

Building for Our Future

Budget 2018 The Economy





Rose Blanche Lighthouse
Courtesy: Newfoundland & Labrador Tourism, © Kevin Pepper

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Red Bay National Historic Site. Courtesy: Newfoundland & Labrador Tourism, © Dru Kennedy Photography

GDP and Employment, by Industry

	GDP		Employment	
	2016e		2017	
	\$ Millions	% of Total	Person Years, 000s	% of Total
Goods-Producing Sector	11,854.7	41.5	46.8	20.9
Agriculture, Forestry & Logging	193.9	0.7	3.0	1.3
Fishing, Hunting & Trapping	340.8	1.2	2.9	1.3
Mining	1,828.5	6.4	2.8	1.2
Oil Extraction	3,776.2	13.2	3.0	1.3
Support Activities for Oil and Mining	542.8	1.9	2.3	1.0
Manufacturing	1,129.4	4.0	9.1	4.1
Fish Products	352.2	1.2	2.5	1.1
Other	777.3	2.7	6.6	2.9
Construction	3,431.2	12.0	20.7	9.2
Utilities	611.9	2.1	2.9	1.3
Services-Producing Sector	16,738.3	58.5	177.4	79.2
Wholesale Trade	674.8	2.4	4.6	2.1
Retail Trade	1,687.0	5.9	36.2	16.2
Transportation & Warehousing	897.8	3.1	11.3	5.0
Finance, Insurance, Real Estate & Business Support Services	4,471.9	15.6	13.3	5.9
Professional, Scientific & Technical Services	743.4	2.6	9.8	4.4
Educational Services	1,669.8	5.8	15.2	6.8
Health Care & Social Assistance	2,447.6	8.6	39.4	17.6
Information, Culture & Recreation	803.5	2.8	6.5	2.9
Accommodation & Food Services	577.6	2.0	14.8	6.6
Public Administration	2,238.8	7.8	15.1	6.7
Other Services	526.1	1.8	11.3	5.0
Total, All Industries	28,593.0	100.0	224.1	100.0

e: estimate

Note: 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



Highlights and Expectations

The provincial economy continued to adjust in 2017 with major projects transitioning from development to production phases. There are encouraging developments occurring throughout many sectors of the economy including offshore oil, mining, aquaculture and tourism. The section below provides some of the 2017 highlights and 2018 expectations for the Newfoundland and Labrador economy.

2017 Highlights

- Real gross domestic product (GDP) declined by 3.4% in 2017, primarily due to lower levels of capital investment related to major projects transitioning from development to production.
- Capital investment is estimated to have decreased by 24.7% to \$10.7 billion as the Hebron oil project concluded its development phase.
- The real value of provincial exports is estimated to have increased by 1.6% mainly due to higher exports of crude oil and refined petroleum.
- Average weekly earnings increased 1.7% and, at \$1,034, were the second highest among provinces after Alberta.
- Household income rose by 1.9% to \$26.4 billion (down by 0.5% in real terms).
- The population as of July 1, 2017 was 528,817, similar to levels in recent years.
- Consumer spending growth was moderate with the value of retail sales increasing by 2.8% (up 1.6% in real terms). Sales from motor vehicle and parts dealers (largely comprised of vehicle sales) were the single largest contributor to the growth.
- The number of new vehicles sold was 33,252, a year-over-year decrease of 1.3%, but sales value increased by 2.2%.

- Consumer prices rose by 2.4% as gasoline and fuel oil prices put upward pressure on the overall price level.
- Employment fell by 3.7% to average 224,100, reflecting lower construction activity on several major projects.
- The unemployment rate averaged 14.8%, an increase of 1.4 percentage points compared to the previous year.
- The Hebron project achieved first oil production on November 27, 2017.
- Oil production increased by 5.0% to 80.6 million barrels as a result of increased extraction from Hibernia and the North Amethyst portion of White Rose, and the commencement of Hebron production. The estimated value of production grew by 27.9% to \$5.7 billion.
- The price of Brent crude oil averaged US\$54.12/barrel in 2017, up 24.0% from the average of US\$43.64/barrel in 2016.
- Husky Energy announced that it was moving forward with the development of the \$3.2 billion West White Rose project. Construction began late in 2017.
- The value of provincial manufacturing shipments rose by 25.3% to \$5.9 billion, mainly due to an increase in the value of refined petroleum.
- Total fish landings decreased by 15% to 194,900 tonnes due to lower catches of capelin, herring, snow crab and shrimp. Total landed value, however, increased by 4% as a result of increased raw material prices for some species, particularly snow crab and lobster.
- Aquaculture production declined 24% to 21,700 tonnes, mainly the result of lower salmonid production related to the timing of harvest. The corresponding market value is estimated to have decreased by 20% to \$221 million.
- Newsprint shipments totalled 248,210 tonnes, an increase of 4.2% compared to the previous year. The estimated value of shipments increased by 6.6% reflecting higher volume and prices.
- Lumber production reached 84 million board feet, up from the previous year.
- Provincial farms reported receipts of \$105.6 million during the first three quarters of 2017, up 7.3% from the same period in 2016. The increase mainly reflected higher livestock receipts.
- The value of provincial mineral shipments totalled \$3.6 billion in 2017, representing an increase of 24.6% from 2016. This increase was due to higher iron ore production and prices which more than offset declines in nickel production.
- Mining related employment (including employment associated with activities at Vale's nickel processing facility) averaged approximately 5,300 person years.
- Construction on all components of the Muskrat Falls Project advanced significantly. Approximately 89% of total project construction was complete at the end of the year.
- The first exchange of electrical power across the Newfoundland and Nova Scotia transmission link (Maritime Link) occurred at the end of 2017, connecting the island of Newfoundland to the North American electricity grid.
- Housing starts totalled 1,400, essentially on par with 2016.
- The number of residential properties sold through the Canadian Real Estate Association Multiple Listing Services (MLS®) fell by 4.0% to 3,918 units, while the average MLS® residential price fell by 2.2%.

- Tourism visitors to the province increased by about 3% to a record 553,100 as more visitors arriving by automobile and cruise offset a slight decline in those arriving by air. Associated expenditures were \$575.2 million, up about 2% from the previous year.

2018 Expectations

- Real GDP is forecast to decrease by 0.8%, reflecting further declines in major project investment and weaker consumer spending.
- Capital investment is expected to decline by 9.3% to \$9.7 billion, reflecting the completion of Hebron in 2017 and the advanced stage of the Muskrat Falls development.
- Real exports are expected to increase by 2.8% mainly due to a full year of Hebron production.
- Oil production is expected to increase by 6.4% to 85.7 million barrels with higher production at Hebron offsetting declines at Hibernia, Terra Nova and White Rose.
- Brent crude prices are projected to average US\$63.70 per barrel on a calendar year basis (US\$63.00 per barrel for fiscal year 2018/19).
- Employment is expected to average 221,900, down 1.0% from 2017.
- The unemployment rate is expected to remain unchanged (averaging 14.8%) as the decrease in employment is offset by a similar decline in the labour force.
- Household income is expected to increase by a modest 0.7%.
- Retail sales are expected to total \$9.3 billion, up 0.7% from the previous year.
- Consumer prices are expected to increase by 2.0%.
- The province's population is projected to decline by 0.6% to 525,900.
- Development and construction of the West White Rose project will continue with fabrication activities taking place throughout the province.
- Several Calls for Bids are expected. Two Calls for Bids (Jeanne d'Arc and Eastern Newfoundland) will open in March 2018 and close in November 2018. Two other Calls for Bids (South Eastern Newfoundland and Labrador South) are expected to open in August 2018 and close in November 2019.
- The value of mineral shipments is expected to decline as iron ore production increases are offset by lower average iron ore prices.
- Iron ore production is expected from Tacora and IOC's Wabush 3 open pit mine, and fluorspar production is expected at CFI's mine.
- Ramp-up of Vale's nickel processing plant at Long Harbour will continue as the company moves toward nameplate capacity.
- Mineral exploration expenditures are expected to increase to about \$38 million.
- The value of provincial manufacturing shipments is expected to increase because of higher production at Vale Newfoundland and Labrador's nickel processing facility.
- Newsprint shipments are expected to be around 245,000 tonnes, down slightly from 2017, but consistent with steady-state production levels. Like many Canadian producers, Corner Brook Pulp and Paper will be subject to the imposition of U.S. newsprint duties.
- Newsprint prices are expected to average US\$603/tonne, up from US\$575/tonne in 2017.
- Lumber production is anticipated to increase to approximately 87 million board feet.
- Farm cash receipts are expected to grow across all sectors.

- The increase in Crown land available for agricultural development bodes well for the agriculture industry.
- The fishing and aquaculture industries are expected to be positively impacted by strong global demand for fish and seafood products.
- Fish landings will be similar to 2017. Declines in shellfish landings may be offset by a rise in groundfish and pelagic landings.
- Aquaculture volume and value are expected to increase, largely reflecting higher salmonid production.
- Housing starts are forecast to decrease by 10.1% to 1,259.
- The Canadian Real Estate Association forecasts sales in the province to rise 0.1% and the average resale price to fall 2.7%.
- The continued strength in the Canadian and United States economies bodes well for non-resident travel to the province.
- Cruise activity is expected to be solid, with 98 port calls tentatively booked (as of March) for 20 ports in the 2018 cruise season.
- Work will continue on expansion and improvements at St. John's International Airport. The first of a two-phase expansion for the terminal building will be completed mid-2018, followed by the commencement of the second phase.
- Work will continue to advance the Province's five-year, nearly \$3 billion infrastructure plan for new and existing public infrastructure. Approximately \$619.7 million is expected to be spent during fiscal 2018/19.
- Work will continue to advance the Muskrat Falls Project. Following the completion of the transmission assets in mid-2018, power from Churchill Falls will be delivered to the island.
- About \$21 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 59)
- Long-term exploration programs submitted by Statoil, Husky, ExxonMobil, Nexen Energy and BP Canada for areas in the Jeanne d'Arc, Flemish Pass and Orphan Basins bode well for the future of the oil industry in the province.
- The Provincial Government will continue to progress initiatives outlined in *The Way Forward* to support private sector employment and economic growth.



Peace Arch British Columbia/Washington
Courtesy: www.bellingham.org

Global Economic Environment

Global

According to the International Monetary Fund (IMF), world GDP grew by 3.7% in 2017, up from 3.2% recorded in 2016 and higher than expected at the beginning of 2017. This stands in contrast to recent years, where year end estimates were routinely below earlier projections.

In recent years, consumption has been the main driver of growth in developed countries. However, in 2017 gains in business investment also contributed significantly to economic growth. Growth in advanced economies rebounded last year with greater than 2.0% growth occurring in most major economies, including the United States and the European Union. Recent growth in the euro area has been stronger than in preceding years and is increasingly broad-based across member countries.

Economic growth in China, the largest developing country, has stabilized. Industrial production

remains strong, reflecting the rebound in global demand. Domestic demand continues to be supported through credit growth. Consequently, the government will be challenged to maintain the current growth rate while managing financial risks created by the mounting debt. As for other developing economies, commodity exporters that were previously hard hit by the sharp decline in the price of several industrial commodities are now recovering. The largest two, Brazil and Russia, both recorded real GDP growth in 2017, the first time in three years.

For several advanced economies, inflation remains subdued despite a decrease in unemployment. Despite this, many central banks have begun reining in loose monetary policies left over from the 2008/09 recession. The European Central Bank is expected to exit its asset purchase program in 2018. The Federal Reserve in the United States has been gradually raising its target rate since

Real GDP Growth (%)

	2016	2017	2018f	2019f
World	3.2	3.7	3.9	3.9
Brazil	-3.5	1.1	1.9	2.1
India	7.1	6.7	7.4	7.8
Russia	-0.2	1.8	1.7	1.5
China	6.7	6.8	6.6	6.4
Canada	1.4	3.0	2.2	1.7
United States	1.5	2.3	2.8	2.5
Japan	0.9	1.8	1.2	0.9
Australia	2.5	2.2	2.9	3.0
European Union	2.0	2.3	2.1	1.8
United Kingdom	1.9	1.7	1.5	1.5
Euro Area	1.8	2.4	2.2	2.0
Ireland	5.1	4.1	3.4	3.0
Germany	1.9	2.5	2.3	2.0
France	1.2	1.8	1.9	1.9
Italy	0.9	1.6	1.4	1.1
Spain	3.3	3.1	2.4	2.1
Portugal	1.4	2.5	2.0	1.7
Greece	0.0	1.8	2.6	1.9

f: forecast

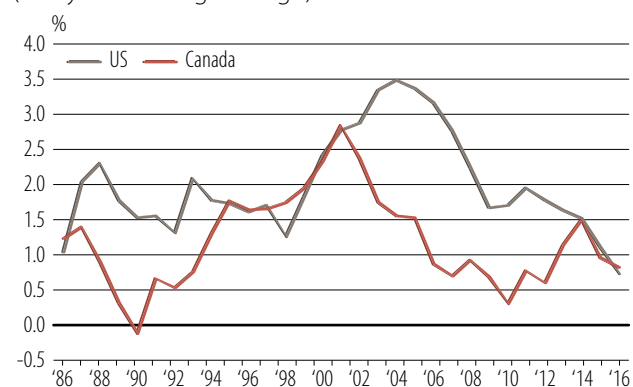
Source: Various, available upon request

December 2015, while the Bank of Canada initiated this process in 2017. This tightening of monetary policies is in response to growing concerns that stronger momentum in global growth will result in higher inflation.

With labour markets approaching full employment in several advanced economies, further growth will become increasingly reliant on productivity gains, which have remained elusive since the last recession (see chart). Commodity markets remain a source of downside risks. Should the recent improvement in commodity prices wane, this would strain several commodity-exporting countries already in the process of adapting to lower prices. The IMF projects real GDP growth of 3.9% for the world in 2018, 2.3% for advanced economies and 4.9% for emerging market and

Labour Productivity Growth

(five year moving average)



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

developing economies. The global projection for 2019 is also 3.9% (see table).

United States

U.S. economic growth has been steady, but moderate in recent years. Real GDP increased by 2.3% in 2017, slightly above the 2.1% average rate observed since 2010.

Real consumer spending increased by 2.7% in 2017, on par with the growth rate from the previous year. The consumption of durable goods was up 6.7%. This pace for durable goods may not be sustainable as it appears that car sales have reached a plateau after sustained growth since the last recession. Other aspects of consumer spending also grew last year with nondurables up 2.4% and services up 2.2%. Consumer spending accounts for about two-thirds of U.S. economic activity.

In 2017, real private non-residential investment increased by 4.7%, following a decline of 0.6% in the previous year. Investment in equipment steadily increased throughout the year while investment in structures slipped in the third quarter, possibly due to disruptions caused by hurricanes in August and September.

Residential investment did not fare as well as non-residential investment, but nonetheless

exhibited modest growth. For 2017, housing starts increased by 2.5%, the lowest annual growth rate since 2010. Residential growth appears to be restrained by rising home prices which, in turn, reflect higher material prices (notably lumber); shortages in buildable lots and skilled labour; and lower house inventories.

The unemployment rate remained at a 17-year low of 4.1% in February 2018 (seasonally adjusted) for the fifth straight month. Monthly employment (seasonally adjusted nonfarm payrolls) reached 148,177,000 in February 2018, a historical record following an uninterrupted upward trend for several years. In spite of the low unemployment rate, evidence of heightened upward pressures on wages remains limited.

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. The last rate increase occurred in December 2017. Additional rate increases are expected in 2018.

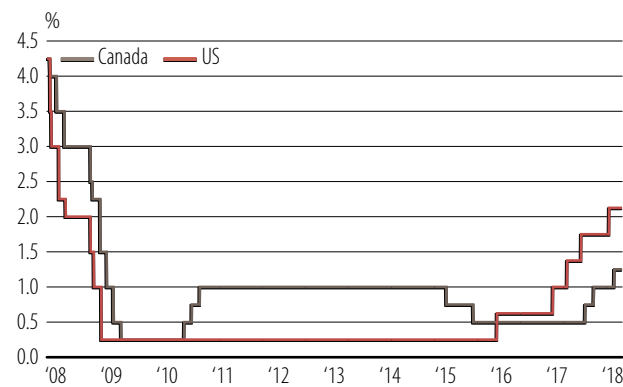
While monetary policy in the United States is tightening, fiscal policy is currently expansionary. An overhaul of the tax code was adopted in January 2018 and features a notable cut in the corporate tax rate from 35% to 21%, along with changes to income tax rates. Furthermore, a comprehensive infrastructure plan was presented by the White House in February 2018 but has not yet been approved by the House or Senate.

According to the latest survey of forecasters compiled by the Federal Reserve Bank of Philadelphia, real GDP growth in the U.S. is expected to be 2.8% in 2018 and 2.5% in 2019.

Canada

Canadian real GDP increased by 3.0% in 2017, ahead of most advanced economies and significantly higher than 1.4% in 2016. Capacity utilization

Central Bank Rates



Source: Bank of Canada; U.S. Federal Reserve

rates increased to the highest levels since 2007 for the industrial aggregate and for the mining and oil and gas industry. The favourable economic climate helped investment increase by 2.8% for the year, compared to a decline of 3.0% in 2016 and higher than earlier investment intentions, which suggested growth would be a mere 0.8%.

Consumption continued to fare well, with retail sales up 6.7% in 2017. All major spending categories posted increases. 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, seeding doubt on whether the current pace of consumer spending growth can be sustained in the near future. In order to offset this potential drag on overall economic growth, additional gains in investments and productivity will be required.

