## OUTLOOK 2019

- The residential real estate market is expected to remain subdued.
- Housing starts in 2019 are forecast at 1,117 units; this would represent a 1.9% increase from 2018.
- The Canadian Real Estate Association forecasts residential sales in the province to fall 7.8% to 3,440 units and the average resale price to decline by 3.3% to \$240,900.
- Commercial real estate activity is expected to be dampened by the current oversupply that exists in the local market.
- Housing starts and residential resale activity may continue to be dampened by the new, more stringent mortgage regulations introduced by the federal government in January of 2018.

space coupled with a drop in demand. Economic growth, fueled by high oil prices, led to the construction of new office buildings that increased the total inventory of office space in the St. John's area by over 800,000 square feet between 2013 and 2018. Much of this inventory came on the market just as oil prices fell in late 2014. As a result, the absorption of office space into the market has slowed and the vacancy rate has been trending upward since 2014.

In particular, downtown St. John's has gone from a near zero vacancy rate in early 2014 to a vacancy rate of 25.3% in the fourth quarter of 2018. This trend will likely continue as several major tenants have left, or are planning to leave, the downtown area for newly constructed office space in suburban areas.

The average gross rental rate for office space was basically unchanged at \$34.90 per square foot per year in 2018, compared to an average of \$34.91 in 2017. Despite the increase in the overall vacancy rate, the average rental rate remains high, since an increasing share of available office space is in new "Class A" buildings which have higher rents than older buildings.



# Tourism

The tourism sector in Newfoundland and Labrador generates economic wealth throughout the province, making it an important contributor to the provincial economy. Tourism consists of residents engaging in tourist activities within the province and non-residents visiting the province. Visitors to the province arrive by airline, automobile via ferry and cruise ship. In 2017, tourism expenditures in the province (both resident and non-resident) totalled \$1.13 billion.

Tourism activity in the province slowed in 2018 relative to 2017 when the tourism sector benefitted from programming in celebration of Canada 150 celebrations. Non-resident visitors to the province are estimated at 533,507, a decrease of 3.5% compared to 2017. This is due mainly to lower automobile visitation as higher travel costs affected price-sensitive travellers. Air and cruise visitation also recorded declines. Expenditures by non-resident visitors totalled \$569.7 million last year, down 1.0% from 2017.

## Air Visitors

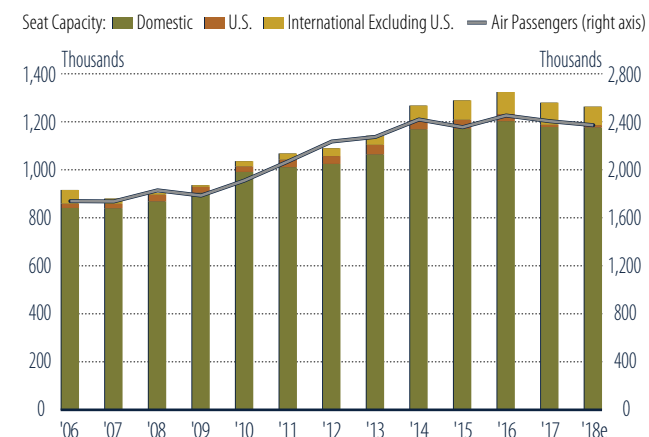
Air visitors make up the largest segment of provincial non-resident tourism, accounting for 77% of visitors and 81% of non-resident tourism spending in 2018. Approximately 409,047 tourists arrived by airplane in 2018, just slightly below (down 0.9%) the historical high set in 2017. Expenditures by non-resident air visitors reached \$461.5 million in 2018, down 0.7% from the previous year.

Boarding and deplaning traffic at the province's seven major airports reached an estimated 2.37 million passengers in 2018, down 1.4% compared to the same period in 2017. Although air passenger traffic was down last year, levels have risen by more than 31% over the last decade and have averaged 2.4 million for the last five years (see chart).

Inbound non-stop seat capacity decreased 1.4% in 2018. This follows nine years of consecutive growth that started in 2008 and reached its peak



## Air Passengers and Seat Capacity



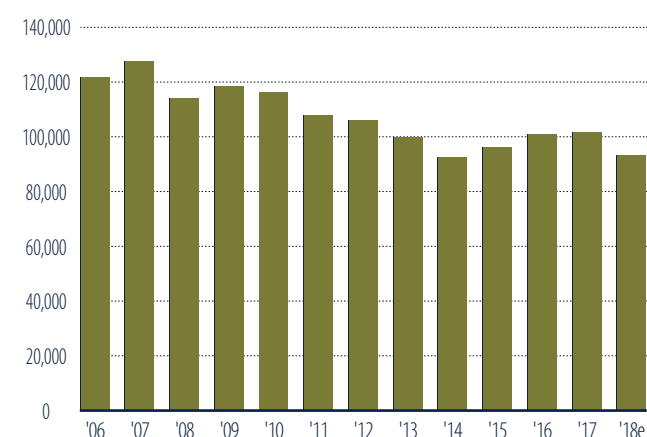
e: estimate

Note: Passengers are boarding and deplaning; seat capacity is in-bound only  
Source: Department of Tourism, Culture, Industry and Innovation;  
Department of Finance

in 2016. Domestic seat capacity was relatively flat (down 0.2%) in 2018. Following a substantial cut to inbound seat capacity in 2017, a slight increase (up 2.0%) occurred for flights from the United States in 2018. International seat capacity (excluding the U.S.) decreased by 16.7% in 2018. This decrease reflects the termination of WestJet's service from Gatwick to St. John's and a small decrease in the number of seats on their Dublin to St. John's route.

The St. John's International Airport is the largest airport in the province and is the main gateway for non-resident visitors. Improvements at the airport are underway with a two-phase expansion of the terminal building. The first phase of the expansion, completed in July 2018, added an additional 145,000 square feet to the departures area of the terminal building. Some of the improvements include four times more pre-board screening space, 40% more check-in space, new concessions and triple the seating capacity in the departures lounge. The second phase will commence in 2019 and is due to be completed in 2021, adding a further 100,000 square feet to the arrivals area. The total area of the airport terminal building will double in size when complete and the airport will be capable of accommodating two million annual passengers, a milestone that is anticipated to be achieved during the 10-year planning horizon.