As the Canadian economic outlook improved, the Bank of Canada initiated a tightening of its monetary policy by raising its target for the overnight rate twice—in July and September of 2017. An additional rate increase was announced in January 2018, bringing the rate to 1.25% from 0.50% prior to July 2017 (see chart). Subsequently, the Canadian dollar appreciated from an average of US\$0.75 in June 2017 to US\$0.79 in February 2018.

National employment increased by 1.9% in 2017 with growth in most provinces. Of those gains, more than three quarters were in full-time jobs. The unemployment rate averaged 6.3% in 2017, down from 7.0% in 2016. The annual unemployment rate for the country is now near the 42-year-low of 6.0%.

Several trade issues loom between Canada and the United States. The three partners of the North American Free Trade Agreement (NAFTA) are undertaking rounds of negotiations to revisit several terms of the agreement at the request of the Trump Administration. The initial timetable called for negotiations to be completed by December 2017, which has since been modified. Some of the contentious issues involve the arbitration process, local content requirements in automobiles, supply management in agricultural commodities in Canada, and labour rights and low manufacturing wages in Mexico. In addition to this, the U.S. has implemented tariffs over the past year on various commodities including softwood lumber and newsprint (see *Forestry*). In March 2018, an announcement was also made concerning plans for new tariffs on steel and aluminium. A subsequent announcement specified that those tariffs will not apply to Canada and Mexico, for the time being.

Economic growth in 2018 is expected to be broad-based across the country (see table). The latest average of forecasts by banks and the Conference Board of Canada expects real GDP growth in Canada to average 2.2% in 2018. All provinces are expecting growth this year, although growth will be more modest in the Atlantic provinces.

Real GDP & Employment Growth

2017 and 2018 by Province

	2017		2018f	
	GDPe	Employment	GDP	Employment
NL	-1.8	-3.6	1.0	-0.9
PE	2.1	2.8	1.7	0.8
NS	1.3	0.6	1.1	0.3
NB	1.5	0.3	1.0	0.2
QC	2.9	2.1	2.1	1.3
ON	2.9	1.7	2.2	1.4
MB	2.4	1.6	2.0	0.8
SK	1.8	-0.1	2.0	0.4
AB	4.4	1.0	2.6	1.4
BC	3.2	3.7	2.6	1.4
CA	3.0	1.8	2.2	1.2

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



*St. John's
Courtesy: Newfoundland & Labrador Tourism*

Provincial Overview

The provincial economy continued to adjust in 2017, with major projects transitioning from development to production phases. While significant levels of development activity continued on the Muskrat Falls project, the Hebron oil project moved from construction to production during the year, resulting in lower levels of investment and employment. As a result, overall economic activity declined. Real final domestic demand declined by 9.3%, while real GDP decreased by 3.4%. There was solid growth in exports but not enough to offset the impact of lower investment (see table).

Nonetheless, there were encouraging developments throughout the economy in 2017. In the oil and gas sector, 2017 marked the 20th full year of oil production in the province, and first oil for Hebron—the fourth stand-alone oil project. Additionally, Husky Energy and partners announced that they were proceeding with the development of a \$3.2 billion expansion of the White Rose project

(West White Rose). In the mining sector, Tacora Resources purchased the Wabush Mines' assets with a plan to restart operations this year. Moreover, 2017 marked the first full-year of production for the Long Harbour nickel processing plant, contributing significantly to the manufacturing sector in the province. In terms of tourism, new initiatives and the addition of infrastructure throughout the province helped this sector continue to flourish.

Exports of goods and services increased by 1.6% (in real terms) last year due primarily to an increase in exports of crude oil and refined petroleum. Crude oil production increased by 5.0% as a result of higher output from Hibernia and White Rose as well as the addition of production from Hebron. Higher refined petroleum exports stemmed from a 13% increase in capacity at the Come By Chance refinery. Iron ore exports also increased as the Iron Ore Company of Canada reaped the benefits from a recent expansion.

Provincial Economic Indicators

	2016	2017e	2018f	2019f	2020f	2021f	2022f
GDP at Market Prices (\$M)	31,112	32,429	32,850	33,454	33,864	35,060	36,110
% Change	2.6	4.2	1.3	1.8	1.2	3.5	3.0
% Change, real	1.9	-3.4	-0.8	1.1	-0.3	1.0	0.3
Final Domestic Demand ¹ (\$M)	38,901	35,631	35,110	34,220	34,145	34,218	34,114
% Change	6.5	-8.4	-1.5	-2.5	-0.2	0.2	-0.3
% Change, real	3.6	-9.3	-2.9	-4.2	-2.0	-1.8	-2.1
Household Income (\$M)	25,883	26,368	26,540	26,645	26,996	27,579	28,149
% Change	2.3	1.9	0.7	0.4	1.3	2.2	2.1
% Change, real	-0.4	-0.5	-1.3	-1.7	-0.8	-0.5	0.1
Household Disposable Income (\$M)	17,267	17,586	17,712	17,801	18,048	18,444	18,829
% Change	1.5	1.8	0.7	0.5	1.4	2.2	2.1
% Change, real	-1.2	-0.6	-1.3	-1.6	-0.7	-0.4	0.1
Retail Sales (\$M)	8,988	9,244	9,310	9,259	9,284	9,379	9,511
% Change	0.2	2.8	0.7	-0.5	0.3	1.0	1.4
% Change, real	-2.0	1.6	-0.5	-1.9	-1.1	-0.4	0.1
Consumer Price Index (2002=100)	132.5	135.7	138.4	141.4	144.4	148.2	151.1
% Change	2.7	2.4	2.0	2.2	2.1	2.6	2.0
Capital Investment (\$M)	14,200	10,699	9,703	8,872	8,735	8,458	8,052
% Change	15.2	-24.7	-9.3	-8.6	-1.5	-3.2	-4.8
% Change, real	9.6	-25.4	-10.8	-10.4	-3.6	-5.1	-6.6
Housing Starts (Units)	1,398	1,400	1,259	1,159	1,199	1,262	1,303
% Change	-17.6	0.1	-10.1	-8.0	3.5	5.2	3.3
Employment (000s)	232.6	224.1	221.9	218.0	215.8	215.4	214.8
% Change	-1.5	-3.7	-1.0	-1.8	-1.0	-0.2	-0.3
Labour Force (000s)	268.7	262.9	260.6	257.9	255.7	254.2	252.9
% Change	-0.8	-2.2	-0.9	-1.1	-0.8	-0.6	-0.5
Unemployment Rate (%)	13.4	14.8	14.8	15.4	15.6	15.3	15.1
Participation Rate (%)	60.5	59.0	57.8	57.4	57.1	57.0	57.0
Population (000s)	530.3	528.8	525.9	523.4	521.1	518.1	514.9
% Change	0.3	-0.3	-0.6	-0.5	-0.4	-0.6	-0.6

¹ 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, March 2018

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

Source: Statistics Canada; Department of Finance

Capital investment in the province totalled \$10.7 billion in 2017, a decline of 24.7% from 2016. The main reason for the decline was lower spending on the Hebron oil project as it concluded its development phase. Spending on the Muskrat Falls development was similar to 2016 levels. Total residential spending (including renovations) declined by 6.3% to approximately \$1.2 billion in 2017. Housing starts in the province totalled 1,400 units, on par with 2016.

Consumer spending growth was moderate last year. The value of retail sales increased by 2.8%

(1.6% in real terms). Sales from motor vehicle and parts dealers (largely comprised of new and used vehicle sales) were the single largest contributor to growth in retail sales in 2017, increasing by 9.3%. There were 33,252 new motor vehicles sold in 2017, a decline of 1.3% compared to 2016. However, the value of sales increased by 2.2% for the year. A higher value of sales at gasoline stations, driven largely by higher prices, also contributed to growth in retail sales. Expenditures on services also posted growth last year. Receipts of food services and drinking places (i.e. restaurants and bars) increased by 2.2% in 2017 compared to 2016.

Inflation

Growth in the Consumer Price Index (CPI), or inflation, averaged 2.4% in 2017. Higher gasoline and fuel oil prices relative to 2016 exerted upward pressure on the CPI. Gasoline prices increased by 9.2% for the year due to higher crude oil prices.

This was despite a reduction in the temporary gas tax of 8.5¢/litre on June 1 and 4.0¢/litre on December 1. Lower food prices moderated the increase in the total CPI.

Interprovincial Employment

People travel from their home province or territory to work temporarily in other jurisdictions every year. Between 5,000 and 6,000 people come to Newfoundland and Labrador each year from other parts of Canada for work. Travelling to other jurisdictions for work has been a practice in this province for many years. This “interprovincial employment” can be a significant source of income for the home province.

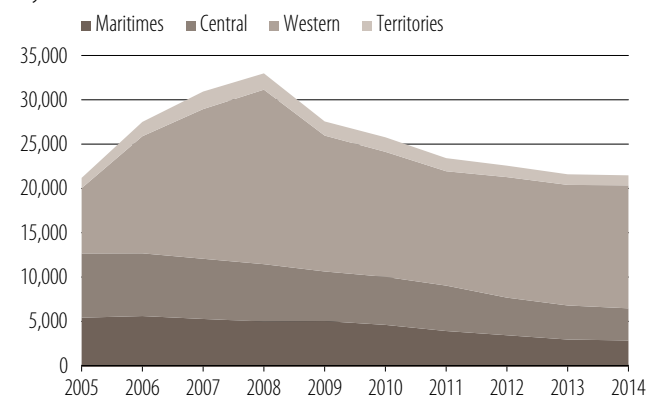
In 2014, approximately 20,800 residents of Newfoundland and Labrador were employed in other parts of the country, representing about 8% of all wage-earning residents of the province.¹ The number of interprovincial employees each year varies depending on economic conditions in other parts of the country and those at home. For example, the recent peak in interprovincial employees (31,100) occurred in 2008, a time of high world oil prices and considerable economic expansion in western Canada (see chart). Job prospects weakened with the global economic recession in 2008/09 and, subsequently, the number of Newfoundland and Labrador residents working in other parts of the country declined. From 2010 to 2014, strong levels of investment and employment associated with major project developments in Newfoundland and Labrador may have provided greater opportunity for residents to work at home. This, combined with fewer employment opportunities in western Canada, likely lowered the number of people leaving the province for work during this period.

The majority of workers travelling to other jurisdictions are employed in western Canada. During the 2010 to 2014 period about 59% worked in western Canada, and most of those worked in Alberta.

Men from the province are more likely than women to travel to other jurisdictions for work. In 2014, males accounted for 78% of the interprovincial employees from this province.

Wages and salaries earned through interprovincial employment make up a substantial portion of overall earnings by residents of the province. Over 9% of the wages and salaries earned in 2014 by all Newfoundland and Labrador residents is estimated to have come from interprovincial employment.

NL Residents Working Elsewhere in Canada
by Location of Work



¹ Interprovincial employee estimates come from a matched employer-employee database that links various tax files including T1 records (taxfiler's province of residence) and T4 records (province of employment). Because the data is related to filing for income tax purposes, it is lagged several years. 2014 was the latest data available at the time of writing.

Source: Custom tabulation from the Canadian Employer-Employee Dynamics Database (CEEDD), Statistics Canada; Department of Finance

Labour Markets

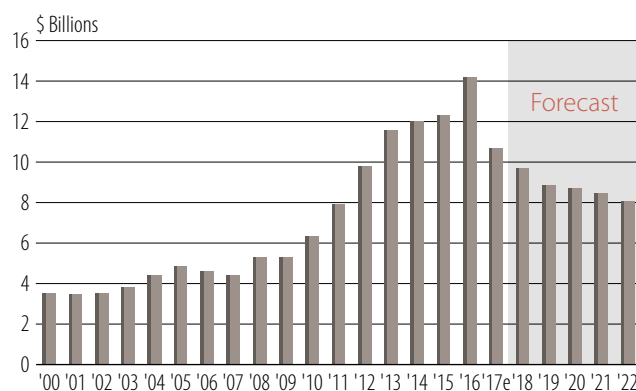
Employment averaged 224,100 in 2017, a decline of 8,500 or 3.7% compared to 2016. Employment losses occurred in both full-time and part-time employment. Full-time jobs fell by 2.0% while part-time employment declined by 12.4%. These declines in employment can be linked to lower construction activity on the Hebron, Muskrat Falls and Long Harbour development projects. Total employment on these three projects dropped from over 15,000 in the second quarter of 2016 to just 6,900 in the fourth quarter of 2017.

The labour force also decreased last year, falling by 2.2% relative to 2016. The decline in the labour force stemmed from a drop in the participation rate (from 60.5% in 2016 to 59.0% in 2017). The decrease in employment was greater than that of the labour force and, as a result, the unemployment rate increased. The unemployment rate averaged 14.8% in 2017, an increase of 1.4 percentage points compared to 2016.

As a result of the decline in employment, the number of Employment Insurance (EI) beneficiaries increased last year. The average number of persons receiving regular EI benefits increased by 6.3% in 2017 compared to 2016. While this reflects fewer employment opportunities locally, it may also be partially due to a decline in jobs available for residents who commute to work outside the province (see Interprovincial Employment box).

While employment declined in 2017, wages have continued to increase, albeit modestly. Average weekly earnings rose by 1.7% in 2017. At approximately \$1,034 per week, wages in Newfoundland and Labrador were the second highest among provinces after Alberta. As a result of higher wages, total compensation of employees increased by 1.2% to \$15.3 billion in 2017. Total household income rose by a greater amount (1.9%) last year as transfer income, such as EI benefits and Old Age Security, posted stronger growth than employee compensation.

Capital Investment



e: estimate

Source: Statistics Canada; Department of Finance

Population

Preliminary estimates indicate that the population of the province stood at 528,817 as of July 1, 2017. This represents a decline of 0.3% compared to July 1, 2016, but remains similar to levels observed in recent years.

The population decrease was the result of losses from both net migration and natural change. Net migration reduced the population by 619 persons—a gain of 1,335 persons from international migration was offset by a loss of 1,954 from interprovincial migration. Additionally, deaths outnumbered births resulting in a natural population decline of 869. Natural population change has been negative for several years, reflecting the aging population and a relatively low fertility rate.

Outlook

In 2018, the largest impact on the economy is expected to come from a decrease in capital investment as Hebron has progressed to the production stage and the Muskrat Falls project is moving closer to completion. While the West White Rose project and the Voisey's Bay underground mine are expected to be developed over the next several years, these projects are smaller in scale and will not offset the declines from completion of Hebron and Muskrat Falls. Capital investment is expected

to fall by 9.3% in 2018 (see chart). The winding down of construction on these projects will result in a decline in employment and income which is expected to constrain consumption and housing starts. Overall, employment is expected to fall by 1.0% in 2018 and real GDP is forecast to decrease by 0.8%.

Labour market indicators are expected to remain weak for several years beyond 2018 as further declines in capital investment impact employment levels. However, higher oil and iron ore production together with new development activity on West White Rose and the Voisey's Bay underground mine are expected to somewhat offset the impact on real GDP beyond 2018.

Despite the challenging outlook in the short to medium term, many positive developments are occurring in the provincial economy. Both the Hebron oil project and the Long Harbour nickel processing plant have been completed and are adding to the long-term productive capacity of the economy. Total oil production is expected to increase annually for the next several years because of production from Hebron, and output from the nickel processing facility will continue to bolster manufacturing shipments. The West White Rose project is currently under development with first oil expected in 2022. In the mining sector, Tacora is expected to begin production at the former Wabush Mines this year and production should begin at the fluorspar mine in St. Lawrence. Furthermore, development of the Voisey's Bay underground mine is expected to resume. There is significant interest in development opportunities in the aquaculture industry, which has the potential to double production and expand the industry into new areas of the province. Moreover, significant capacity enhancements in transportation infrastructure, such as those at St. John's International Airport and the Marine Atlantic ferry, the completion of the St. John's Convention Centre, and the continued addition of new capacity in the

accommodations sector should facilitate growth in the tourism sector.

Long-term, there is significant potential in the provincial economy, particularly in the energy sector. There are substantial oil and gas resources available in offshore Newfoundland and Labrador, as evidenced by two recent resource assessments (one in the Flemish Pass and one in the West Orphan Basin). The resource assessment in the Flemish Pass indicated a resource potential of 12 billion barrels of oil and 113 trillion cubic feet of natural gas, while the one in the West Orphan Basin estimated a resource potential of 25.5 billion barrels of oil and 20.6 trillion cubic feet of gas. Land sales over the last three years show industry's confidence in the offshore potential. In addition, Statoil, Husky, ExxonMobil, Nexen Energy and BP Canada are each proposing long-term exploration programs for the various holdings in Jeanne d'Arc, Flemish Pass and Orphan basins. These programs could result in up to 85 exploration and delineation wells over the next 12 years (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.

The Provincial Government has established several initiatives to support economic diversification and private sector employment growth. These initiatives include: the development of work plans for the agriculture, aquaculture and technology industries to set goals and identify actions required to meet these goals; the development of the *2017-2020 Provincial Tourism Product Development Plan*; and development of *Advance 2030, A Plan for Growth in the Newfoundland and Labrador Oil and Gas Industry* (see *The Way Forward, A Stronger Economic Foundation* on page 17).



Simulator training, Cougar Helicopters
Courtesy: Heath Moffatt Photography

The Way Forward

A Stronger Economic Foundation

In November 2016, the Government of Newfoundland and Labrador released *The Way Forward: A vision for sustainability and growth in Newfoundland and Labrador*. The document outlined the policy decisions the Government of Newfoundland and Labrador will make to realize its vision of a strong and diversified province with a high standard of living. To achieve this vision, Government identified 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 progress this objective.

A Cabinet Committee on Jobs was established in 2017 to foster conditions that support private

sector job creation and economic sustainability through supporting economic growth and entrepreneurship. As part of this committee’s work, three high potential sectors were identified—aquaculture, agriculture and technology. 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.

The work plan for the aquaculture industry 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. This level of production would generate an estimated additional 1,100 person years of employment.

The agriculture industry 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.

The work plan for the technology sector was released in February 2018 and outlined 27 action items to achieve the goal of growing the sector and stimulating new private sector employment. A target of supporting the growth of 40 technology firms over the next two years has been established.

In addition to fostering growth in the aquaculture, agriculture and technology sectors, other economic initiatives include the *2017-2020 Provincial Tourism Product Development Plan*; *Advance 2030, A Plan for Growth in the Newfoundland and Labrador Oil and Gas Industry*; and *The Way Forward: A Multi-Year Plan for Infrastructure Investments*.

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.

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 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.

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.

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



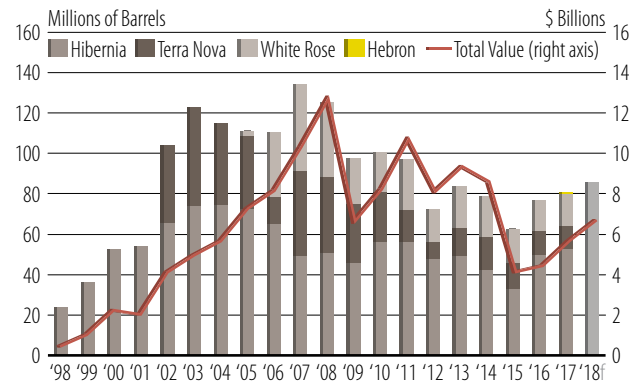
Hebron platform
Courtesy: ExxonMobil

Oil and Gas

Newfoundland and Labrador's oil and gas industry contributed \$4.3 billion to nominal GDP in 2016, accounting for 15.1% of the provincial total. Direct employment in the oil and gas industry was approximately 5,300 person years in 2017 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 5.0% in 2017 to 80.6 million barrels (MMbbls) from 76.7 MMbbls in 2016, as a result of increased extraction from Hibernia and the North Amethyst portion of White Rose, and the commencement of Hebron production in November (see chart). The estimated value of production grew by 27.9% to \$5.7 billion due to both higher production volumes and crude oil prices. The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US\$54.12/barrel in 2017, up 24.0% from an average of US\$43.64/barrel in 2016 (see

Offshore Oil Production



f: forecast

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

chart). As of March 9, 2018, Brent prices stood at US\$65.19/barrel.

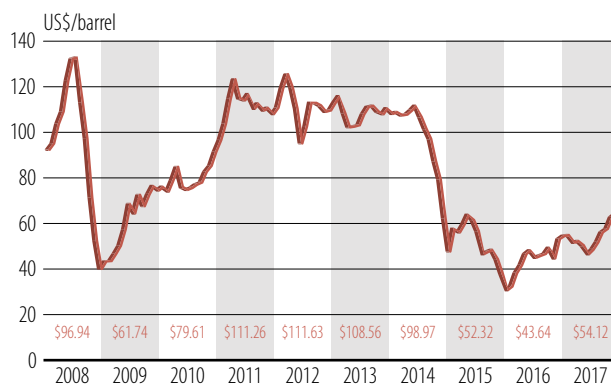
In December 2016, the Provincial Government established an Oil and Gas Industry Development Council in support of positioning Newfoundland and Labrador globally as a preferred location for oil

and gas development. The Council made a commitment to create a long-term vision for the province's oil and gas industry, with a focus on promoting development, competitiveness and sustainability. On February 19, 2018, the Provincial Government released *Advance 2030 – A Plan for Growth in Newfoundland and Labrador's Oil and Gas Industry*. The plan identifies actions to be taken to spur the continued growth and development of the oil and gas industry. 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 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.

Hibernia

Hibernia production totalled 53.0 MMbbls in 2017, an increase of 6.6% or 3.3 MMbbls compared to 2016. 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 589.4 MMbbls of recoverable reserves remaining at the end of 2017 and is expected to continue producing until at least 2040. As of December 31, 2017, there were a total of 1,410 people working on the Hibernia project in the province, of which 1,285 (91.1%) were Newfoundland and Labrador residents.

Brent Crude Oil Prices, Monthly



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

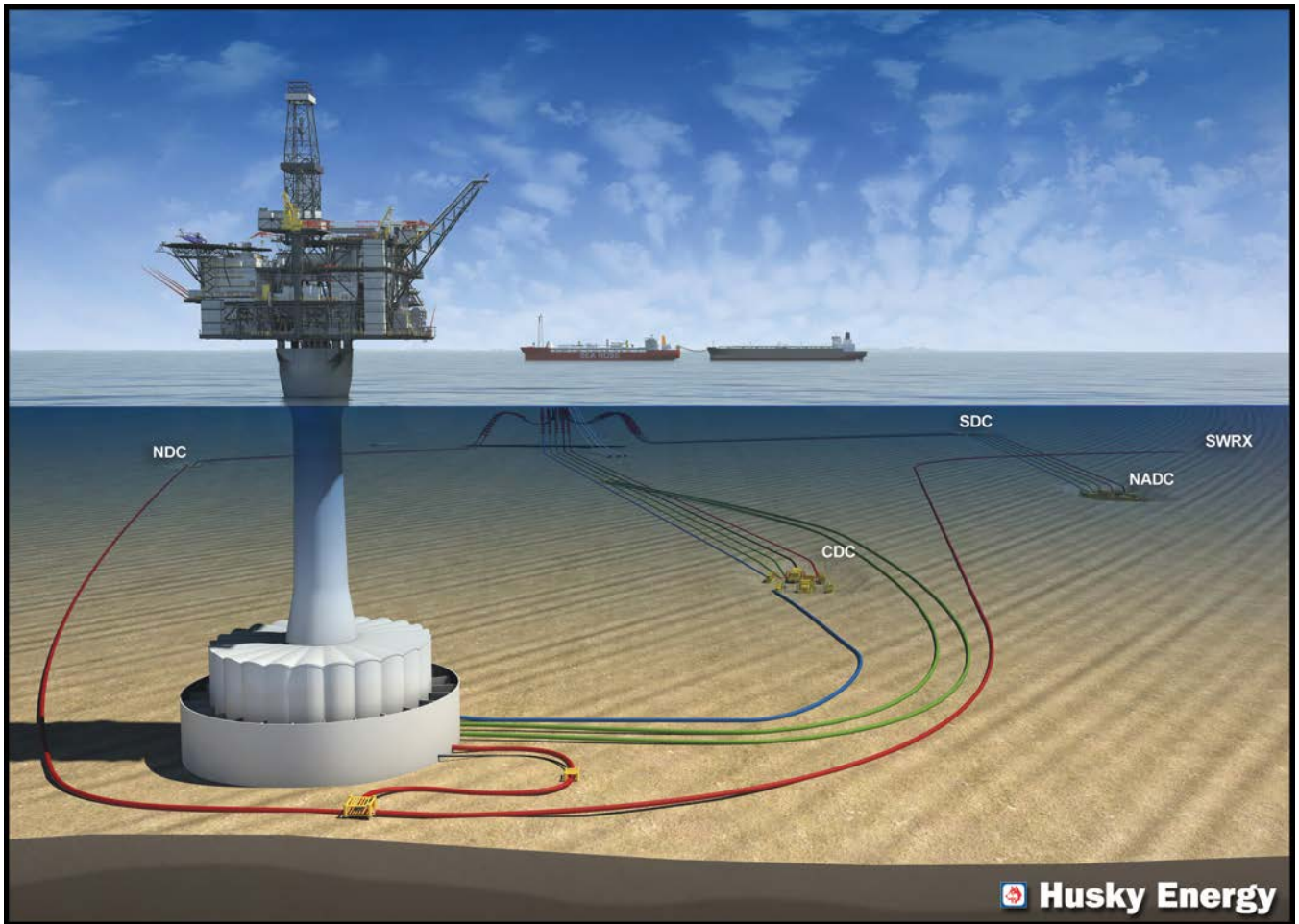
Terra Nova

Terra Nova produced 11.2 MMbbls in 2017, a decrease of 7.4% or 0.9 MMbbls compared to 2016. The decline was mainly a result of a scheduled maintenance shutdown that began in August 2017 and lasted 36 days. As of the end of 2017, the remaining Terra Nova recoverable reserves were estimated at 103.6 MMbbls. There were a total of 1,105 people working on the Terra Nova project in the province as of December 31, 2017, of which 956 (86.5%) 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. 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. The drill rig is being used for both maintenance work and infield drilling operations as part of an evaluation of recoverable reserves.

ExxonMobil Corp. confirmed on February 27, 2018 that it has put up for sale its 19% interest in the Terra Nova project after a review of its portfolio. Exxon-Mobil added that the decision will have no impact on its other assets in Canada and the company will remain a long-term investor in the province.

Field Schematic for West White Rose



NDC = Northern Drill Centre
CDC = Central Drill Centre

SDC = Southern Drill Centre
NADC = North Amethyst Drill Centre

SWRX = South White Rose Extension Drill Centre

White Rose

White Rose and its satellite areas (North Amethyst, South White Rose and West White Rose) produced 15.6 MMbbls in 2017, an increase of 4.5% or 0.7 MMbbls compared to 2016. It is estimated that the recoverable reserves remaining for the entire White Rose project (including North Amethyst and extensions) were 194.0 MMbbls at the end of 2017. As of December 31, 2017, there were a total of 1,414 people working in the province on the White Rose project, of which 1,259 (89.0%) were Newfoundland and Labrador residents.

On May 29, 2017, the Province and Husky Energy announced that Husky was moving forward with 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 will use a fixed drilling platform tied back to the White Rose production facility, the *SeaRose FPSO*. Construction began in late 2017 and the project is estimated to cost \$3.2 billion. The living quarters will be fabricated at Kiewit Offshore Services in Marystown and the concrete gravity structure will be constructed at the new graving dock in Argentina. Other work that will occur in the province include the fabrication of the flare boom, helideck and life boat stations, and the engineering and fabrication of the accommodation module. An estimated 5,000 person years of direct employment will be generated during the construction period. First oil from the platform is

expected in 2022 and, at peak production, the project will produce approximately 75,000 barrels of oil per day. It is estimated that the project will create 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. In the first quarter of 2017, a new oil discovery was made about 11 kilometres northwest of the *SeaRose FPSO*. The discovery continues to be assessed. A potential development could leverage the *SeaRose FPSO*, existing subsea infrastructure and the new West White Rose platform.

Hebron

The Hebron development received official sanction on December 31, 2012, becoming the province's fourth stand-alone offshore oil project. The development utilizes a gravity based structure (GBS) similar to, but on a smaller scale than, Hibernia. The Hebron GBS is designed for an oil production rate of 150,000 barrels per day with a 30-year lifespan, and the total capital cost for the project is more than \$14 billion. GBS construction began in October 2012 in the dry dock at Bull Arm, and four of the six components of the topsides of the GBS were produced at various locations throughout the province, including Bull Arm, Port aux Basques, Marystown and Mount Pearl. Integration of the topsides modules and mating onto the GBS was completed in December 2016, and the platform was towed out and placed on the ocean floor in June 2017. Hook up and commissioning were completed in the fall of 2017 and the project produced first oil on November 27, 2017.

Hebron production totalled 0.8 MMbbls in 2017, and it is estimated that the project had 706.2 MMbbls of recoverable reserves remaining at the end of the year. As of December 31, 2017, there were a total of 1,134 people working on the Hebron project in the province, of which 978 (86.2%) were Newfoundland and Labrador residents.

Exploration

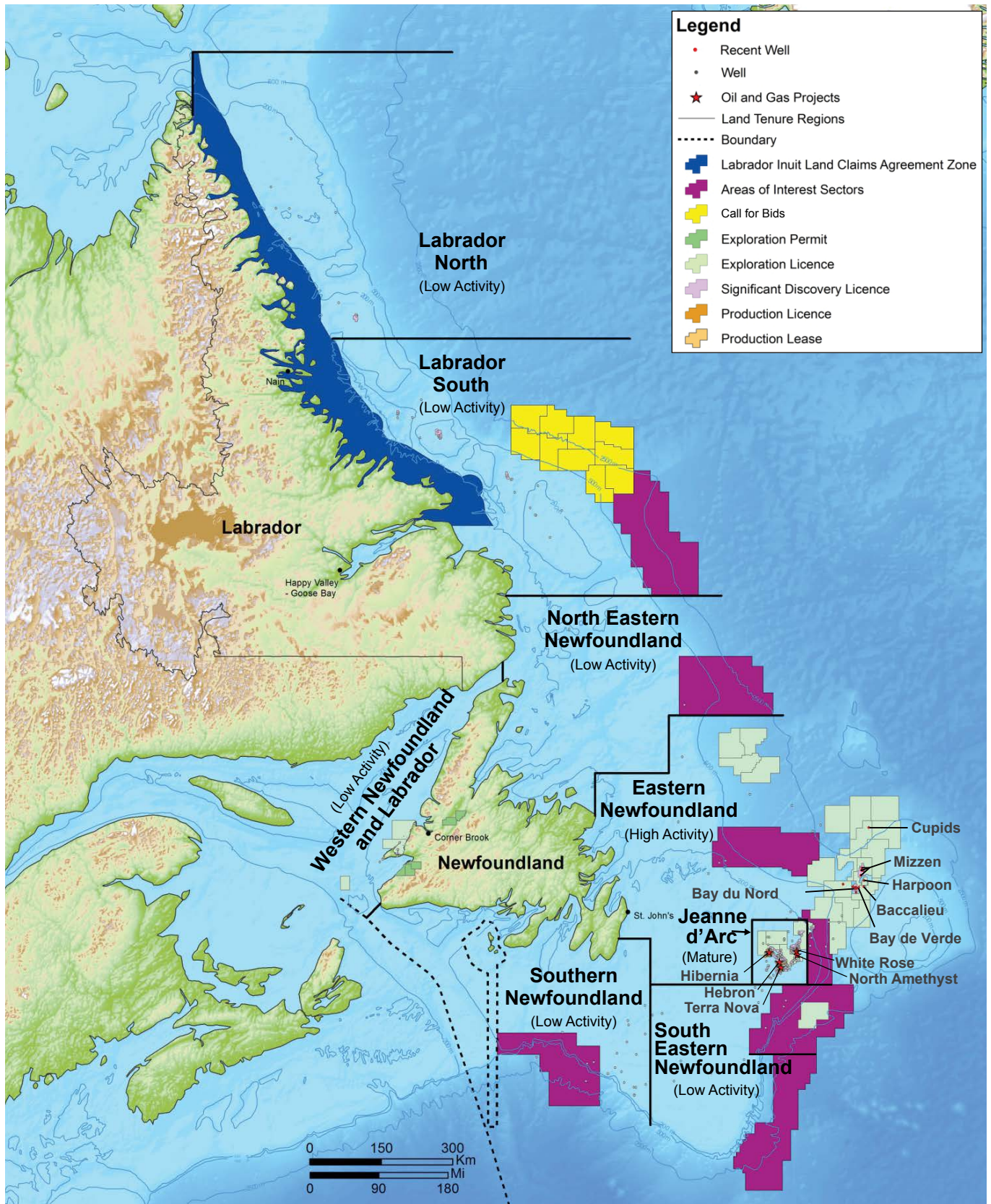
Offshore

There have been several oil discoveries in the deepwater Flemish Pass Basin since 2009, including the Mizzen, Harpoon, Bay du Nord, Bay de Verde and Baccalieu discoveries (see map). Statoil Canada Ltd. drilled two exploration wells in the area of the Bay du Nord discovery in the second quarter of 2017, but there were no additional hydrocarbons discovered. Statoil and Husky Energy submitted an Application for a Significant Discovery Declaration to the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) for the Bay du Nord discovery area and were issued a Significant Discovery Licence effective November 17, 2017. Statoil also continues to evaluate future drilling activities in other areas of the Flemish Pass Basin.

A number of companies have proposed long-term exploration programs for the offshore and submitted project descriptions to the Canadian Environmental Assessment Agency (CEAA). These programs could result in up to 85 exploration and delineation wells over the next 12 years. The programs include:

- August 2016: Statoil proposed an exploration drilling program within six offshore exploration licences located in the Flemish Pass Basin. The project would include the drilling of up to 10 wells from 2018 to 2028.
- September 2016: Husky Oil Operations Ltd. proposed a drilling program within offshore exploration licences in both the Jeanne d'Arc Basin and the Flemish Pass Basin. The project includes the drilling of up to 10 wells from 2018 to 2025.