## Non-Resident Automobile Visitors



e: estimate

Source: Department of Tourism, Culture, Industry and Innovation

## Automobile Visitors

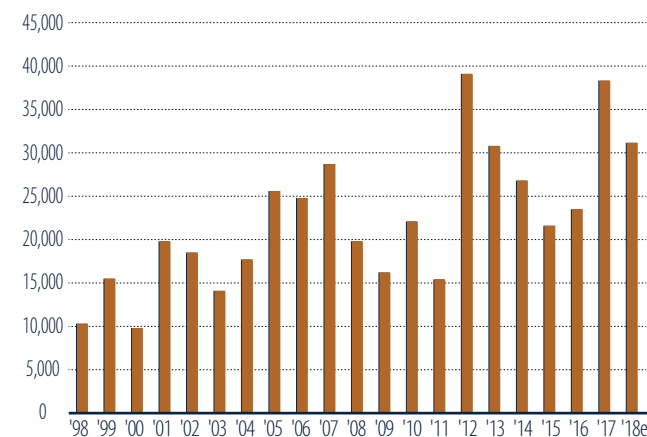
Following three consecutive years of growth, non-resident automobile visitation to the province decreased 8.4% in 2018 to 93,298 (see chart). The decrease in auto travel is likely due to an increase in travel costs, including gasoline, accommodations and restaurants. These travel cost increases generally tend to impact price-sensitive travellers, particularly those travelling by car. Expenditures by non-resident auto visitors reached \$105.3 million, down 0.7% from 2017.

## Cruise Ship Visitors

In 2018, approximately 31,162 unique passenger visits were recorded during the cruise season, a decrease of 18.7% over the previous year as a result of a number of cancellations and itinerary changes (see chart).<sup>3</sup> A total of 87 port calls (port stops) were made by 30 different vessels to 21 ports, compared with 105 port calls by 31 vessels to 20 different ports in 2017.

<sup>3</sup> The visitor figure used here is a Department of Tourism, Culture, Industry and Innovation estimate based on a review of itinerary information. This estimate only counts passengers once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.

## Cruise Visitors



e: estimate

Note: Data reflects estimated unique passenger visits

Source: Department of Tourism, Culture, Industry and Innovation

## Attractions

Provincial and federal attractions continued to show historically high levels of visitation last year. Visits to Provincial Historic Sites recorded the best year on record, reaching over 102,600, an increase of 5.0% compared to 2017. Provincial museums, including The Rooms, the province's most extensive collection of historical artifacts and records, received 78,389 visitors in 2018, an increase of 2.4% from the previous year. Visits to National Historic Sites (excluding Hawthorne Cottage which was closed for restoration in 2018) were approximately 131,900, decreasing by 7% compared to 2017 when there was free entry to these sites as part of the Canada 150 celebrations.

## Accommodations

The preliminary provincial accommodation occupancy rate in 2018 was 46.2%, down 4.9 percentage points from the previous year. At the regional level, decreases in occupancy rates were reported for all regions except Labrador. These decreases can be attributed to a number of factors, including a likely decrease in business travellers (completion of the Muskrat Falls power line), fewer icebergs in the spring, a decrease in non-resident auto travellers, increased travel costs in general, and residents taking fewer vacation trips in the province. Despite the decrease in provincial occupancy levels, the

average daily room rate increased 0.9% to \$141. Average daily rate decreases on the Avalon Peninsula and in Labrador were offset by increases in the Eastern, Central and Western regions. Considerable investments continue to be made in the accommodation industry with a number of hotels being constructed in 2019.

## Connecting with Travellers

The Province has promoted tourism and engaged travellers through many channels, including award-winning marketing campaigns, advanced technologies and social media (e.g., Facebook, Twitter, YouTube) and Visitor Information Centres (VICs) located in all regions of the province. Visitation to the Province's VICs decreased 15.3% to 119,230 for the 2018 operating season ending September 29<sup>th</sup>. With non-resident automobile travellers tending to be heavier users of VICs than air travellers, this year's decrease in automobile visitation likely contributed to lower VIC use.

Newfoundland and Labrador Tourism's multimedia campaign efforts continue to yield positive results, with a slight increase in total digital activity in 2018 compared to 2017 (3.47 million sessions, up 1%). Increased mobile usage of the province's web resources as well as individual channels such as newfoundlandlabrador.com, icebergfinder.com and campaign pages all contributed to this success. Over 2.3 million sessions on newfoundlandlabrador.com (up 11%) as well as record levels of referrals to tourism operators in 2018 are evidence that interest in Newfoundland and Labrador as a travel destination remains high.

The *2017-20 Provincial Tourism Product Development Plan*, which was released in the spring of 2017, sets out the goal of guiding and supporting the development of high quality visitor focused Newfoundland and Labrador brand experiences.

## OUTLOOK 2019

- Modest growth in international, domestic and resident travel is expected as travel price increases ease.
- Cruise activity is expected to see growth. As of February 2019, the provincial cruise association reported 116 port calls tentatively booked for 21 ports by 32 vessels in the 2019 cruise season. For the first time, Ferryland has two scheduled port stops (May and September) in 2019.
- Several events are planned for 2019 to mark the 100<sup>th</sup> anniversary of the first non-stop transatlantic flight by British aviators John Alcock and Arthur Brown from St. John's, NL to Clifden, Ireland.
- Work will continue on expansion and improvements at St. John's International Airport. The second phase of a two-phase expansion for the terminal building is expected to begin in 2019. These and other investments will ensure the safety and operational integrity of the airport and allow it to accommodate an anticipated two million passengers by 2021.



# Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at \$1 million or more.<sup>4</sup> The list includes both public and private projects that are either continuing or beginning in the current year.<sup>5</sup> In many cases, the capital spending figure quoted includes spending from previous years. Capital cost estimates are based on anticipated spending and may vary from actual spending. Capital spending figures generally include construction costs and soft costs, such as engineering, financing, legal, etc. The inventory was prepared between January and April of 2019.

<sup>4</sup> Note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and, in some cases, protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

<sup>5</sup> In some project descriptions, government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval.

## Major Projects (\$Millions)

Utilities	10,425.6
Mining and Oil & Gas	5,340.9
Municipal Infrastructure	2,800.0
Transportation	769.6
Residential	764.0
Education	476.0
Commercial	460.0
Agriculture/Fishery/Forestry	285.5
Industrial/Manufacturing	252.0
Other Investment	240.8
Health Care/Personal Care	218.0
Tourism/Culture/Recreation	136.6
<b>Total</b>	<b>22,169.0</b>

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.



According to this year's inventory, \$22.2 billion in major capital spending is planned or underway in the province. The Utilities category tops the list at \$10.4 billion (see table). The Muskrat Falls project is the single largest item in the category with a total estimated cost of \$10.1 billion. Mining and Oil & Gas is the second largest category in the listing (the estimated \$3.2 billion West White Rose project is the largest project in this category).

The listing on the following pages is organized by project type (e.g. commercial, health care/personal care, transportation). Key information is included, such as project name, capital cost, start date, end date and description. When possible, geographic information is also provided, including community and economic zone. A map of the economic zones can be found at: [www.stats.gov.nl.ca/maps/PDFs/EZ\\_NL.pdf](http://www.stats.gov.nl.ca/maps/PDFs/EZ_NL.pdf)

An asterisk (\*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2019/2019 refers to the project starting and ending in fiscal year 2019-20; start/end denoted as 2019/2020 refers to the project starting in fiscal year 2019-20 and ending in fiscal year 2020-21). All other years are reported on a calendar year basis.