Newfoundland and Labrador Offshore

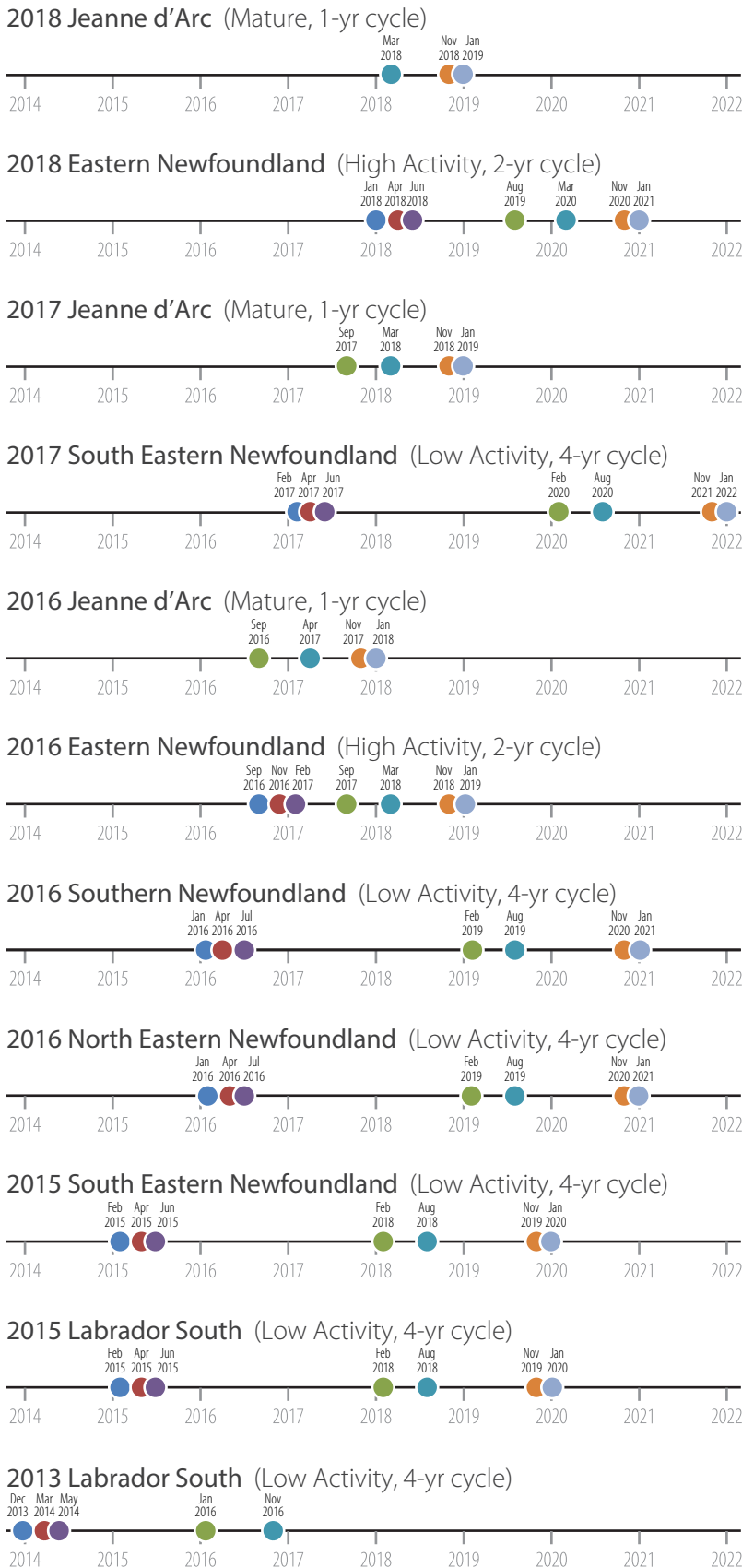


Note: This map is for illustrative and reference purposes only. The C-NLOPB makes no claims and no warranties express or implied concerning the accuracy or validity of the information provided. For legal descriptions of licences, please visit www.cnlopb.ca

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

Active Land Call 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



- September 2016: ExxonMobil Canada Ltd. proposed a drilling program within offshore exploration licences located in both the Jeanne d'Arc Basin and the Flemish Pass Basin. The project would include the drilling of up to 35 wells from 2018 to 2030.
- April 2017: Nexen Energy ULC proposed a drilling program within two offshore exploration licences located in the Flemish Pass Basin. The project includes the drilling of up to 10 wells from 2018 to 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 2018 to 2026, with an initial well proposed to be drilled in 2019 or 2020, pending regulatory approval.

These programs should create significant exploration activity in the Newfoundland and Labrador offshore and bode well for the future of the industry in the province. Current exploration work commitments in the Newfoundland and Labrador offshore total \$2.9 billion.

Onshore and West Coast

Recent developments in oil and gas exploration on the province's west coast include:

- Enegi Oil Plc announced in October 2016 that it had entered into an agreement with PVF Energy Services Inc. to continue work on its production lease at Garden Hill South. These companies are currently performing well intervention activities in an effort to return to production.
- Corridor Resources Inc. was issued an exploration licence from the C-NLOPB on January 15, 2017, in exchange for the surrender of an exploration licence covering the Old Harry prospect in the Gulf of St. Lawrence. Corridor Resources contracted Electromagnetic Geoservices Canada Inc. who acquired a controlled source electromagnetic (CSEM) survey in the area in late 2017 and intends to purchase a user licence for this survey data as it becomes available.
- Shoal Point Energy Ltd. is pursuing a Significant Discovery licence to develop the Humber Arm Allochthon (HAA) without hydraulic fracturing. The company's analysis and research indicates that this would be possible because of the naturally fractured nature of the reservoir.

Offshore Oil Exploration 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. Geoscience acquisition programs in the province were positive in 2017 despite the reduction in global exploration expenditures. For the year as a whole, total data acquired was

17,890 km² of 3D seismic, 21,932 km of 2D seismic, 1,389 line km sampling natural seabed seeps, 100 core samples, 13 heat flow measurements, and 354 line km of CSEM.

Calls for Nominations and Bids

The C-NLOPB issued a Call for Nominations (Areas of Interest - AOI) in the low activity South Eastern Newfoundland Region on February 2, 2017. This assisted the C-NLOPB in selecting a sector for introduction into the region in June of last year. Prospective areas have also been identified in other low activity regions, including the Labrador South, North Eastern Newfoundland and Southern Newfoundland Regions. Sectors for all regions will be later sub-divided into parcels and then subsequently made available for licensing in Calls for Bids over the next three years (see timeline). The Board also announced the Sector Identification for the high activity Eastern Newfoundland Region on February 28, 2017.

Calls for Nominations (Parcels) for the Eastern Newfoundland and Jeanne d'Arc Regions opened in September 2017 and closed on November 15, 2017. These Calls for Nominations will assist the C-NLOPB in selecting parcels to be included in the subsequent 2018 Calls for Bids. A total of 42 parcel nominations were submitted by six nominees over the two regions, and the Eastern Newfoundland Region received 38 of the 42 nominations, the largest number of nominations ever received in a single parcel nomination round. A new cycle for the Eastern Newfoundland Region began on January 31, 2018 when the Board issued Calls for Nominations (Area of Interest) for this region. This will assist the C-NLOPB in selecting a sector for introduction into the region in June 2018.

On April 3, 2017, the C-NLOPB announced Call for Bids for three parcels in the Jeanne d'Arc Region. Bids on these parcels closed on November 8, 2017 and a successful bid was received on one

of the parcels. The successful bidders were Husky Oil Operations Ltd. (50%) and BP Canada Energy Group ULC (50%) with a bid of \$15,098,888. The Board issued an Exploration Licence on January 15, 2018. The parcels that did not receive any bids are expected to be offered again under the 2018 Call for Bids for the Jeanne d'Arc Region. Additionally, there is an active Call for Bids for 10 parcels in the Labrador South Region, issued on November 29, 2016. Bids on these parcels will close 120 days following the completion of the Labrador Strategic Environmental Assessment (SEA) which is currently underway. It is expected that a resource assessment for the Labrador South Region will be released prior to the closing of bids.

2018 Outlook

- Oil production is expected to increase 6.4% to 85.7 MMbbls with higher production at Hebron offsetting declines at Hibernia, Terra Nova and White Rose.
- Suncor has announced a four-week turnaround at the *Terra Nova FPSO* in the third quarter.
- White Rose's *SeaRose FPSO* vessel is scheduled for a three-week turnaround starting in the second quarter.
- Development and construction of the West White Rose project will continue in 2018 with fabrication activities taking place at several sites around the province.
- Brent crude prices (Department of Finance forecast) are expected to average US\$63.70 per barrel on a calendar year basis (US\$63.00 per barrel for fiscal year 2018/19).
- Several Calls for Bids are expected. Two Calls for Bids (Jeanne d'Arc and Eastern Newfoundland) will open in March 2018 and close in November 2018. Two other Calls for Bids (South Eastern Newfoundland and Labrador South) are expected to open in August 2018 and close in November 2019.
- Long-term exploration programs submitted by Statoil, Husky, ExxonMobil, Nexen Energy and BP Canada for areas in the Jeanne d'Arc, Flemish Pass and Orphan Basins bode well for the future of the oil industry in the province.



Iron Ore Company of Canada
Courtesy: Iron Ore Company of Canada

Mining

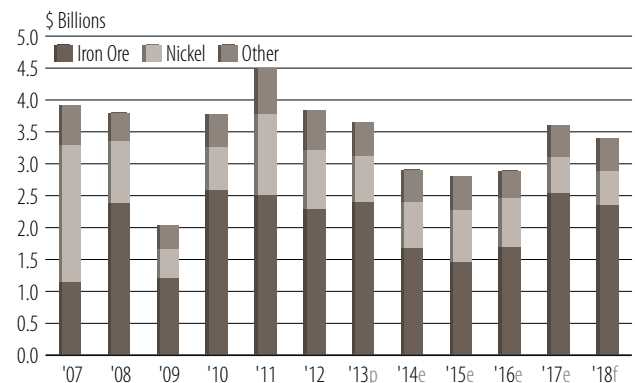
The value of Newfoundland and Labrador mineral shipments totalled an estimated \$3.6 billion in 2017, representing an increase of 24.6% from 2016 (see chart). This increase was due to higher iron ore production and prices which more than offset lower in nickel production. Total mining related employment (including employment associated with construction and operations at Vale’s Long Harbour nickel processing facility) declined by around 17% to average approximately 5,300 person years in 2017. This decline mainly reflects the completion of the construction of the nickel processing facility.

Market Conditions

Market conditions improved for the provincial mining industry in 2017. Iron ore prices fluctuated throughout the year, rising to over US\$90/tonne in February before falling to US\$55/tonne in June. In

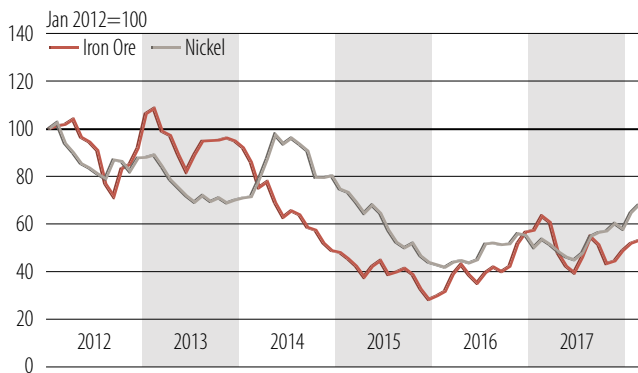
the second half of the year, stronger than expected demand from China caused prices to rise again. For the year, iron ore prices averaged US\$70.57/tonne, up 21.6% from 2016.

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

Nickel prices weakened over the first half of 2017, continuing a downward trend that began late in the previous year (see chart). However, rebounding stainless steel production in China and supply reductions due to the closure of the Ravensthorpe mine in Australia led to substantial price growth in the second half of the year, with prices reaching levels not seen since mid-2015. Overall, nickel prices averaged US\$4.72/lb, up 8.4% from 2016.

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 employs approximately 1,800 people.

Total concentrate production at IOC was 20.2 million tonnes in 2017, a 5% increase over the previous year. Quarterly concentrate production records were set in both the first and third quarters of the year, but challenging weather conditions, site-wide power outages and mechanical issues in the fourth quarter meant that the operation fell short of its 22 million tonne objective for 2017.

On February 23, 2017, IOC announced that it would proceed with the Wabush 3 project. The project consists of an open pit mine containing an estimated 900 million tonnes of iron ore, an overburden storage area, a waste rock disposal pile, haulage roads, a pole line, a groundwater

extraction system and a mine water collection, treatment and disposal system. Construction is underway with mining operations expected to commence in 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. It will also provide a new source of iron ore to extend the life of the operation.

The company is also developing a new open pit, called the Sherwood North, as an extension to its existing operations. This proposed pit will be used by IOC to maintain critical production levels until the new Wabush 3 Pit becomes fully operational.

Tata Steel Minerals Canada

Tata Steel Minerals Canada (TSMC) operates a Direct Shipping Ore (DSO) project, which straddles the Québec-Labrador border. This operation is a joint-venture between Tata Steel, Ressources Québec and New Millennium Iron Corp. TSMC has deposits in both Labrador and Québec. Though overall shipments for the project increased last year, shipments from Newfoundland and Labrador are estimated to have decreased as much of the production was from the Québec side of the operation.

The company is pushing ahead with its plans to develop the Howse deposit through its wholly owned subsidiary Howse Minerals Ltd. This development is located in Labrador adjacent to the DSO operation. The project, conditionally released from provincial environmental assessment, is still undergoing federal environmental assessment with the federal government currently reviewing public comments to finalize the Environmental Assessment Report.

TSMC has continued with the practice of idling operations during the winter to reduce operational costs. In 2017, the mine began operating in late February and closed again in November. The project generated approximately 300 person years of employment in the province in 2017.

Vale

The value of nickel shipped by Vale Newfoundland and Labrador (VNL) declined by 26.9% in 2017 mainly as a result of lower production volumes. Employment for all aspects of the Voisey's Bay project, including mining and Long Harbour nickel processing operations, was about 1,700 person years in 2017. This was significantly lower than the 2016 employment of 3,300 due to the completion of construction at the processing plant.

First nickel production at VNL's nickel processing facility was achieved in 2014 using imported nickel matte. Voisey's Bay concentrate was introduced in late 2014, and as of January 2016 the plant was operating on 100% Voisey's Bay high grade concentrate. Middling grade concentrate from Voisey's Bay was introduced in 2017, and the plant is currently around halfway through its originally estimated two-year ramp up schedule to its nameplate capacity.

In July 2015, Vale sanctioned the development of the Reid Brook and Eastern Deeps underground mine at Voisey's Bay and some minor construction, in preparation for development, began last year. However, the project was subsequently put on hold due to a company-wide review of all Vale base metal operations. Some preliminary construction work has continued at the site, but the results of the review have not yet been released.

The underground mine project would be expected to produce about 50,000 tonnes of nickel-in-concentrate annually that would be processed into finished nickel at the Long Harbour processing plant. Access to the underground ore would increase operational employment at the Voisey's Bay mine from its current level of 500 person years to approximately 900 person years annually and extend the life of the mine to beyond 2030.

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. The company shipped 3,968 tonnes of copper and 3,357 ounces of gold in 2017.

RMM expanded its Ming Mine to include lower grade ore from the Lower Footwall Zone (LFZ) located 100 metres below the Ming Mine in 2017. This expansion has enabled the operation to reach production levels of 1,118 tonnes of ore per day and is expected to result in sustained production of 1,250 tonnes per day towards the end of the first quarter of 2018. The mine currently employs around 190 people.

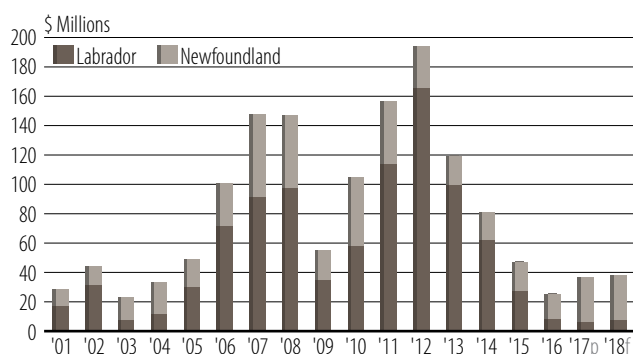
Anaconda Mining Inc. began gold production in 2008 at its Point Rousse project near Baie Verte. The project shipped approximately 17,800 ounces of gold in 2017. Anaconda expects to complete mining in the main pit at Pine Cove in the latter part of the first quarter of 2018, after which the operation will transition into development of the Stog'er Tight Deposit. Anaconda has also continued an aggressive drilling program to further delineate the resource estimates for a number of gold prospects near its Pine Cove mill. The operation currently employs around 100 people.

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 12.0 million metric tonnes of aggregate, sand and gravel valued at \$56.2 million and generated around 540 person years of employment in 2017.

Exploration and Development

Mineral exploration and development activity improved in 2017 relative to 2016. While still low on a historical basis, exploration expenditures rose to \$37 million from \$25 million in 2016. This was

Mineral Exploration Expenditures



p: preliminary; f: forecast
Source: Department of Natural Resources

the first year-over-year increase since 2012 (see chart). The improvement in expenditures reflected renewed interest in gold as well as exploration for copper and zinc.

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, and the Wabush assets were subsequently entered into creditor protection. On February 5, 2018, Tacora filed for an initial public offering (IPO) on the Toronto Stock Exchange. The company estimates that restarting the mine will require \$205.5 million in capital expenditures. Aside from the equity raised from the IPO, Tacora is also planning to raise money through the credit market. Production is expected to begin in the fourth quarter of 2018. Employment is projected to vary over the life of mine with operations personnel ranging from 128 to a peak of 147 and mine maintenance personnel varying from 48 to 67.

Canada Fluorspar Inc. (CFI) is developing an open pit and underground fluorspar mine and mill located in St. Lawrence. Construction of the project is complete and the concentrator has been successfully commissioned. 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 200 person years of employment in 2017.

2018 Outlook

- The value of mineral shipments is expected to decline as production increases at IOC and Tata as well as the commencement of production by Tacora are offset by lower forecasted average iron ore prices for the year.
 - Despite the weak outlook, iron ore prices have continued to rise thus far in 2018 and, as of the end of February, were around US\$75/tonne.
 - Nickel prices have continued to rise thus far in 2018 and, as of the end of February, were around US\$6/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 anticipated to begin in 2018, pending a decision by the company to proceed.
- Tacora is expected to begin iron ore production in the second half of the year.
- First ore from IOC’s Wabush 3 open pit mine is expected.
- Production at CFI’s fluorspar mine is expected to begin.
- Exploration expenditures are expected to increase slightly to about \$38 million.



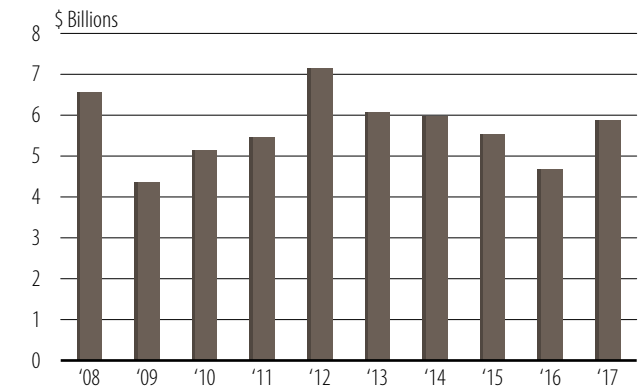
Fabricating mooring bits
Courtesy: Harbour Grace Ocean Enterprises

Manufacturing

Newfoundland and Labrador’s manufacturing industry contributed \$1.1 billion to nominal GDP in 2016, representing 4.0% of total provincial GDP. In 2017, manufacturing employment was approximately 9,100 person years and accounted for 4.1% of total employment in the province. The United States remained the largest export market for Newfoundland and Labrador manufacturers, representing 65.7% of international exports in 2017.

There are many manufacturers in the province producing a wide variety of products, with the majority of manufacturing output concentrated in refined petroleum, food processing (primarily fish), fabricated metal manufacturing, nickel processing and newsprint. The value of manufacturing shipments totalled \$5.9 billion last year, representing an increase of 25.3% compared to 2016 (see chart). This growth was mainly due to an increase in the value of refined petroleum products.

Manufacturing Shipments



Source: Statistics Canada

Employment in the manufacturing industry averaged 9,100 in 2017, down 7.1% from the previous year. Losses in employment were primarily due to decreases in food manufacturing (fish processing in particular). Labour income in the manufacturing industry increased 0.5% in 2017 compared to 2016. Refined petroleum products account for the largest portion of the value of the province’s manufacturing output. The North Atlantic Refinery in Come

by Chance is strategically located along Atlantic crude oil shipping routes. As such, it provides Silverpeak Strategic Partners (the owners of the refinery since November 2014) access to petroleum markets in Europe and the eastern U.S. seaboard. Silverpeak has committed to investing capital and improving operations at the refinery. In particular, it completed a crude unit turnaround program in October 2016 to recertify equipment and increase crude oil throughput capacity by about 13% from 115,000 barrels to 130,000 barrels per day. The value of international petroleum exports from Newfoundland and Labrador totalled \$2.4 billion last year, a significant increase compared to 2016. This increase in value can be attributed to higher year-over-year prices for petroleum products and production gains resulting from the increase in daily throughput capacity. The company directly employs more than 450 people.

Fish processing plays a significant role in Newfoundland and Labrador's manufacturing industry. The value of international seafood product exports totalled approximately \$971 million in 2017, down about 5% from 2016. The United States and China accounted for about 67% of export value for the province's seafood products (see *Fishery and Aquaculture*).

In recent years, fabricated metal manufacturing activity has fluctuated with major project construction activity. In 2017, fabricated metal manufacturing employment averaged 800, up from the average of 500 in 2016. The development of the West White Rose oil project should further boost activity in this sector (see *Oil and Gas*).

Vale Newfoundland and Labrador continued ramping up of operations at its Long Harbour nickel processing facility in 2017. First nickel production at VNL's nickel processing facility was achieved in 2014 using imported nickel matte. Voisey's Bay concentrate was introduced in late 2014, and as of January 2016 the plant was operating on 100% Voisey's Bay high grade concentrate. Middling

grade concentrate from Voisey's Bay was introduced in 2017, and the plant is currently around halfway through its originally estimated two-year ramp up schedule to its nameplate capacity.

Lumber production in Newfoundland and Labrador reached 84 million board feet in 2017, up slightly from 2016. Improved output in recent years reflects investments in capacity, strengthened markets and higher prices. The volume of newsprint shipped from Corner Brook Pulp and Paper Limited grew in 2017, increasing 4.2% compared to the previous year. Furthermore, the estimated value of shipments rose 6.6% on a year-over-year basis due to both higher volume and prices for newsprint (see *Forestry*).

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

- Construction of the Hebron gravity based structure (GBS) at the Bull Arm fabrication site was completed in May 2017 and the platform was towed to the Hebron field in June of last year. The project provided approximately 40 million hours of work in the province.
- On May 29, 2017, the Province and Husky Energy announced that Husky is moving forward with the development of the West White Rose project. The living quarters will be fabricated at Kiewit Offshore Services in Marystown and the concrete gravity structure will be constructed at the new graving dock in Argentia. Construction on the project began in late 2017 (see *Oil and Gas*).
- Kraken Robotics Inc. is a marine technology company based in St. John's that is dedicated to the production and sale of software, sensors and robotic systems for the global Unmanned Maritime Vehicles market. The company has made numerous investments to improve the performance and affordability of the sensors and underwater robotics. Since starting in 2012, the company has grown to over 35 employees. Kraken helped discover a free-flight Avro Arrow

model from the Cold War era on the floor of Lake Ontario in the summer of 2017 using its industry leading Synthetic Aperture Sonar system, AquaPix®. Past missions to locate any lost models from the Avro Arrow program were unsuccessful, making this a historic discovery. The company has been awarded numerous high profile contracts in recent months, which will allow it to continually advance its technology and invest in the company.

- 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 Canopy has committed to building a production facility in the province that will be operational by 2019 and operate for a minimum of 20 years. The facility is expected to cost over \$40 million, produce 12,000 kilograms of cannabis annually and create 145 jobs.
- Marine Industrial Lighting Systems Ltd. (MILS) is a manufacturer and supplier of marine industrial lighting products based in Mount Pearl. The company's clients include government agencies in both Canada and the United States, private ship owners and designers, mining companies and operators of offshore platforms. In September 2017, MILS was awarded a \$1 million contract to supply naval LED fixtures to Canadian Armed Forces Navy patrol frigates. The company is also supplying the majority of lighting for the Canadian Coast Guard's new Offshore Fisheries Science Vessels. In October 2017, MILS reached an agreement with the United States Navy's Military Sealift Command to supply 15,000 new explosion proof LED conversion kits. The value of this contract exceeds \$4 million, with work taking place between the second quarter of 2018 and 2021. MILS currently employs 8

individuals, but expects that number to grow to at least 20 as the company anticipates investing between \$2.5 and \$3 million over the next 24 months to double its current facility size and increase its manufacturing capabilities.

2018 Outlook

- The value of provincial manufacturing shipments is expected to increase due to higher production at Vale Newfoundland and Labrador's nickel processing facility.
- Vale Newfoundland and Labrador will continue to ramp up production at the nickel processing facility in Long Harbour.
- Fish processing production is expected to remain on par with 2017 levels.
- Fabricated metal manufacturing will continue to benefit from increased construction activity on the West White Rose project.
- Provincial newsprint shipments are expected to total around 245,000 tonnes. Like many Canadian producers, Corner Brook Pulp and Paper will be challenged by the imposition of newsprint tariffs by the United States.



Salmon fillet
Courtesy: Department of Fisheries and Land Resources

Fishery and Aquaculture

The seafood sector is a significant driver of economic activity in Newfoundland and Labrador and continues to be an important source of employment, particularly in rural areas. The total value of seafood production remained high in 2017 at around \$1.3 billion.

The seafood sector employed 16,619 people in 2017, down approximately 4% from the previous year. There were 6,780 fish processing plant workers employed in the province, down about 10% from 2016, while the number of registered fish harvesters remained on par at around 9,400. The number of workers employed directly in the aquaculture industry also remained the same as 2016 at 424. Employment in the seafood sector was spread over 400 communities across the province.

The Provincial Government's vision for sustainability and growth for Newfoundland and Labrador, *The Way Forward*, outlines several initiatives in support of the seafood sector, including growth targets for

the aquaculture industry, enhanced industry/government partnerships, and the establishment of an advisory council (discussed later in this section).

Capture Fisheries

Environmental conditions appear to be having a favourable impact on several groundfish stocks, particularly cod and redfish. As a result, increases in groundfish landings are expected to continue in the coming years. However, the warmer water temperatures appear to be having a negative impact on the abundance of some key shellfish resources. Snow crab resources continue to decline around the province. As well, northern shrimp resources are declining off the east coast of the island and off southern Labrador.

Total fish landings decreased to 194,900 tonnes in 2017, representing a decline of about 15% compared to 2016 (see chart and table). Driving this decrease were declines in catches of capelin,

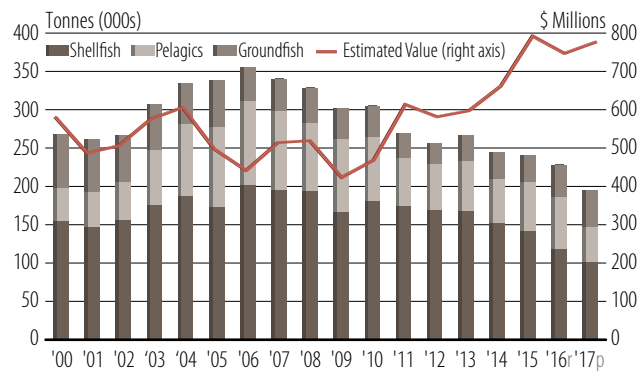
Landings and Landed Value by Species

	2016 Revised		2017 Preliminary		2016/2017 Comparison	
	Volume (tonnes)	Value (\$000s)	Volume (tonnes)	Value (\$000s)	% Volume	% Value
Shellfish						
Shrimp	51,809	233,258	45,768	215,869	-11.7	-7.5
Snow Crab	41,746	274,012	33,584	325,050	-19.6	18.6
Other Shellfish	24,515	93,033	22,570	93,206	-7.9	0.2
Total Shellfish	118,070	600,303	101,922	634,125	-13.7	5.6
Groundfish						
Turbot	10,277	57,086	9,825	55,837	-4.4	-2.2
Cod	16,213	23,370	20,791	28,663	28.2	22.6
Flounders	8,759	12,661	8,122	11,501	-7.3	-9.2
Redfish	3,454	6,796	5,789	9,691	67.6	42.6
Other Groundfish	2,692	19,729	2,780	20,005	3.3	1.4
Total Groundfish	41,395	119,643	47,306	125,697	14.3	5.1
Pelagics						
Capelin	36,683	13,504	21,871	6,749	-40.4	-50.0
Herring	27,342	8,198	21,077	6,319	-22.9	-22.9
Other Pelagics	4,811	3,789	2,708	2,129	-43.7	-43.8
Total Pelagics	68,836	25,491	45,655	15,197	-33.7	-40.4
Harp Seals (Number)	66,504	1,608	80,961	1,958	21.7	21.7
Total	228,301	747,046	194,883	776,977	-14.6	4.0

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

Capture Fishery Landings



r: revised; p: preliminary

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

herring, snow crab and shrimp. Total landed value is estimated to have increased to \$777 million, a rise of 4% from 2016, and the second highest landed value ever reported. This is the result of increased raw material prices for some species, particularly snow crab and lobster.

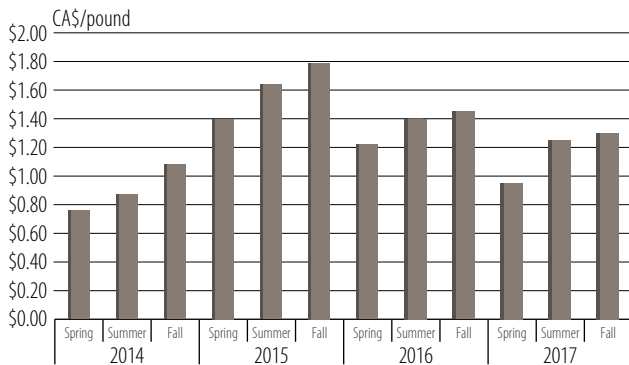
Shellfish

Shellfish continued to account for the majority of fish landings (52%) and landed value (82%) in the commercial fishery in 2017. Shellfish landings declined nearly 14% to 101,900 tonnes due to lower catches of inshore shrimp and snow crab. The corresponding landed value for shellfish, however, increased about 6% to \$634 million mainly due to significantly higher snow crab and lobster prices.

Snow crab landings were approximately 33,600 tonnes in 2017, down almost 20% compared to 2016. This decline was due to total allowable catch (TAC) reductions. The TAC for the Newfoundland and Labrador region in 2017 was 35,419 tonnes, an overall decrease of about 22% from the previous year. The corresponding landed value, however, increased significantly (+18.6%) to over \$325 million because of higher prices. The average raw material price for snow crab increased from \$2.98/pound in 2016 to \$4.39/pound in 2017 due to lower global supply.

Minimum Landed Price Paid to Harvesters

Inshore Shrimp



Source: Fish Food & Allied Workers

Shrimp landings declined by 12% to 45,800 tonnes in 2017 due to further quota reductions. Following a 42.3% TAC reduction in Shrimp Fishing Area (SFA) 6 in 2016, Fisheries and Oceans Canada further reduced the TAC in SFA 6 by 62.6% last year to 10,400 tonnes. The TAC in SFA 5 was also reduced by 14.1% in 2017 to 22,000 tonnes. The corresponding landed value for shrimp declined by 7.5%, as the minimum landed price paid to harvesters fell last year. Summer and Fall prices declined from \$1.40/pound and \$1.45/pound to \$1.25/pound and \$1.30/pound, respectively (see chart).² Value did not decline as much as volume since the offshore shrimp fleet still holds a significant share of the quota in SFA 4, 5 and 6 (76.2% in SFA 4, 38.0% in SFA 5 and 23.1% in SFA 6), and offshore shrimp prices remained relatively constant last year.

Groundfish

Groundfish continued to account for an increasing share of overall fish landings in the province last year, accounting for 24.3% of total landings compared to 18.1% in 2016 and 14.4% in 2015. Groundfish landings, driven by increased catches of cod and redfish, grew by 14% to 47,300 tonnes. The corresponding landed value increased 5% to approximately \$126 million as prices for most groundfish species declined in 2017.

² There was no Spring shrimp fishery in 2017.

Pelagics

Pelagics accounted for 23% of total fish landings and 2% of total value in 2017. Pelagic landings declined by 34% last year, resulting from lower catches of all main pelagic species: capelin, herring and mackerel. The landed value for pelagics decreased by 40% to about \$15 million as a result of lower landings and a decline in capelin prices.

Aquaculture

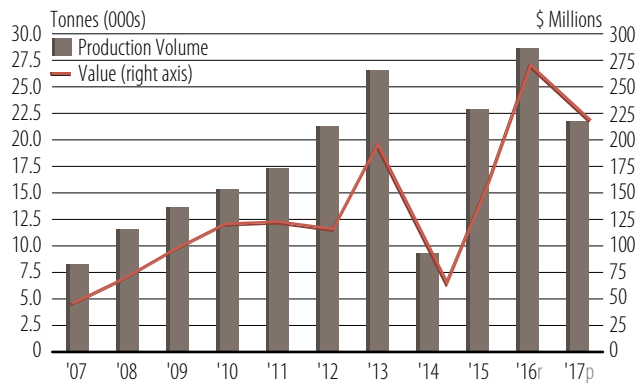
Aquaculture production in the province is comprised of salmonids (Atlantic salmon and steelhead trout) and shellfish (blue mussels). Production volume was approximately 21,700 tonnes in 2017, down 24% from 28,600 tonnes in 2016 (see chart). This decline was largely the result of lower salmonid production. The corresponding market value is estimated to have decreased by 20% to \$221 million, down from \$276 million in the previous year.

Salmonid production decreased by about 26% to 18,800 tonnes last year. Much of the product harvested in 2017 originated from 2015 stock. The decline in production is largely due to lower stocking levels in 2015 (resulting from the superchill event of 2014), but also due to higher harvesting in 2016 as a result of favourable market conditions, and challenges in late Fall 2017 getting product to market due to weather delays. Higher prices partially offset the decline in volume. The value of salmonid production was approximately \$209 million in 2017, a decline of 21% compared to 2016. According to Urner Barry, the average market price for 8-10 pound wholefish Atlantic salmon was \$4.81/pound in 2017, up 5% in comparison to 2016 (\$4.57/pound).

The production volume of shellfish was about 2,900 tonnes in 2017, down 10% from 2016. The corresponding value declined 8% to \$12.5 million. Mussel prices have remained relatively stable over the past 12 months, with fluctuations resulting from changes in exchange rates. The average price in 2017 was \$1.82/pound, down approximately 5% from 2016.

Aquaculture Production Volume and Value

All species



r: revised; p: preliminary

Source: Department of Fisheries and Land Resources

Grieg NL Seafarms Ltd. and Marine Harvest ASA have both expressed significant interest in aquaculture development opportunities in the province. Grieg NL Seafarms has proposed a \$250 million salmon farm in Placentia Bay which includes a \$75 million hatchery in Marystown. The Grieg NL project is undergoing an environmental assessment. Marine Harvest is currently in the process of developing its salmonid operations in the province, including the transfer and development of assets purchased from Gray Aqua and the pending acquisition of Northern Harvest's operations. These activities are expected to increase the province's current aquaculture production and expand the industry into new areas.