The inventory of major projects is also available on the Economic and Project Analysis Division's website ([www.economics.gov.nl.ca/MP-about.asp](http://www.economics.gov.nl.ca/MP-about.asp)) in a searchable database. The online database allows users to search by industry, community and economic zone.

TBD: To be determined; NA: Not available

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
<b>Agriculture/Fishery/Forestry</b>				
Forest Access Capital Roads Program*	3.7	2019/2019	Various	Construction and maintenance of access roads on Crown land in support of forest harvesting operations. Provincial funds. (Various)
Harbour Development*	36.1	2019/2019	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of the repair, maintenance and development of active fishing harbours. Federal funds. (Various)
Hatchery Expansion	51.0	2018/2020	9	MOWI Canada East - expansion of the Indian Head Hatchery to increase production capacity from 4.5 million to 6.7 million smolt annually. (Stephenville)
Marine Aquaculture Sites	100.0	2017/2020	Various	Grieg NL Seafarms Ltd. - 11 marine aquaculture sites to be located throughout the northern region of Placentia Bay, spanning from Rushoon to Long Harbour. Part of the Placentia Bay Aquaculture Project. (Various)
Salmon Hatchery	75.0	2017/2019	16	Grieg NL Nurseries Ltd. - construction of a Recirculation Aquaculture System (RAS) hatchery for Atlantic salmon in the Marystown Marine Industrial Park. Will include the construction of a hatchery, a smolt nursery and a smolt landbase. Part of the Placentia Bay Aquaculture Project. (Marystown)
Wood Pellet Plant	19.7	2019/2019	7	Timberlands International (Newfoundland and Labrador) Inc. - construction of a wood pellet plant. The proposed plant would produce 55,000 to 65,000 metric tonnes of wood pellets per year. (Hawke's Bay)

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
<b>Commercial</b>				
Commercial Development	25.0	2018/2019	19	Alre Properties Inc. - development of "Paradise Plaza", a seven-building, 90,000 sq. ft. shopping centre. (Paradise)
Commercial Development	2.0	2016/2019	19	Pasadena Equipment Services - construction of a 5,500 sq. ft. office building and concrete batch plant on Hops Street in Chamberlains. (Conception Bay South)
Commercial Town Centre	80.0	2017/2022	19	Karwood Contracting Ltd. & Karwood Estates Inc. - development of "Karwood Market", a commercial town centre. To be developed over three phases. (Paradise)
Commercial/Apartment Development	25.0	2019/2021	19	KMK Properties Inc. - construction of a six-storey, approximately 100,000 sq. ft. apartment building with first floor retail space and underground parking. (St. John's)
Industrial Park	15.0	2016/2021	19	DewCor - construction of phase I of the "Glencrest Business Centre" in Galway, consisting of 35 acres of industrial building lots. (St. John's)
Mall Redevelopment	100.0	2017/2020	19	Crombie REIT - capital investment program for the Avalon Mall. To date, construction of a new 875-stall parkade, a new realigned main mall access and partial demolition of the former Sears space have been completed. Remaining work on mall common areas (including improvements to the food court area) and an expansion at the front of the mall on Kenmount Road are underway or planned. (St. John's)
Office Building	28.0	2019/2020	19	55732 Newfoundland & Labrador Inc. - construction of a four-storey, approximately 80,000 sq. ft. office building and two-level parking structure on Sea Rose Avenue. (St. John's)
Office Building	35.0	2017/2019	19	55732 Newfoundland & Labrador Inc. - construction of a four-storey, approximately 100,000 sq. ft. office/retail building and two-level parking structure on Hebron Way. (St. John's)
Retail Development	150.0	2017/2021	19	DewCor - construction of 700,000 sq. ft. of retail buildings, "The Shoppes at Galway". (St. John's)
Retail Store Renovations	NA	2019/2019	14	Walmart Canada - conversion of a Walmart discount store into a Supercentre. (Gander)
<b>Education</b>				
Animal Resource Centre*	35.6	2016/2019	19	Memorial University of Newfoundland - replacement of two animal research care facilities. This will improve biomedical research by providing state-of-the-art facilities supporting co-location of health sciences and biomedical researchers to enhance interdisciplinary collaboration. Total anticipated expenditures of \$15.1 million for the 2019/20 fiscal year. Partial federal funds. (St. John's)
Campus Maintenance*	4.8	2019/2019	8, 19	Memorial University of Newfoundland - Completion of priority repairs to infrastructure at Memorial University campuses. (Corner Brook, St. John's)
College Training Facility*	18.5	2016/2019	9	Establishment of the Heavy Equipment Centre of Excellence in Teaching, Innovation and Industrial Research, a facility for the delivery of heavy equipment industrial trades programs at the Bay St. George campus of the College of the North Atlantic. Total anticipated expenditures of \$1.8 million for the 2019/20 fiscal year. Joint federal/provincial funds. (Stephenville)

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
Core Science Facility*	325.0	2013/2020	19	Memorial University of Newfoundland - construction of the new Core Science Facility at the St. John's Campus. Total anticipated expenditures of \$109.5 million for the 2019/20 fiscal year based on current scheduling and forecasts. (St. John's)
Energy Conservation Project*	28.7	2017/2019	19, 8	Memorial University of Newfoundland - upgrading of lighting, transformers, controls and replacement of select air handling units. (St. John's, Corner Brook)
Regional Research & Innovation Hub*	2.7	2019/2020	8	Memorial University of Newfoundland - redevelopment of a building owned by Corner Brook Pulp and Paper Ltd. to house an innovation centre for western Newfoundland, including applied research in the forestry sector, entrepreneurship support and commercialization, and training for mill employees. (Corner Brook)
School Construction and Renovations*	60.7	2019/2019	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)