In September 2017, the Provincial Government and the Newfoundland Aquaculture Industry Association jointly launched a work plan, *The Way Forward on Aquaculture: Sector Work Plan in Newfoundland and Labrador*, to increase commercial salmon production to 50,000 metric tonnes and commercial mussel production to 10,750 metric tonnes. If achieved, this would create an estimated additional 1,100 person years of employment in the provincial economy. The work plan outlines 28 specific action items to grow the industry.

Processing and Marketing

During 2017, there were 89 licensed processing facilities in the province, down from 92 in 2016. Of these facilities, 69 were primary processing, two were secondary processing, six were aquaculture, and 12 were in-province retail establishments.

The total volume of seafood production decreased by 21% to 115,161 tonnes in 2017, down from 146,575 tonnes in 2016, the result of lower production of pelagics, shellfish and aquaculture products.

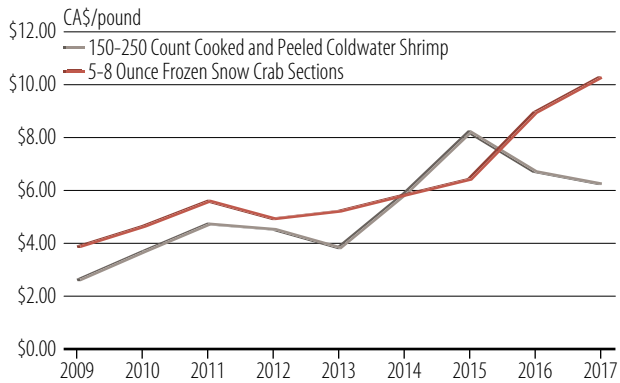
The United States continued to account for the majority of international export value of the province's seafood products in 2017 at 45%. China was second at 22%, followed by Vietnam at 6% and the United Kingdom and Denmark at around 5% each. Newfoundland and Labrador international seafood product exports were valued at approximately \$971 in 2017, down 5% from 2016.

Snow crab producers continued to benefit from the low Canadian dollar in 2017, while market prices continued to rise to unprecedented levels. This run up in market price began in the fall of 2015 and was further supported by a reduction in global supply in 2016, due in large part to a significant quota reduction in Alaska. The average market price for 5-8 ounce sections was 17.2% higher in 2017 compared to 2016 (US\$7.91/pound compared to US\$6.75/pound); in Canadian dollars, market prices increased 14.9% (see chart). Market prices for inshore shrimp continued to trend downward throughout 2017. The price of 150-250 count shrimp averaged \$6.25/pound in 2017, compared to \$6.71/pound in 2016 after reaching a high of \$8.21/pound in 2015 (see chart).

A positive development for the province's seafood sector was the provisional application of the Comprehensive Economic and Trade Agreement (CETA) on September 21, 2017. Upon CETA's provisional application, over 99% of European Union fish and seafood tariff lines relevant to the province are effectively duty-free. This market access provides

Shrimp and Snow Crab

Average U.S. Market Prices



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

opportunities for provincial producers to develop new value-added and branded seafood products for European markets, which may create additional employment opportunities. Furthermore, in December 2017, China implemented temporary tariff cuts on 187 products, including a number of key species for Newfoundland and Labrador such as coldwater shrimp and capelin.

There are a number of initiatives in place intended to help transform and drive innovation in the seafood sector. The Atlantic Fisheries Fund 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. Additionally, a provincial Fisheries Advisory Council (FAC) was established last year. The Province committed to work with the FAC to provide advice to the Minister of Fisheries and Land Resources on fisheries and aquaculture strategic issues.

2018 Outlook

- The Newfoundland and Labrador fishing and aquaculture industries are expected to be positively impacted by strong global demand for fish and seafood products.
- Fish landings will be similar to 2017. Declines in shellfish landings may be offset by a rise in groundfish and pelagic landings.
- Aquaculture production and value are expected to increase. The increase will largely reflect higher salmonid production. Market prices are expected to remain on par with 2017.
- Promising opportunities exist for the province's seafood sector in markets in the European Union and Asia, particularly since recent tariff reductions and eliminations.



Finger-jointing lumber, Sexton Lumber Ltd.
Courtesy: Department of Fisheries and Land Resources

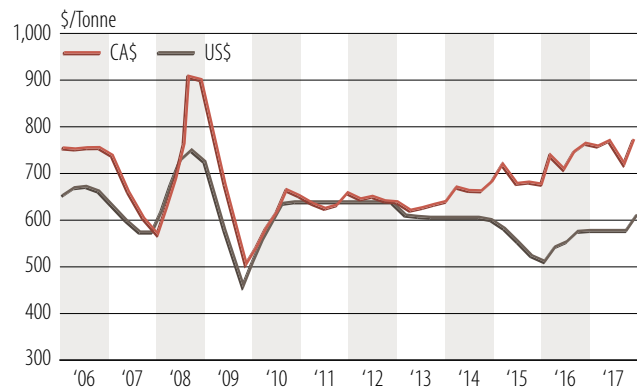
Forestry

Newsprint

Market Conditions

North American newsprint producers continued to struggle with difficult market conditions in 2017. Demand has dropped by two-thirds between 2000 and 2017, reflecting the growing popularity of digital media. Newsprint producers have removed considerable capacity over this timeframe to offset the declining demand, resulting in tighter supply and therefore higher market prices in 2017 (see chart). More recently, the threat and later imposition of countervailing and antidumping duties by the U.S. Department of Commerce on Canadian newsprint contributed to higher market prices, as producers pushed to offset the added cost of duties by increasing prices. Newsprint prices increased by \$30/tonne between November 2017 and January 2018. As additional duties are expected in the near term, further price increases may occur as producers will likely continue to pass

North American Newsprint Prices



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

on the associated cost. For the year as a whole, the price of newsprint averaged US\$575/tonne in 2017, 4.4% higher than 2016. In Canadian dollars, the average price of newsprint increased by 2.2% as a stronger Canadian dollar eroded the gains of producers.

On January 9, 2018, the U.S. Department of Commerce announced preliminary countervailing duties on uncoated groundwood paper (including newsprint) from Canada. These rates vary by producer—between 0.65% and 9.93%. Additionally, on March 13, 2018, the Department announced preliminary antidumping duties on Canadian producers, ranging from 0% to 22.16%. These decisions stem from an investigation launched in August 2017 based on a complaint by North Pacific Paper Company. The U.S. Department of Commerce is scheduled to announce its final determination on the countervailing duties in July or August 2018 and on the antidumping duties in September 2018.

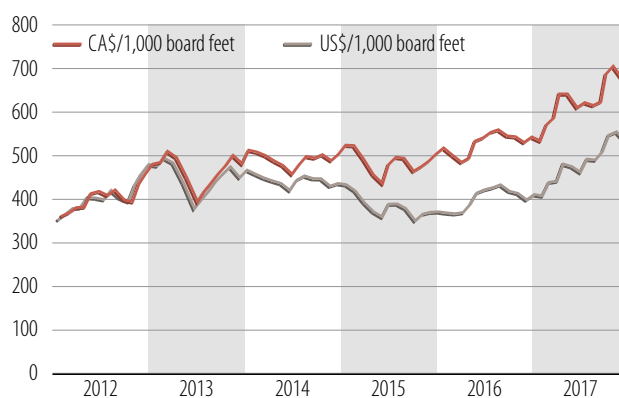
Provincial Industry

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 Industrial. CBPPL employs close to 550 full-time and casual workers among the paper mill, power plants and forest operations.

Provincial newsprint shipments in 2017 totalled 248,210 tonnes, an increase of 4.2%, and the estimated value of shipments increased by 6.6%. The higher value of shipments reflected both higher volume and prices.

CBPPL has engaged in a long-term sustainability plan, facilitated by a 2014 loan agreement with the Provincial Government. Under the terms of the agreement, CBPPL has access to a fully repayable loan of up to \$110 million secured by a mortgage on the company’s power assets and water rights, including the Deer Lake Power Plant and Watson’s Brook Power Plant. The loan is being used by the company for debt restructuring and capital improvements at the Corner Brook facility and the Deer Lake Power Plant. Rebalancing the operation

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

of the mill is important to the Corner Brook region and also has implications for the sawmill industry, which exchanges raw material with the paper mill for mutual benefit.

The mill in Corner Brook will be challenged by the recent preliminary imposition of U.S. Department of Commerce countervailing and anti-dumping duties. CBPP’s exports to the U.S. will be subject to a countervailing duty of 9.93% (announced January 9, 2018) and an antidumping duty of 22.16% (announced March 13, 2018). Newfoundland and Labrador exported \$88 million of newsprint into the U.S. in 2017.

Lumber Production

Lumber prices reached their highest level in over a decade in 2017 due to several factors. Wildfires in British Columbia and the U.S. Pacific North-West, along with other constraints on mill production, reduced supply. On the demand side, a continued recovery in U.S. housing starts and a strong performance in Canadian housing starts supported prices. The imposition of countervailing and anti-dumping duties on Canadian lumber exported to the U.S. since April 2017 also contributed to higher prices as industry passed on higher costs to consumers. The net result was an increase in lumber prices

from US\$407 per thousand board feet in December 2016 to US\$534 in December 2017 (see chart).

Newfoundland and Labrador lumber production was 84 million board feet in 2017, up slightly from 2016. Improved output in recent years reflects capacity improvements, strengthened markets and higher prices.

In terms of new investments, Sexton Lumber Co. Ltd. in Bloomfield, the largest integrated sawmill in the province, expanded its operations in 2016 with the addition of a finger-jointing plant. The installation of this new capacity was completed in November 2016 at a cost of \$2.6 million and commercial production started in the first quarter of 2017. The upgrade allows the company to increase the variety of lumber lengths that it sells in the market and to more fully utilize its raw materials. Sexton is also in the process of installing a third sawing line, which will increase the capacity to saw smaller diameter timber and potentially increase overall production.

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. The previous Softwood Lumber Agreement expired in October 2015 and negotiations and discussions regarding a new agreement had been ongoing since that time. As of April 2017, preliminary duties were imposed on Canadian softwood lumber; however, recent developments were favourable to Atlantic producers. In November 2017, the U.S. Department of Commerce 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. For Newfoundland and Labrador, this permits an

unrestricted flow of softwood lumber into the American market. The province exported roughly \$6 million in lumber to the U.S. in 2017.

Future Developments

The Provincial Government continues to work towards an agreement on the utilization of forest resources in central Newfoundland, which were formerly held by AbitibiBowater until the closure of the Grand Falls-Windsor newsprint mill in 2009. The unallocated wood supply available for development is 280,000m³ per year (representing approximately 12% of the annual allowable wood supply for the island portion of the province).

Outlook 2018

- North American newsprint demand is anticipated to continue its long-standing decline. However, with recent capacity reductions, the market supply is tight and many Canadian producers are expected to be able to pass along the cost of U.S. duties.
- Newsprint prices are expected to average US\$603/tonne, up from an average of US\$575/tonne in 2017. 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, down slightly from 2017, but consistent with steady state production levels. Like many Canadian producers, Corner Brook Pulp and Paper will be subject to the imposition of newsprint duties.
- North American lumber prices are expected to remain at a high level. Prices are forecast to average US\$475 per thousand board feet.
- Provincial lumber production is anticipated to increase to approximately 87 million board feet.



Centre for Agriculture and Forestry Development
Courtesy: Department of Fisheries and Land Resources

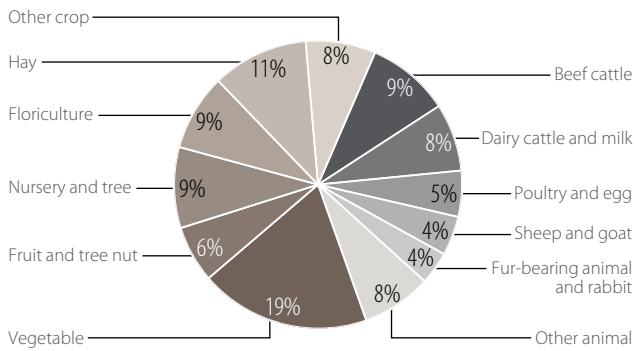
Agriculture

The agriculture industry in Newfoundland and Labrador is diverse, with operations ranging from small organic farms to large dairy and poultry farms. Provincial farms reported receipts of \$105.6 million during the first three quarters of 2017 (latest data available), up 7.3% from the same period in 2016. Total crop production receipts increased by 0.9% to \$12.8 million during the period. Gains were recorded in hay, floriculture and field vegetables. Livestock and livestock products, which account for approximately 85% of total receipts, were up by 5.8% to \$89.2 million in the first nine months of 2017. It is likely that these gains were partially due to higher chicken production value. However, the increase observed in the first nine months is expected to moderate when fourth quarter data are released as chicken production in the latter part of 2017 was adversely impacted by a labour dispute.

Recent agriculture statistics collected by Statistics Canada (Census of Agriculture, 2016) and the Department of Fisheries and Land Resources indicate the following:

- In 2016, there were approximately 500 farms in the province.
- Crop farming accounted for 62% of farms in 2016 and animal production accounted for 38% (see chart).
- Total farm area in the province was 70,747 acres in 2016. Farm area, which is land owned or operated by an agricultural operation, includes cropland, pasture, summerfallow, woodlands and wetlands, and other land (including idle land and land on which farm buildings are located).
- The average farm size increased from 152 acres in 2011 to 174 acres in 2016.

Farms by Type, 2016



Source: Statistics Canada, Census of Agriculture

- Cropland area totalled 19,619 acres. The leading uses of cropland are hay (79.2%); field crops (8.4%); fruits, berries and nuts (4.4%); vegetables (4.1%); and sod and nursery (3.8%).
 - The leading field crops by area in 2016 were corn for silage and spring wheat.
 - The leading vegetables were potatoes, carrots, rutabagas and turnips, and cabbage.
- Newfoundland and Labrador has the highest proportion of farms with direct marketing in Canada, selling at least one agricultural good directly to consumers.
- The number of dairy cows declined by 13.9% from 2011 to 2016, but milk production remained stable, due to improvements in animal nutrition, genetics and production practices.
- Total farm revenue increased by 13.3% from 2010. The province's gross farm receipts totalled \$155.9 million in 2015.
- Most farms in the province were relatively small in terms of revenues. In 2015, only 11.5% of all farms reported revenues of \$500,000 or greater.

Several positive developments in the agriculture industry occurred in 2017. In February, the Department of Fisheries and Land Resources announced increased access to Crown land for the agriculture industry. The department identified 62 areas of interest totalling approximately 64,000 hectares for

agricultural use. To date, 43 of those areas—a total of 44,700 hectares—have been reserved for development. This was followed by the October 2017 launch of *The Way Forward on Agriculture*—an agriculture sector development work plan. This plan was developed through a partnership between the Provincial Government, the Newfoundland and Labrador Federation of Agriculture, and Food First NL to achieve the following goals: foster new and expanding agriculture business activity including secondary processing; increase food self-sufficiency in the province; and generate additional employment opportunities within the industry. To help advance these goals, the Province established a new Centre for Agriculture and Forestry Development in Wooddale.

The Centre for Agriculture and Forestry Development

The Wooddale Provincial Tree Nursery, located 10 kilometres northeast of Grand Falls-Windsor in central Newfoundland, has been redeveloped and enhanced to become the Centre for Agriculture and Forestry Development. The nursery was initially established in the mid-1970s to produce tree seedlings to meet the reforestation needs of the forest sector in central and western Newfoundland. Today, the Centre's purpose has expanded to include fruit and vegetable crop development and research activities that will assist in advancing and diversifying the agriculture sector in Newfoundland and Labrador.

The Centre has a complex of 38 greenhouses with a total square footage of 99,500. Reallocation of some of the greenhouses for the sole purpose of food production will aid in the growth of the agriculture sector through specific programs and through dedicated research and development.

Crop Transplant/Propagation Program

In the near future, a new crop transplant/propagation program will assist farmers wishing to expand and diversify their growing operations. Required capital investment can be a limiting factor during the start-up or expansion of a farm, especially small farms. New entrants to the farming industry or small farm operators often do not have the capacity to start plants indoors in order to lengthen the growing season.

In response to this need, five greenhouses at the Centre will be dedicated to the production of transplants and plant propagation of various fruit and vegetable varieties in demand by the farming community (e.g. yellow onions, kale, asparagus, broccoli, cauliflower and others)—all in an effort to increase food production acres in the province.

The Provincial Seed Potato Program

Portions of the Provincial Seed Potato Program will also be established at the Centre. This program produces nuclear class tubers of commercially grown Newfoundland potato cultivars as well as potential new cultivars for field evaluation. Nuclear tuber production is critical as it provides a source of disease-free seed for the seed potato industry. The evaluation of new seed cultivars previously not used in this province is important to the growth of both the potato sector and the provincial food security and self-sustainability network.

Agricultural Research and Development

With vast amounts of arable land surrounding the facility, agricultural research will expand and transform key production systems through sustainable intensification. Research at this facility will continue on crop varieties, soil health, crop productivity and propagation.

Outlook

- Farm cash receipts are expected to grow across all sectors.
- The increase in Crown land available for agricultural development bodes well for the future of the industry.