### Health Care/Personal Care

Electrical Substation*	13.3	2013/2020	19	Construction of a new electrical substation at the Health Sciences Centre/Memorial University site. Provincial funds. (St. John's)
Health Care Facilities*	43.2	2019/2019	Various	Expenditures for renovations and upgrades to existing health facilities. Includes \$22.0 million for equipment purchases. Provincial funds. (Various)
Health Centre*	18.3	2011/2020	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)
Hospital*	TBD	2013/2023	8	Construction of a new acute care regional hospital through a design-build-finance-maintain arrangement with the private sector. (Corner Brook)
Hospital Redevelopment*	14.7	2014/2020	12	Redevelopment of the endoscopy/cystoscopy suites as well as the laboratory spaces at the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Hospital Redevelopment*	5.0	2019/2020	17	Development of a new ambulatory care space at the Carbonear General Hospital. Provincial funds. (Carbonear)
Integrated Operating Rooms*	5.0	2014/2021	19	Upgrading of the operating room suites at the Health Sciences Centre and St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Long-Term Care Capacity*	8.5	2018/2020	12	Construction of a 20-bed expansion to the protective care unit at the Dr. Hugh Twomey Health Centre. Provincial funds. (Botwood)
Long-Term Care Home*	70.0	2016/2019	8	Construction of a new long-term care facility through a design-build-finance-maintain arrangement with the private sector. (Corner Brook)
Long-Term Care Homes*	TBD	2016/2021	14, 12	Construction of two new 60-bed long-term care facilities through a design-build-finance-maintain arrangement with the private sector. (Gander, Grand Falls-Windsor)
Medical Facility	10.0	2018/2020	19	Pennecon Realty - restoration of the former Macpherson Elementary school on Newtown Road. The building will operate as a medical facility that will house various disciplines of medicine. (St. John's)
Mental Health Infrastructure*	TBD	2013/2023	19	Construction of a new adult mental health and addictions facility through a design-build-finance-maintain arrangement with the private sector. Provincial funds. (St. John's)
Mental Health Infrastructure*	TBD	2019/2020	3	Construction of a 6-bed mental health unit at the Labrador Health Centre. Provincial funds. (Happy Valley-Goose Bay)

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
Personal Care Home	15.0	2018/2020	19	Kirby Group - construction of a three-storey, 100-unit personal care home called "Winslowe Ridge". (St. John's)
Personal Care Home	15.0	2019/2020	19	Kirby Group - construction of a four-storey, 104-unit personal care home on Churchill Avenue. (St. John's)
<b>Industrial/Manufacturing</b>				
Cannabis Production Facility	55.0	2018/2019	19	Canopy Growth Corporation - development of a 235,000 sq. ft. production facility capable of producing over 10,000 kg of cannabis per year. (St. John's)
Cannabis Production Facility	60.0	2018/2020	9	Biome Grow Inc. - development of a 168,000 sq. ft. cannabis production facility. (Barachois Brook)
Cannabis Production Facility	47.8	2019/2020	19	Atlantic Cultivation Ltd. - construction of a 110,000 sq. ft. state-of-the-art cannabis production facility. (Mount Pearl)
Capital Expenditures	50.0 - 60.0	2019/2019	15	NARL Refining, LP - maintenance capital as well as tank and jetty upgrades. (Come By Chance)
Capital Improvements	10.4	2019/2019	8	Corner Brook Pulp and Paper Limited - replacement of penstocks and other projects at Deer Lake Power as part of the sustainability plan. (Deer Lake)
Facility Expansion	1.0	2019/2020	16	Dynamic Air Shelters Ltd. - engineering, design, manufacturing and installation of an air inflated fabric structure. The approximately 4,000 sq. m. facility will be used for warehousing, assembly and packaging. (Grand Bank)
Facility Upgrades	3.0	2018/2020	17	Harbour Grace Ocean Enterprises Inc. - infrastructure improvements to current buildings in addition to the construction of a new building. (Harbour Grace)
Harvesting and Processing Enhancements	7.1	2019/2019	Various	Ocean Choice International - vessel and plant expenditures. (Various)
Industrial Park	1.5	2019/2020	16	Town of St. Lawrence - development of an industrial park to support the mining and aquaculture sectors. (St. Lawrence)
Medical Waste Treatment Facility	1.0	2019/2019	19	Stericycle, ULC. - establishment of a medical waste treatment and transfer facility. (Mount Pearl)
Paper Mill Expenditures	10.2	2019/2019	8	Corner Brook Pulp and Paper Limited - routine capital expenditures. (Corner Brook)
<b>Mining and Oil &amp; Gas</b>				
Engineering, Drilling and Environmental Programs	18.0	2019/2019	12	Marathon Gold Corporation - engineering, drilling and environmental programs and ongoing metallurgical test work targeting completion of a prefeasibility study by the end of 2019. (Valentine Lake)
Mine Development/Expansion	45.6	2018/2022	11	Rambler Metals and Mining Canada Limited - five-year capital plan for the Ming Mine Project. Includes continued mine development and construction of a paste plant. (Baie Verte Peninsula)
Mine Development/Expansion	2.8	2018/2020	11	Anaconda Mining Inc. - expenditures for the Point Rousse Project. Includes development costs at Pine Cove and at the Stog'er Tight deposit in addition to environmental, permitting, engineering studies and development costs at the Argyle deposit. (Baie Verte Peninsula)
Mine Reactivation	335.0	2018/2019	2	Tacora Resources Inc. - reactivation of the Scully iron ore mine and mill. (Wabush)



Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
Mine Reactivation	NA	2019/2019	14	Beaver Brook Antimony Mine - reactivation of the antimony mine in central Newfoundland. (Glenwood)
Mineral Exploration	39.5	2019/2019	Various	Forecasted expenditure prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: \$13.4 million in Labrador and \$26.1 million for the island. (Various)
Underground Mine	US\$1,700.0	2018/2023	1	Vale Newfoundland and Labrador Limited - underground mine development at Voisey's Bay. (Voisey's Bay)
West White Rose	3,200.0	2013/2022	Offshore	Husky Energy and its co-venturers, Suncor Energy and Nalcor Energy, formally sanctioned the West White Rose project in Q2 2017. The project is being developed using a fixed drilling platform tied back to existing infrastructure at the White Rose field, including the SeaRose FPSO vessel. First oil production is expected in 2022. (Offshore)

### Municipal Infrastructure

2011 Municipal Capital Works Program*	77.6	2011/2019	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Federal Gas Tax Program*	367.8	2006/2023	Various	Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that support the national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various)
Federal/Provincial Water and Waste Water Program*	144.9	2016/2020	Various	Program provides funding for drinking water treatment, water distribution systems, waste water treatment facilities or systems, waste water collection systems, storm water collection systems, waste water treatment and management systems. Federal, provincial and municipal funds. (Various)
Fire Station Upgrade	2.0	2018/2020	19	City of St. John's - upgrade of the existing Kenmount Fire Station to improve building envelope and function. (St. John's)
Infrastructure Upgrades	7.5 - 7.8	2019/2021	19	City of Mount Pearl - street and underground infrastructure upgrades for Kenmount Hill. Municipal funds. (Mount Pearl)
Investing In Canada Plan*	1,329.7	2019/2027	Various	Program to provide funding to create long-term economic growth, build inclusive communities, and support a low carbon, green economy. Federal, provincial and municipal funds. (Various)
Multi-Year Municipal Capital Works*	149.3	2011/2019	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Municipal Infrastructure	125.0	2013/2021	19	DewCor - construction of roads, water, sewer, storm-water and utility infrastructure for Galway. (St. John's)
New Building Canada Fund - Small Communities Fund / Provincial-Territorial Infrastructure Component*	260.0	2016/2024	Various	Funding for communities with fewer than 100,000 residents, ensuring that small communities can benefit from significant funding supporting economic prosperity. The Provincial-Territorial Infrastructure Component provides funding for projects that are nationally and regionally significant and are predominantly medium and large scale in nature. Federal, provincial and municipal funds. (Various)
Public Transit Infrastructure Fund*	6.3	2016/2019	19, 8	Fund to help accelerate short-term municipal investments while supporting the rehabilitation of transit systems and funding studies to support long-term transit plans. Federal and municipal funds. (St. John's, Corner Brook)

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
Solid Waste Management Strategy*	315.0	2007/2025	Various	Program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various)
Storm Sewer Replacement	1.5	2019/2019	19	City of St. John's - replacement of various sections of storm sewer on Cumberland Crescent. Municipal funds. (St. John's)
Storm System Improvements	1.2	2018/2019	19	City of St. John's - replacement of an undersized concrete box culvert and intake structure on Southside Road. Municipal funds. (St. John's)
Water Treatment Facility Upgrade	12.0	2017/2020	19	City of St. John's - various improvements to the Bay Bulls Big Pond water treatment facility including the installation of a new ultraviolet system. Municipal funds. (St. John's)
<b>Residential</b>				
Apartment Renovations	5.8	2019/2019	2, 14, 19	Northview Apartment REIT - capital improvements, renovations and upgrades on various properties. (Labrador City, Gander, St. John's)
Community Centre/ Housing Units	14.0	2018/2020	19	The Salvation Army - development of a community centre and 20 affordable supportive housing units to be located on Springdale Street. (St. John's)
Community Development	200.0	2016/2022	19	DewCor - construction of phase I of the "Galway Living" residential community containing 500 homes. Consists of single family houses, bungalow townhomes, 3-storey executive townhomes, ground-based condominiums, quadraplexes and apartment buildings. (St. John's)
Condominium Building	3.5	2013/2020	17	Hawthorne Developments Inc. - construction of "The Hawthorne Condominiums", a 30-unit building to be located on Curtis Lane. (Brigus)
Condominium Development	55.0	2012/2021	19	DewCor - development of "Westfield Condominiums" off Captain Whelan Drive. Will include construction of 60 buildings with four 1,000 sq. ft. units per building. (St. John's)
Condominium/ Apartment Development	120.0	2019/2022	19	KMK Capital Inc. - development of "Tiffany Towers", two 16-storey buildings consisting of a total of 240 residential units as well as a three-level underground parking garage. (St. John's)
Housing Development	65.0	2017/2022	19	Clovelly Development Partnership Limited - construction of a housing development named "Estates at Clovelly", located off Stavanger Drive. Approximately 100 homes to be constructed between 2017 and 2022. (St. John's)
Modernization & Improvements*	3.1	2019/2019	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Provincial Home Repair and Modification Programs*	5.5	2019/2019	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs and modifications. Federal/provincial funds. (Various)
Rental Development	22.0	2016/2019	19	Manga Hotels Group - development of 85 upscale, urban rental units at the site of the former Star of Sea Hall on Henry Street. Will include three levels of parking. (St. John's)
Residential Development	2.3	2018/2019	1	Nunatsiavut Government - construction of a seven-unit multiplex building. (Nain)

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
Residential Development	17.0	2019/2021	19	Fairview Investments Limited - construction of a 53-lot residential subdivision consisting of single family homes and townhomes. (St. John's)
Residential Development	10.0	2019/2023	19	Fairview Investments Limited - construction of a 32-unit townhome community. (St. John's)
Residential Development	6.5	2018/2020	19	79899 Newfoundland and Labrador Corp. - redevelopment of the former I. J. Sampson school property into "Beaumont Gardens". Includes 20 executive townhomes and 58 adult condominium units. (St. John's)
Residential Development*	1.4	2019/2019	19	Newfoundland and Labrador Housing Corporation - construction of eight social housing units on Froude Avenue to replace units destroyed by fire in June 2017. Provincial funds. (St. John's)
Residential Development	18.0	2013/2021	19	Reardon Construction and Development Ltd. - development of 54 condominium/townhouse style units off Ruby Line. (St. John's)
Residential Development	12.0	2012/2020	19	Wrightland Development Corporation - development of "McLea Park" off Shaw Street. Will include construction of four townhouses and eight executive building lots. (St. John's)
Residential Development	3.5	2019/2019	19	Mac Mar Developments Ltd. - development of the "Villas at Riverdale" retirement community in Kelligrews. 10 units to be constructed this year. (Conception Bay South)
Residential Development	4.0	2014/2022	8	Sleepy Cove Developments Inc. - development of 55 lots over five phases in "Discovery Ridge" on Corporal Pinksen Drive. Will feature single, semi-detached, town, condominium and apartment style housing. Expenditure figure covers land development costs only. (Corner Brook)
Subdivision Development	6.0	2013/2019	19	Signature Homes Inc. - construction of 19 single-family homes at the extension to Stratton Place in Chamberlains. (Conception Bay South)
Subdivision Development	65.0	2013/2020	19	Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South)
Subdivision Development	15.0	2012/2022	14	Cecon Development Corporation - land and servicing development for the "Eastgate" subdivision located off Cooper Boulevard. (Gander)
Subdivision Development	6.0	2014/2021	8	Outer Limits Limited - land and servicing development for 52 lots in the "Parkway Heights" subdivision on Lewin Parkway. (Corner Brook)
Subdivision Development	2.5	2016/2019	19	Hayward Homes Limited - land and servicing development for a 32-lot subdivision to be located in Seal Cove. (Conception Bay South)
Subdivision Development	25.0	1997/2021	19	Paradise Properties Limited - land and servicing for the "Elizabeth Park" subdivision. (Paradise)
Subdivision Development	32.4	2012/2021	19	CASA Holdings - construction of 108 homes in the "Mount Batten Estates" subdivision. Currently in the second of three phases. (Conception Bay South)
Subdivision Development	10.0	2015/2035	19	Octagon Development Corporation - land and servicing for the "Picco Ridge" subdivision on St. Thomas Line. (Paradise)
Subdivision Development	25.0	2009/2021	19	Bristol Development Inc. - development of the "Bristolwood" subdivision off Kenmount Road. Approximately five homes will be developed this year at a cost of \$1.0 million. (St. John's)
Subdivision Development	8.5	2005/2025	19	Octagon Development Corporation - land and servicing for the "Adam's Pond" subdivision. (Paradise)