Construction on the Sir Robert Bond Bridge
 Courtesy: Department of Transportation and Works

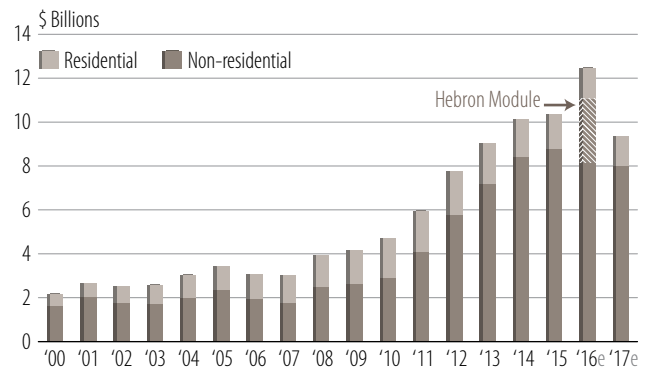
Construction

Newfoundland and Labrador has recorded a remarkable expansion in construction activity over the past 15 years. Real GDP and employment in the construction industry more than doubled, largely driven by high levels of investment associated with natural resource projects such as the Hebron oil development, the Muskrat Falls hydroelectric development and the Long Harbour nickel processing facility. Although activity associated with the Hebron project and the nickel facility were winding down in 2017, there was still considerable construction activity in the province.

Construction Related Investment

Construction related investment spending in the province was estimated to be about \$9.3 billion in 2017, down 25.2% from the previous year (see chart). Decreases were recorded in both residential and non-residential expenditures.

Construction-Related Investment



e: estimate
 Source: Statistics Canada; Department of Finance

Residential investment spending was about \$1.2 billion (see chart), down 6.3% from the previous year. Expenditures on new dwellings declined by 16.6% and more than offset a modest gain of 1.6% in renovation expenditures. The decline in new dwelling investment is consistent with the change in the

composition of housing starts (see *Real Estate*). While the number of housing starts in 2017 was about the same as in the previous year, the number of single detached starts, which have a higher investment value than multiples, declined by 18.3%.

Non-residential investment, which accounts for the vast majority of construction related investment, declined by 27.6% or \$3.1 billion in 2017. This decline was attributable to lower activity on the Hebron project. However, it should be noted that the decline mainly reflected a one-time bump in investment in 2016 caused by the importing of the utilities process module from South Korea for the Hebron project (reported to be about \$2.9 billion), and was not reflective of lower local economic activity. When this one-time transaction is excluded, investment expenditures in 2017 are very similar to the previous year.

There were a number of significant contributors to non-residential construction in 2017, including the Muskrat Falls hydroelectric development. Details concerning this project are contained in a special discussion on the next page.

The construction industry is also benefitting from the five-year, nearly \$3 billion plan for new and existing public infrastructure (e.g. roads, health care facilities, schools, municipal infrastructure), announced by the Province in March 2017. This plan is expected to result in 4,900 person years of employment (direct and spin-off) annually over five years. Some examples of announcements under this plan include:

- Five-year provincial road plan, updated annually—\$77.2 million to be spent in 2018/19;

- New 145-bed long-term care facility in Corner Brook—contract awarded to Corner Brook Care Partnership under a design-build-finance-maintain procurement option. On-site work is underway with the facility set to open in the spring of 2020. Construction activity associated with this project will boost the local economy, creating 380 person years of employment during construction;
- Construction of new 60-bed long-term care facilities in both Gander and Grand Falls-Windsor through a design-build-finance-maintain (DBFM) arrangement with the private sector; and
- Construction of a 20-bed expansion to the protective care unit at the Dr. Hugh Twomey Health Centre in Botwood.

The industry received further good news in May 2017 when Husky Energy confirmed plans to develop West White Rose with a fixed drilling platform (see *Oil and Gas*). Construction began in late 2017 and the project is estimated to cost \$3.2 billion. The living quarters will be fabricated at Kiewit Offshore Services in Marystown and the concrete gravity structure will be constructed at the new graving dock in Argentia. It is expected that 200 to 300 workers will be needed over a period of 18 to 24 months for construction of the living quarters. At peak construction of the concrete gravity structure, approximately 800 workers will be needed; it is estimated that work will take four years to complete. Other work that will occur in the province includes the fabrication of the flare boom, helideck and life boat stations, and the engineering and fabrication of the accommodation module.

Muskrat Falls Project

The Muskrat Falls Project includes construction of 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. The first test exchange of power across the Maritime Link occurred at the end of last year and commissioning was in progress in early 2018.



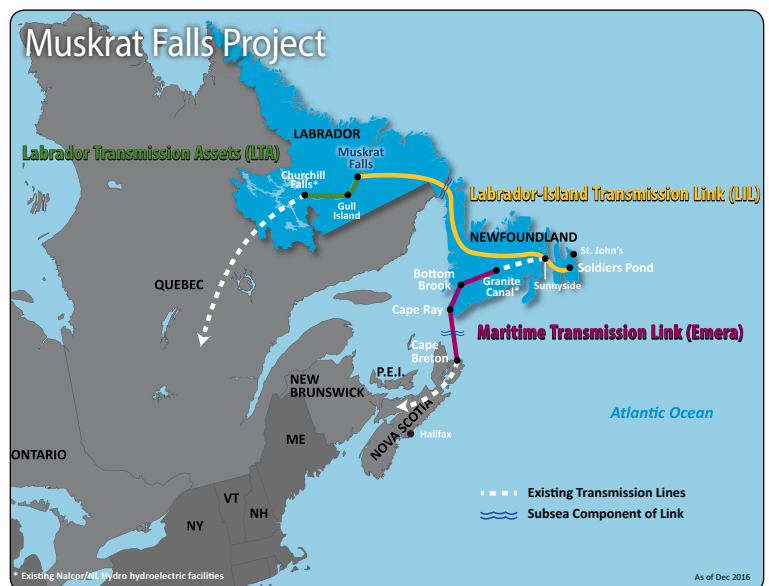
Construction of the Muskrat Falls Project continued throughout 2017 with many milestones reached. The project (excluding the Maritime Link) is well advanced with 89% of overall construction completed at the end of 2017. This compares to 48% completion as of May 2016. Last year more than 8,200 Newfoundlanders and Labradorians from over 480 communities across the province worked on the project. The Newfoundland and Labrador workforce included over 940 women and over 700 workers who identified as Indigenous.

For the generation portion of the project, the spillway is operational; construction of the North Spur dam and South Dam is finished; significant progress is being made on the North dam with 40% completed; the powerhouse and intake structures are substantially completed; and work continues on the installation of the turbines and generators. First power from the generation project is expected by late 2019.

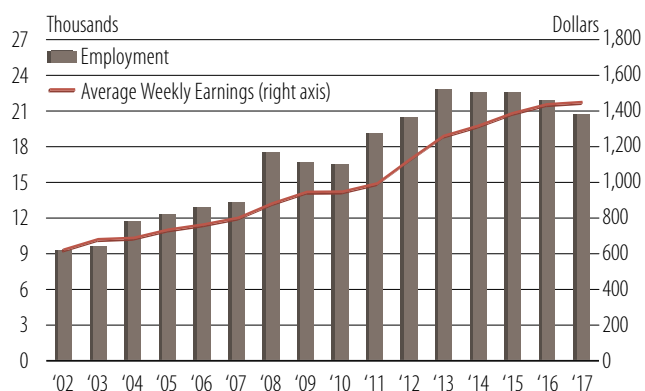
For the transmission project, construction of the transmission lines from Churchill Falls to Soldiers Pond is finished and all major electrical equipment is in place. As construction continued to progress on the switchyards and converter stations, commissioning work began with the energization of completed parts of these sites. Following the completion of the transmission assets in mid-2018, power from Churchill Falls will be delivered to the island.

Nalcor is focused on successfully concluding the Muskrat Falls Project. At the same time the company is continuing to explore and assess opportunities in export markets that could bring value to the province from the sale of surplus energy. The company is taking all reasonable measures to minimize the impact of the Muskrat Falls Project on electricity customers.

Capital cost for the Muskrat Falls Project, excluding the Maritime Link, is estimated at \$10.1 billion with incurred costs of \$8.1 billion at the end of 2017—the total cost (including financing and interest) is projected to be \$12.7 billion.



Construction Employment and Wages



Source: Statistics Canada; Department of Finance

Employment and Wages

Construction employment and wages remained at high levels in 2017 (see chart). Although employment has declined from its peak of almost 23,000 over the 2013 to 2015 period, it averaged 20,700 last year, still historically high. The trend of declining construction employment is similar to that of construction investment, and reflects the winding down of major projects.

The surge in labour demand over the past decade translated into rapid wage growth in the construction industry. Average weekly earnings for those working in the industry remain high despite the recent decline in employment. Average weekly earnings (including overtime) in the construction industry in 2017 were estimated to be about \$1,470, up 0.9% from 2016.

2018 Outlook

- Construction activity is expected to decline due mainly to Hebron’s completion last year and lower activity at the Muskrat Falls project.
- Total construction related capital spending is expected to decrease by 8.4% to \$8.5 billion.
- Capital spending and employment levels associated with major projects are expected to decline with completion of the Hebron project and with Muskrat Falls passing peak activity.
- The industry will continue to benefit from large private sector developments such as West White Rose and the Voisey’s Bay underground mine.
- The Province’s five-year nearly \$3 billion infrastructure plan will be an important contributor to the construction industry. Approximately, \$619.7 million is expected to be spent during the fiscal year 2018/19.
- About \$21 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 59).



Row houses
Courtesy: Department of Finance

Real Estate

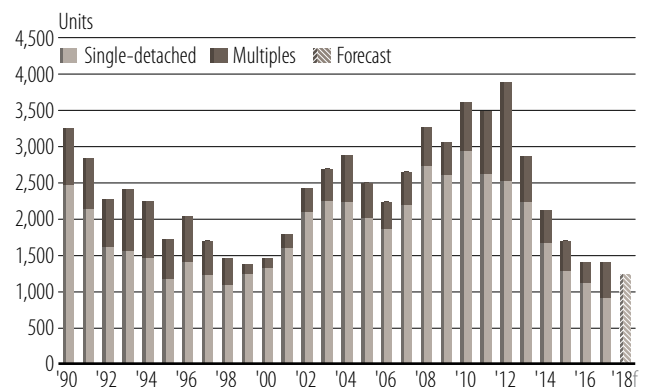
The number of housing starts in the province in 2017 was on par with the previous year. At the same time, the number of residential properties sold and the average sale price continued to decline. In the commercial sector, office vacancy rates were higher, reflecting both an increase in supply and slowing demand.

Housing Starts

There were 1,400 housing starts in the province in 2017, essentially on par with 2016. This performance was better than had been expected at the beginning of the year and was due to an increase in multiple housing.³ Multiple starts increased by 70.7%, from 290 units in 2016 to 495 units in 2017. The rise in multiple starts was primarily due to a substantial increase in the number of row houses, from 48 units in 2016 to 204 units in 2017. Single-detached housing starts, which typically

³ Multiple starts include denser housing types such as row houses, semi-detached homes, apartments and condominiums.

Housing Starts



f: forecast
Source: Statistics Canada; Department of Finance

account for the vast majority of total starts in the province, fell to 905 units in 2017, a decrease of 18.3% compared to 2016 (see chart). The decline in single-detached housing starts is in line with the continuing slowdown in the overall economy, while the increase in multiple starts indicates a compositional shift in housing types as homebuilders target buyers looking for more affordable homes.

Housing Starts by Region

	2016	2017	% Change
Total Urban	1,000	1,051	5.1
Bay Roberts	45	43	-4.4
Corner Brook	44	79	79.5
Gander	46	126	173.9
Grand Falls-Windsor	32	40	25.0
St. John's	833	763	-8.4
Rural	398	349	-12.3
Total Province	1,398	1,400	0.1

Source: Canada Mortgage and Housing Corporation

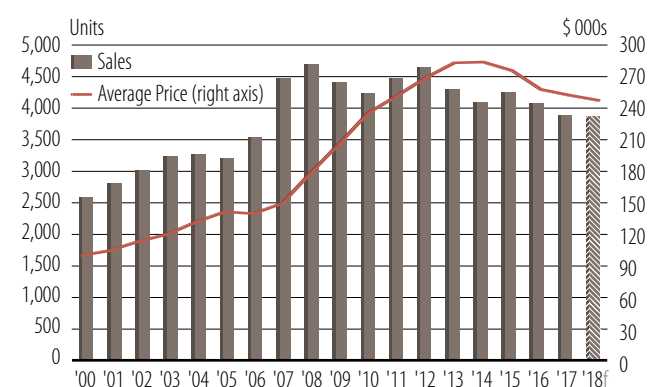
Housing starts in urban areas of the province increased last year, offsetting lower rural activity (see table). There were 1,051 housing starts in urban areas of the province in 2017, a 5.1% increase compared to the previous year. The number of starts rose in Corner Brook, Gander and Grand Falls-Windsor, but declined in Bay Roberts and in the St. John's Census Metropolitan Area (CMA). In the St. John's CMA, the largest market in the province, housing starts declined 8.4% to 763 units. Growth in Gander and Grand Falls-Windsor was attributable to increased multiple starts. Rural housing starts were down 12.3% to 349 units in 2017, compared to 398 units in 2016.

Investment in Affordable Housing

In October 2016, under the Investments in Affordable Housing Agreement, the Provincial and Federal Governments announced \$48.9 million for improved social and affordable housing in Newfoundland and Labrador. As a part of this investment, a number of affordable housing projects were announced in 2017. These include:

- More than \$6.1 million provided to six non-profit groups to construct affordable housing units for seniors in St. Anthony, Pasadena, Gander and St. John's. In all, 49 new units will be constructed;

Residential MLS® Sales & Average Price



f: forecast

Source: Canadian Real Estate Association

- Funding provided for four new affordable housing units for women and children in Happy Valley-Goose Bay;
- \$1.25 million for 10 new affordable housing units in Clarenville; and
- \$1.5 million provided to the Centre of Hope Project to create 20 units of affordable housing in St. John's.

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 4.0% to 3,918 units in 2017 (see chart). The average MLS® residential price in the province was \$252,396 in 2017, a decrease of 2.2% compared to 2016 and 11.0% lower than the peak price recorded in 2014. This decline in price largely reflects a changing composition of the types of homes being sold, with more moderately priced homes accounting for a larger share.

In the St. John's CMA, the average MLS® residential price was \$303,713 in 2017, a decrease of 1.2% compared to 2016. The number of residential sales in the St. John's CMA decreased 17.0% to 2,157 units, compared to 2,600 units in 2016.

Home Sales-to-New Listings Ratios, 2017



Source: Canadian Real Estate Association

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. In Newfoundland and Labrador, the sales-to-new listings ratio has fallen from a peak of 62.4% in 2008 to 35.9% in 2017, indicating a strong shift from a sellers' market to a buyers' market. Among the provinces, Newfoundland and Labrador had the lowest sales-to-new listings ratio in 2017 (see chart). Saskatchewan, at 39.3%, was the only other province with a ratio indicating a buyers' market. Prince Edward Island (69.4%) and British Columbia (69.3%) were solidly in the sellers' market range. Ontario's sales-to-new listings ratio (which was 71.2% in 2016) dropped 10.9 percentage points (ppt.) in 2017 to 60.3% and was just marginally in

New Mortgage Rules

The Office of the Superintendent of Financial Institutions (OSFI), Canada's top banking regulator, implemented a number of new residential mortgage rules which came into effect on January 1, 2018. These changes, discussed below, apply to all federally-regulated financial institutions and could have a significant impact on the residential housing market.

Stress Test

The OSFI has set a new minimum qualifying rate, or "stress test," for borrowers with uninsured mortgages (i.e. those making a down payment of 20% or more). Under the new guidelines, uninsured borrowers must qualify at a rate that is the greater of two indicators: the mortgage rate that the borrower negotiated with the lender *plus 2.0%*, or the Bank of Canada's five-year benchmark rate. A previous stress test, implemented in the fall of 2016, required borrowers with insured mortgages (i.e. those making a down payment of less than 20%) to qualify at a rate that was the greater of the mortgage rate that the borrower negotiated with the lender or the Bank of Canada's five-year benchmark rate.

Enhanced Loan-to-Value Measurements

The loan-to-value (LTV) ratio is the mortgage value as a percentage of the appraised property value. The OSFI is requiring mortgage lenders to establish and adhere to appropriate LTV ratio limits that are reflective of risk and are updated as housing markets and the economic environment evolve.

Restrictions on Certain Lending Arrangements to Avoid Loan-to-Value Limits

The OSFI guideline places restrictions on certain lending arrangements that are designed (or appear designed) to avoid LTV limits. Mortgage lenders are prohibited from arranging with another lender a mortgage, or a combination of a mortgage and other lending products, in any form that circumvents the institution's maximum LTV ratio or other limits in its residential mortgage underwriting policy, or any requirements established by law.

the sellers' market range. Overall, the Canadian sales-to-new listings ratio (which was 62.4% in 2016) fell 3.8 ppt. to 58.6%.

In addition to slowing economic conditions, higher interest rates have dampened new housing starts and resale activity. The Bank of Canada raised the overnight rate by 0.75 basis points since July 2017. As a result, the average 5-year mortgage rate rose from 4.64% at the beginning of 2017 to 4.99% at the end of the year.

Rental Market

According to the Canada Mortgage and Housing Corporation's most recent Rental Market Survey in October 2017, the overall urban residential vacancy rate in Newfoundland and Labrador was 6.6%, essentially unchanged from the rate of 6.5% observed in October 2016.⁴ The vacancy rate was 7.2% in the St. John's CMA in October 2017, compared to the 7.9% observed in October 2016. As for the other urban areas of the province, the residential vacancy rate was 3.8% in Corner Brook in October 2017 (up 1.3 ppt. from October 2016), 3.3% in Gander (down 0.7 ppt.), and 7.7% in Grand Falls-Windsor (up 4.8 ppt.).