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
<b>Tourism/Culture/Recreation</b>				
Brewery Expansion	1.4	2019/2020	15	Port Rexton Brewing Company Ltd. - expansion of a microbrewery. Includes the construction of a new facility and the purchase of new, larger, brewing equipment. Partial provincial and federal funds. (Port Rexton)
Building Restoration*	22.2	2009/2020	19	Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Four of the five construction phases have been completed. Phase 5 commenced in Fall 2018 and will continue over the next two years. Work includes interior surface repairs, architectural woodwork finishes, historic finishes restoration, final painting and final systems commissioning. Federal/provincial cost-shared. (St. John's)
Conservation Area	1.2	2017/2019		Healthy Waters Labrador Inc. - phase 2 of a conservation and interpretive area for eco-tourism purposes. Will include the installation of new boardwalks, viewing decks, picnic area, footbridges, an outdoor classroom facility and habitat enhancements. Partial provincial and federal funds. (Happy Valley-Goose Bay)
Cultural Centre*	16.7	2013/2019	1	Nunatsiavut Government - construction of the Illusuk Cultural Centre. Partial federal funds. (Nain)
Hotel	10.0	2018/2019	8	Moreton Properties Ltd. - development of an 84-room Hampton Inn Hotel and Deer Lake Conference Centre. (Deer Lake)
Hotel	25.0	2019/2022	19	Lighthouse Hotel Inc. - construction of a 132-room hotel. Will include meeting and banqueting facilities with capacity for up to 320 people and a full-service restaurant. (Mount Pearl)
Hotel	12.0	2017/2021	8	Bayview Estates and Company - construction of a 93-room Holiday Inn Express. To be located near the Pepsi Centre on Grenfell Drive. (Corner Brook)
Hotel	30.0	2017/2019	19	Manga Hotels Group - construction of a Hilton Garden Inn with 155 guest rooms and 5,000 sq. ft. of conference facilities located at New Gower Street/Springdale Street/Pleasant Street. (St. John's)
Library	4.5	2019/2021	19	Town of Conception Bay South - construction of a new library adjacent to the town's recreation complex and administrative building. Located in the Remembrance Square in Conception Bay South. (Conception Bay South)
Ministry Centre	3.5	2019/2020	19	Anglican Diocese of Eastern Newfoundland and Labrador - construction of the Anglican Diocese Centre for Ministry. (St. John's)
Park Redevelopment	2.7	2018/2019	19	City of St. John's - redevelopment of the public space area near the Quidi Vidi Lake boathouse on Clancey Drive. Includes bandstand renovations, replacement of the existing wharf structure near the bandstand, landscaping upgrades, upgrades to the parking area near the boathouse and enhanced accessibility along the north bank adjacent to the Boulevard. Federal, provincial and municipal funds. (St. John's)
Theatre Complex	7.4	2018/2019	7	Theatre Newfoundland and Labrador - construction of a new theatre complex for the Gros Morne Theatre Festival. Includes a 180-seat theatre venue, rehearsal hall/studio space and space for production fabrication and storage. Partial provincial/federal funds. (Cow Head)

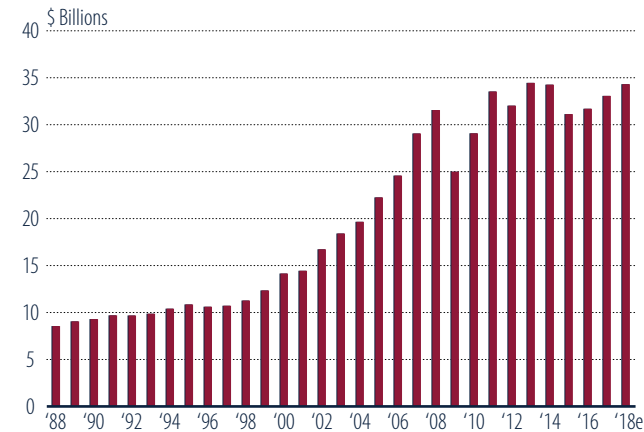


Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
<b>Transportation</b>				
Air Terminal Building Modification	13.9	2018/2020	2	Transport Canada - reconfiguration of Wabush Airport's air terminal building floor space, replacement of electrical/mechanical systems and overall renovation update. Federal funds. (Wabush)
Airport Improvements	11.0	2018/2019	14	Gander International Airport Authority - includes runway and apron rehabilitation. (Gander)
Airport Improvements and Expansion	186.0	2019/2028	19	St. John's International Airport Authority - includes completion of the Airport Terminal Building Expansion, additional passenger loading bridges, expanded baggage handling systems, additional aircraft apron space, new airfield taxiways, as well as infrastructure life cycle upgrades and replacements. Expansion of the west end of the Air Terminal Building (Phase II) is expected to begin in mid-2019 and be completed in late 2022. (St. John's)
Marine Infrastructure*	5.0	2019/2019	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
Provincial Roads Improvement Program*	77.2	2019/2019	Various	Includes secondary road/bridge improvement projects in various parts of the province. Provincial funds. (Various)
Ticket Booth Upgrades	3.9	2019/2019	10	Marine Atlantic Inc. - ticket booth upgrades. Federal funds. (Channel-Port aux Basques)
Trans Labrador Highway Widening and Hard Surfacing*	452.6	2013/2020	3, 4, 5	Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. Federal/provincial cost-shared. (Various)
Vessel Refits*	10.0	2019/2019	Various	Refits of the existing fleet of nine government-owned vessels. Provincial funds. (Various)
Vessel Upgrades	10.0	2019/2019	19	Canadian Coast Guard - vessel life extension project of the Canadian Coast Guard Ship Hudson at the St. John's Dockyard. (St. John's)
<b>Utilities</b>				
Electric Utility Capital Expenditures	66.5	2019/2019	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	149.1	2019/2019	Various	Newfoundland and Labrador Hydro - annual capital program (including carryovers from the previous year) aimed at upgrading the provincial power grid and meeting electricity demand. Includes several projects focused on improving reliability and upgrading and replacing aging infrastructure. (Various)
Electric Utility Capital Program	93.0	2019/2019	Various	Newfoundland Power Inc. - capital expenditures to refurbish and serve growth on the electricity system. (Various)
Lower Churchill Project - Phase I (Muskrat Falls)	10,117.0	2012/2020	Various	Nalcor Energy - development of the Muskrat Falls Hydroelectric Generation Facility and the associated transmission assets in Newfoundland and Labrador between Muskrat Falls and Churchill Falls and Muskrat Falls and Soldiers Pond. The Newfoundland and Labrador portion of the project entails construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls in Labrador and over 1,600 kilometres of associated transmission lines and related infrastructure. First power is expected from the Muskrat Falls generating facility in late 2019. Emera Inc. of Nova Scotia built the Maritime Link connecting the island of Newfoundland to Nova Scotia. The capital cost of Emera's Maritime Link is an additional \$1.57 billion. (Various)

Project	Capital Cost \$M	Start/End	Economic Zone	Comments (Location)
<b>Other Investment</b>				
Aircraft Modifications	NA	2016/2021	19	PAL Aerospace Limited - the Force Multiplier project. Modification of a Dash-8 aircraft to operate as a special mission aircraft for domestic and international opportunities, including maritime surveillance. Partial provincial and federal funds. (St. John's)
Broadband Internet Infrastructure	33.6	2018/2020	Various	Bell Aliant - investment to improve or expand broadband internet service to 71 communities throughout Newfoundland and Labrador. Partial federal and provincial funding. (Various)
Capital Program*	10.1	2019/2019	Various	Royal Canadian Mounted Police - replacement, repairs and retrofitting of detachments and living quarters. Provincial/federal cost-shared on a 70/30 basis. (Various)
Cellular Service Infrastructure	4.7	2018/2020	Various	Bell Aliant - investment to deliver or expand cellular phone service to several areas throughout Newfoundland and Labrador. Partial provincial funding. (Various)
Coast Guard Building*	18.2	2017/2019	19	Department of Fisheries and Oceans Canada - construction of a new Atlantic Headquarters for the Canadian Coast Guard. Federal funds. (St. John's)
Environmental Remediation and Risk Management*	142.0	2004/2019	3	Department of National Defence - environmental remediation and risk management activities to be carried out through 10 sub-projects at 5 Wing Goose Bay. Projected expenditure of \$16.5 million for the 2019/20 fiscal year. (Happy Valley-Goose Bay)
Marine Base Expansion - Phase 2A	15.0	2016/2020	19	Fisheries and Marine Institute, Memorial University of Newfoundland - expansion of the current Marine Institute facilities on the western shoreline of South Arm, Holyrood Bay. Construction of a breakwater and marginal wharf are complete with plans to develop the water lot in 2019 and construct a storage facility and laydown area in 2020. Partial federal funds. (Holyrood)
Public Buildings*	5.0	2019/2019	Various	Maintenance and development of public buildings. Provincial funds. (Various)
Search and Rescue Lifeboat Facility*	6.1	2018/2019	17	Department of Fisheries and Oceans Canada - construction of a new lifeboat station for Canadian Coast Guard - Search and Rescue as part of the Oceans Protection Plan. Includes accommodations, docking structure and workshop. Federal funds. (Old Perlican)
Search and Rescue Lifeboat Facility*	6.1	2018/2019	14	Department of Fisheries and Oceans Canada - construction of a new lifeboat station for Canadian Coast Guard - Search and Rescue as part of the Oceans Protection Plan. Includes accommodations, docking structure and workshop. Federal funds. (Twillingate)

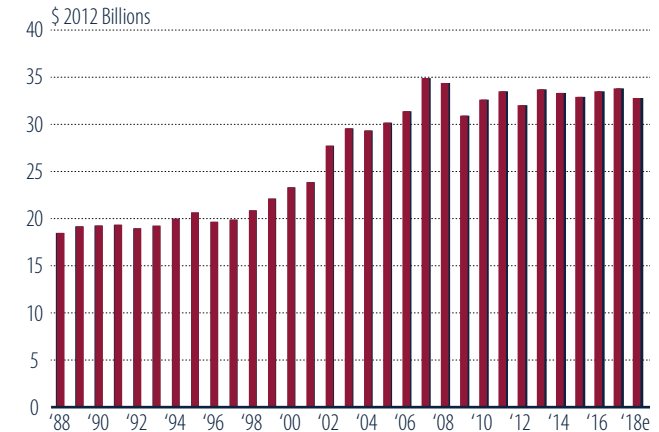
# Statistical Indicators

## Nominal Gross Domestic Product



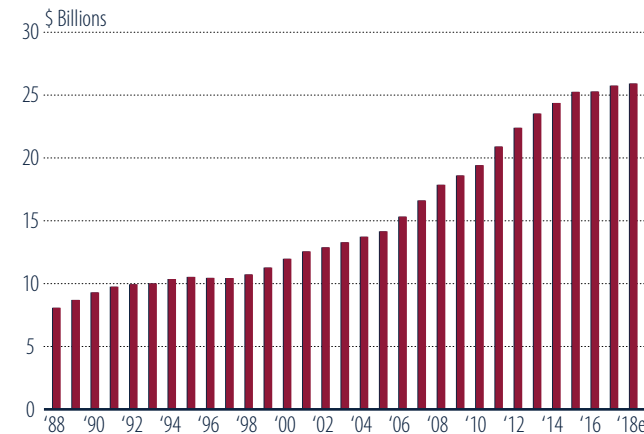
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Source: Statistics Canada; Department of Finance

## Real Gross Domestic Product



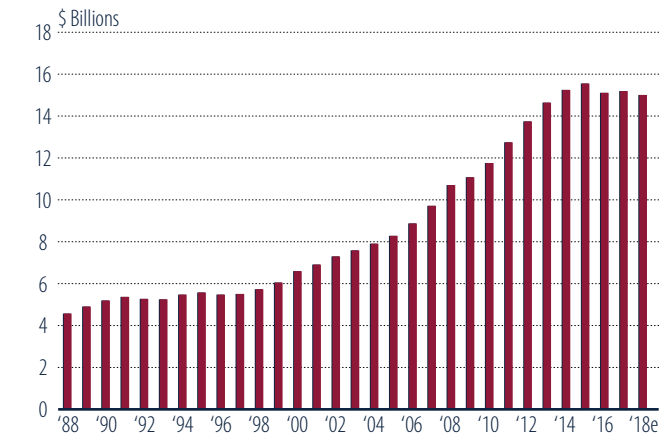
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Source: Statistics Canada

## Household Income



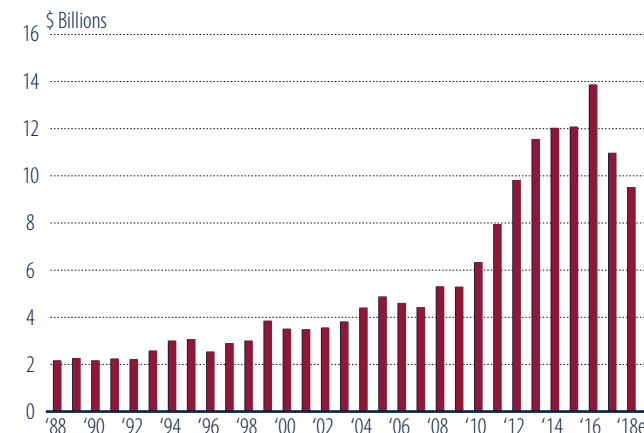
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Source: Statistics Canada; Department of Finance

## Compensation of Employees



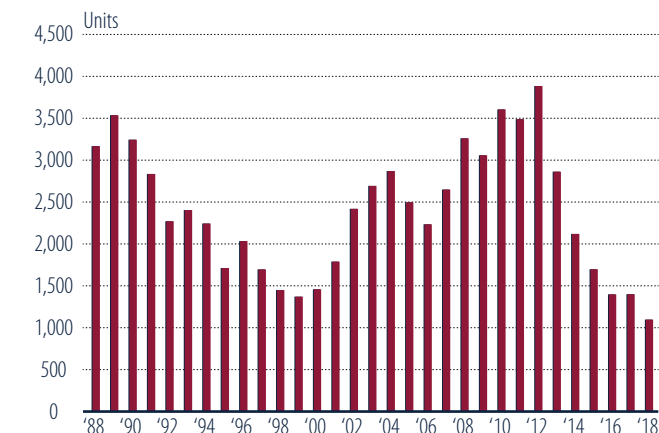
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Source: Statistics Canada; Department of Finance

## Capital Investment



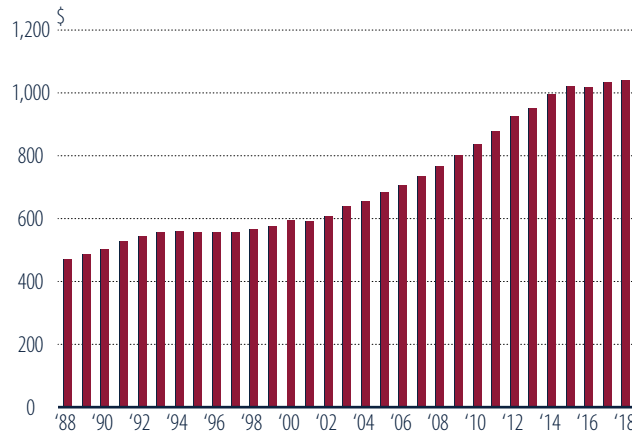
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Source: Statistics Canada; Department of Finance

## Housing Starts



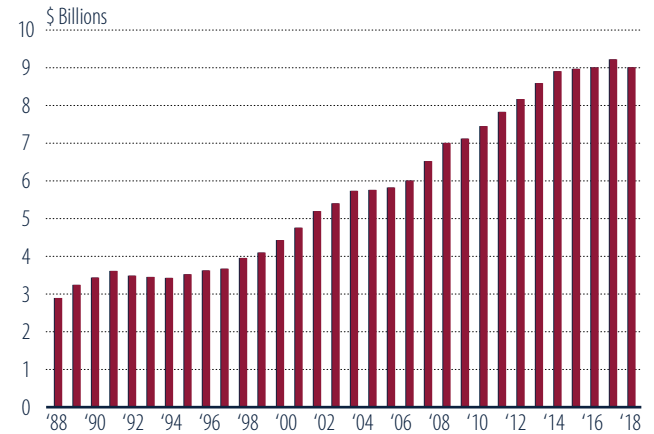
Source: Statistics Canada

## Average Weekly Earnings



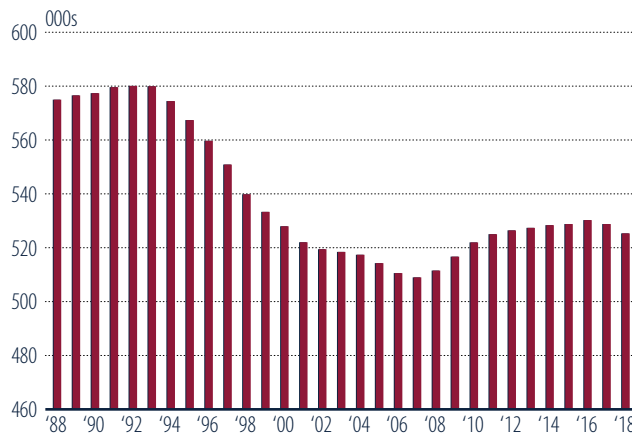
Source: Statistics Canada

## Retail Sales



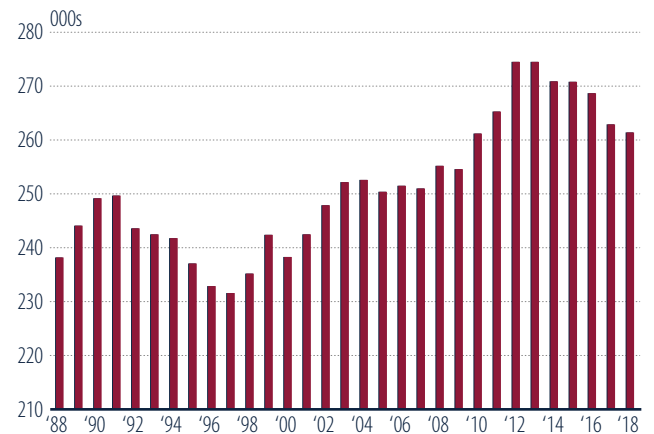
Source: Statistics Canada

## Population



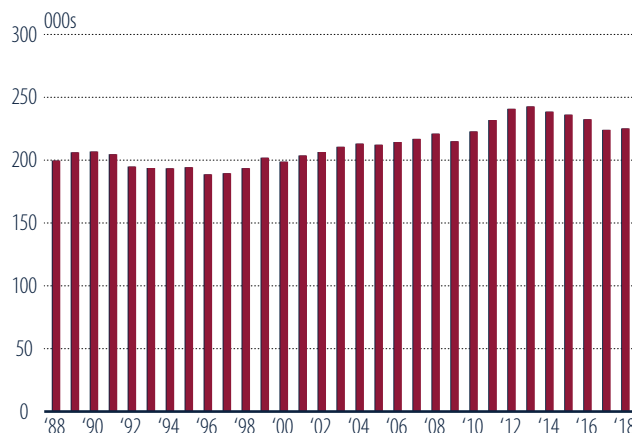
Source: Statistics Canada

## Labour Force



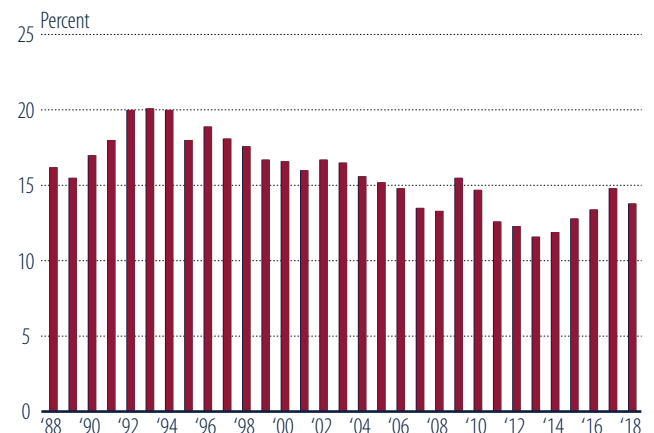
Source: Statistics Canada

## Employment



Source: Statistics Canada

## Unemployment Rate



Source: Statistics Canada