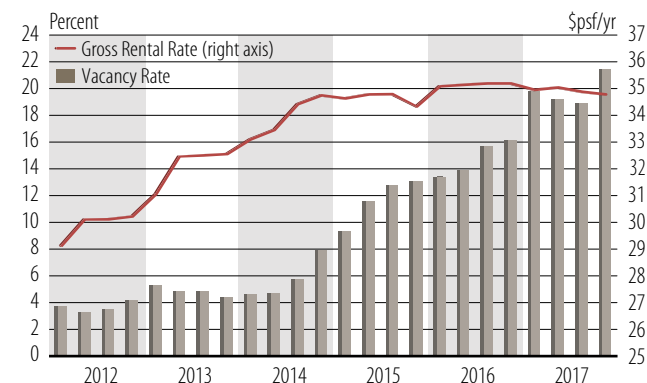
The average monthly rent for a two-bedroom apartment in the province in October 2017 was \$854, down from \$865 in October 2016. By comparison, the average rent for a two-bedroom apartment was higher in Nova Scotia (\$1,048) and Prince Edward Island (\$880), but lower in New Brunswick (\$778).

Commercial

Economic growth in recent years led to a significant expansion in the demand for commercial office space. The total inventory of office space in the St. John's area increased 26.0% (over 785,000

Office Vacancy and Rental Rates

St. John's Region



psf: per square foot
Source: Cushman & Wakefield Atlantic

square feet) between the beginning of 2013 and the end of 2017. With an abundant supply of new office space, tenants have more options and can be more demanding when negotiating a lease, while landlords have to offer inducements to compete for tenants. As a result, the absorption of vacant office space into the market has slowed, and the office vacancy rate in St. John's has been trending upwards since 2014, reaching a high of 21.4% in the fourth quarter of 2017 (see chart). The overall vacancy rate for downtown St. John's reached 29.1% in the fourth quarter of 2017 as a major tenant left the downtown area for newly constructed office space in the suburban north area.

Overall, the vacancy rate averaged 19.8% in 2017, an increase of 5.0 ppt. compared to 2016. Nevertheless, the average gross rental rate for office space dropped by only 0.7% to \$34.91 per square foot per year in 2017, compared to an average of \$35.15 in 2016. The average rental rate remains high due to an increasing share of office space in new "Class A" buildings which have higher rents than older buildings.

⁴ 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.

2018 Outlook

- The residential real estate market is expected to remain subdued, with fewer housing starts than in recent years and flat sales activity.
- Housing starts in 2018 are forecast at 1,259 units; this would represent a 10.1% decrease from 2017.
- The Canadian Real Estate Association forecasts residential sales in the province to rise 0.1% to 3,920 units and the average resale price to fall 2.7% to \$245,700.
- With approximately 120,000 square feet of new office space either underway or in the planning stages, it is likely that the commercial office vacancy rate will continue to rise.
- The Bank of Canada raised the overnight rate by 25 basis points to 1.25% in January 2018. This will likely translate into higher mortgage lending rates and, as a result, may discourage new buyers from entering the housing market.
- Housing starts and residential resale activity may be dampened by new, more stringent mortgage regulations introduced by the federal government in January of 2018.



Backcountry hiking, Gros Morne National Park
 Courtesy: Newfoundland & Labrador Tourism

Tourism

The tourism sector in Newfoundland and Labrador is an important contributor to the provincial economy and generates economic wealth in all regions of the province. Tourism consists of residents engaging in tourist activities and non-residents visiting the province.

Tourism expenditures in the province (both resident and non-resident) totalled \$1.13 billion in 2016 (the most recent year available). Tourism partners in the province are working together towards increasing this expenditure to \$1.6 billion by 2020. To support achieving this goal, the Province released the *2017-20 Provincial Tourism Product Development Plan* in the spring of last year. This plan guides the development of high quality, visitor-focused Newfoundland and Labrador brand experiences.

Many indicators of tourism activity in the province showed a solid performance in 2017. Non-resident visitors to the province reached an estimated

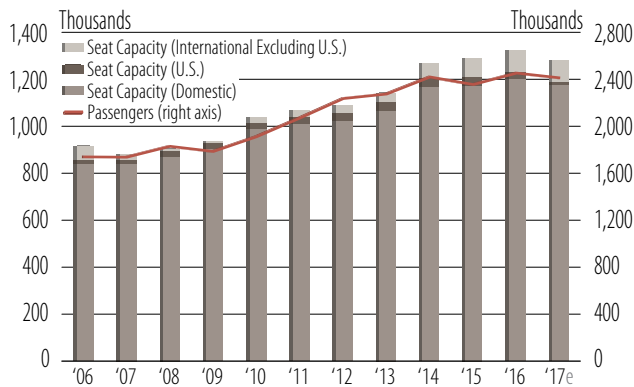
553,100, up about 3% over 2016, and the highest on record. Increased numbers of automobile and cruise visitors offset a slight decline in air visitors. Expenditures by non-resident visitors totalled around \$575.2 million in 2017, up about 2% from 2016 and also the highest non-resident spending on record.

Air Visitors

Air visitors make up the largest segment of provincial non-resident tourism, accounting for 75% of visitors and 80% of non-resident tourism spending in 2017. Approximately 412,900 tourists arrived by airplane in 2017, just slightly below (down 0.4%) the historical high set in 2016.

Boarding and deplaning traffic at the province's seven major airports reached an estimated 2.4 million passengers in 2017, down 1.7% compared to 2016. Although air passenger traffic was down last

Air Passengers and Seat Capacity



e: estimate

Note: Passengers are boarding and deplaning; air capacity is in-bound only.

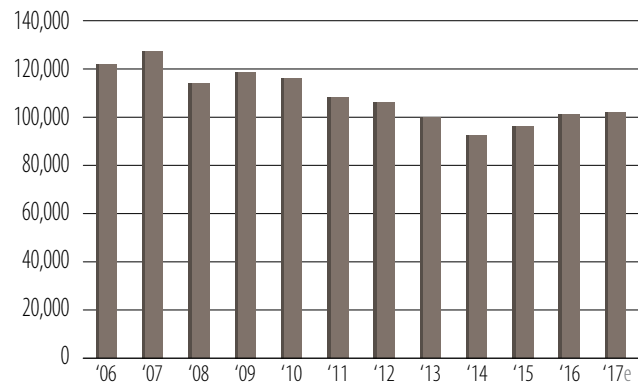
Source: Department of Tourism, Culture, Industry and Innovation; Department of Finance

year, levels have risen by about 40% over the last decade and remain high (see chart).

Inbound non-stop seat capacity decreased by 3.3% in 2017, following nine consecutive years of growth (see chart). Domestic seat capacity declined by 2.0% and this was mainly due to fewer seats from Toronto, Ottawa and Halifax. A decline also occurred in inbound seat capacity for flights from the United States; however, most of this decline was in flights from Orlando, which generally cater to residents vacationing in Florida. International seat capacity (excluding U.S.) increased by 1.3% in 2017. This increase reflects greater capacity from London and Dublin, and supports one of the province's largest international tourism markets. Even with the year-over-year decline, seat capacity in 2017 remained high.

The St. John's International Airport is the largest airport in the province and the main gateway for non-resident visitors. The airport introduced the CAT III Instrument Landing System in 2016, which has improved flight operations in times of low visibility. It increases flight reliability with fewer delays, diversions and cancellations. In 2016, an estimated 920 flights that would have previously been impacted by low visibility conditions were able to operate on schedule as a result of this new

Non-Resident Automobile Visitors



e: estimate

Source: Department of Tourism, Culture, Industry and Innovation

system. In April 2017, the St. John's International Airport Authority announced planned investments of \$200 million in airport facilities over the next 10 years. The largest project is the completion of an expansion of the terminal building which started several years ago. The expansion will double the passenger capacity of the terminal building to two million annual passengers, a milestone that is anticipated to be achieved during the 10-year planning horizon.

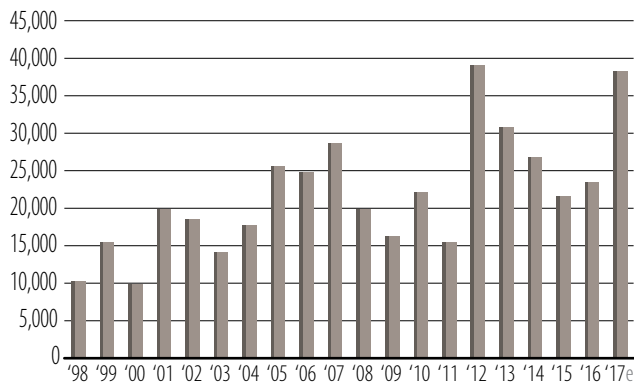
Automobile Visitors

Non-resident automobile visitation to the province increased by about 1% in 2017 to 101,900, marking the third consecutive year of growth (see chart). This growth is attributable to several factors including a greater focus on customer satisfaction and price discount/promotional campaigns by Marine Atlantic and a lower Canadian dollar which may have persuaded more Canadians to opt for domestic travel instead of travelling abroad.

Cruise Ship Visitors

The province recorded a strong cruise season in 2017. Approximately 38,300 unique passenger visits were recorded during the season, an increase of about 63% over the previous year and the second

Cruise Visitors



e: estimate

Note: Data reflects estimated unique passenger visits

Source: Department of Tourism, Culture, Industry and Innovation

highest number of cruise visitors on record (see chart).⁵ A total of 105 port calls (port stops) were made by 23 different cruise lines, compared with 66 port calls in the previous year. In 2017, two new cruise lines visited the province: TUI Cruises and Viking Cruises.

Attractions

Provincial and federal attractions continued to show historically high levels of visitation last year. Visits to National Historic Sites reached over 149,700, increasing by 29.1% compared to 2016. Free entry to these sites in 2017 as part of the Canada 150 celebrations was a driving force behind the growth in visitors. Visits to Provincial Historic Sites reached over 97,700, a decrease of 1.7% compared to 2016, but the second best year on record. Provincial Museums, including The Rooms, the province's most extensive collection of historical artifacts and records, recorded more than 61,200 visitors in 2017. This is a decrease of about 18%, but compares to very high levels of visitation in 2016 related to the opening of the new Royal Newfoundland Regiment Gallery.

⁵ 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.

Accommodations

Accommodation indicators were generally positive in 2017. The provincial accommodation occupancy rate (preliminary) was 51.5%, up 1.5 percentage points from the previous year. Accommodation performance was mostly positive at the regional level, with increases in occupancy rates reported for all regions but Labrador. The number of room nights sold for the year totalled almost 1.5 million, up 3.0% over 2016. The average daily room rate increased by 1.3% to \$140.

Considerable investments continue to be made in the accommodation industry with a number of hotels either opening or under construction. New hotels opening in St. John's in 2018 include the Sandman Signature Hotel, the Best Western Hotel and the Hilton Garden Hotel. Hotel construction projects are also planned for Mount Pearl and Corner Brook.

Tourism in the province benefitted from the Tim Hortons Brier, the Canadian men's national curling championship, which took place in March 2017 in St. John's. It is estimated that the event attracted over 10,000 spectators with more than one-third being overnight visitors to the area. The spending by out of town spectators and participants of the Brier, in combination with expenditures made by the organizers hosting the event, generated an estimated \$5.2 million in GDP (direct and spin-off) in the province.

Connecting with Travellers

Visitation to the Province's visitor information centres increased 6.4% to 140,310 visitors for the period from mid-May to September 2017. Each of the eight centres reported increases during their operating periods.

The Province has promoted tourism and engaged travellers through many forums including award-winning marketing campaigns and social media (e.g., Facebook, Twitter, YouTube). Visits to

2016 Non-Resident Visitor Survey

Approximately every five years the Provincial Government carries out a survey of visitors exiting the province to inform estimates of non-resident visitation and related expenditures, and to update information on visitor characteristics and trip activities. The most recent survey was conducted throughout 2016 with data collection finalized in February 2017. Below are a few of the highlights. These results reflect visitor activity over the May to October peak travel period. Reported percentages refer to a “travel party”, which is a group of people who travel together, share activities, experiences and related trip expenditures. The average travel party size was 1.8 and varies by trip purpose (vacation 2.2; visiting friends and relatives 1.9; business 1.2; and conference 1.6).



*Whale watching near Bay Bulls
Courtesy: Newfoundland & Labrador Tourism,
© O'Briens Boat Tours*

- 84% of the visiting travel parties travelled by air, while the remaining 16% travelled by automobile. This compares with 79% and 21%, respectively, in 2011.
- 34% of travel parties came for a vacation, 33% came to visit friends and relatives, 26% came for business, 3% came to attend conferences or conventions, and the remaining 3% visited for other reasons (similar results to the 2011 survey).
- 85% of travel parties were from other parts of Canada, 8% were from the U.S. and 6% from other countries:
 - Ontario accounted for 34% of the visitors, followed by the Maritimes at 26%. Ontario remains the province’s major travel market.
- Visitors stayed for an average of 10.8 nights, up slightly from 2011 (10.4 nights).
- Spending in the province averaged \$2,095 per party, up about 19% from the 2011 survey (real growth of almost 10%). Spending varied considerably by trip purpose:
 - Vacation visitors spent \$3,470/party, conference visitors spent \$1,906/party, business visitors spent \$1,346/party and parties visiting friends and relatives spent \$1,310.
 - Air travel parties averaged \$2,085 and auto averaged \$2,152.
- Visitors spent 38% of their budget on accommodations, 21% on restaurants, and 19% on transportation (similar to the results in 2011).

Further information on the 2016 Exit Survey is available at:

www.tcii.gov.nl.ca/tourism/tourism_research/pdf/visitor_exit_survey/2016_Exit_Survey_Highlights_Report_March_2018_FINAL.pdf

all of the Province's digital assets during the year were almost 3.5 million, representing an increase of 12.2% over 2016 and the highest on record. Due to the abundant supply of icebergs in 2017 and the viral coverage of the spectacular Ferryland iceberg in April 2017, IcebergFinder.com registered over 254,800 visits during the year, an increase of about 24% over the previous year.

2018 Outlook

- The continued strength in the Canadian and United States economies bodes well for non-resident travel to the province.
- Cruise activity is expected to be solid. As of March 2018, the provincial cruise association reported 98 port calls tentatively booked for 20 ports in the 2018 cruise season.
- Based on airline schedule filings, inbound seat capacity could increase by about 2%, reflecting, in part, gains in domestic seats.
- Within the St. John's/Mount Pearl area, three new hotel projects are scheduled to open, adding another 530 rooms. This will boost accommodation capacity in the area by about 18%.
- Work will continue on expansion and improvements at St. John's International Airport. The first of a two-phase expansion for the terminal building will be completed mid-2018, followed by the commencement of the second phase. These and other investments will ensure the safety and operational integrity of the airport and allow it to accommodate a greater number of passengers in the future.



Canadian Coast Guard Atlantic Headquarters, Artist Rendering
Courtesy: NORR

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.⁶ The list includes both public and private projects that are either continuing or beginning in the current year.⁷ In many cases, the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and March of 2018.

According to this year's inventory, about \$21 billion in major capital spending is planned or underway in the province. The Utilities category tops the list at \$10.5 billion (see table). The Muskrat Falls project is the single largest item in the category with a total estimated cost

Major Projects (\$Millions)

Utilities	10,491.8
Mining and Oil & Gas	5,605.9
Municipal Infrastructure	1,330.2
Residential	908.1
Transportation	874.4
Education	466.3
Commercial	413.9
Other Investment	291.6
Agriculture/Fishery/Forestry	215.9
Health Care/Personal Care	214.1
Tourism/Culture/Recreation	127.6
Industrial/Manufacturing	100.4
Total	21,040.2

⁶ 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.

⁷ 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.

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.

of \$10.1 billion. Mining, Oil and 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

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 2018/2018 refers to the project starting and ending in fiscal year 2018-19; start/end denoted as 2018/2019 refers to the project starting in fiscal year 2018-19 and ending in fiscal year 2019-20). 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) in a searchable database. The online database includes search capabilities by industry, community and economic zone.

TBD: To be determined; NA: Not available

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Cranberry Industry Development	9.4	2014/2019	Various	Cranberry Association of Newfoundland & Labrador Inc. - development of an additional 190 acres of new cranberry bogs. Farms to be located throughout the island. (Various)
Facility Expansion	1.6	2017/2018	17	Viking Fur Inc. - construction of a 6,000 sq. ft. cold storage facility. Partial provincial/federal funds. (Cavendish)
Forest Access Capital Roads Program*	3.7	2018/2018	Various	Construction and maintenance of access roads on Crown land in support of forest harvesting operations. Provincial funds. (Various)
Harbour Development*	7.2	2018/2018	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)
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 Aquaculture Operation	19.0	2017/2018	13, 9	Northern Harvest Sea Farms Newfoundland Ltd. - marine improvements to salmon farming operations. Includes automated feed barges, expansion to hatchery and general capital expenditures. Partial federal/provincial funds. (Connaigre Peninsula, Stephenville)
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)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Commercial				
Commercial Building	1.8	2017/2018	8	Western Hydraulic Mechanical Ltd. - construction of a new industrial sales/mercantile building. (Corner Brook)
Commercial Development	2.0	2016/2018	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)
Industrial Park	15.0	2016/2019	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. Includes the construction of a new 875 stall parkade, a new realigned main mall access and a renovation of the mall common areas. (St. John's)
Office Building	20.0	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	2017/2020	19	DewCor - construction of 700,000 sq. ft. of retail buildings, "The Shoppes at Galway". (St. John's)
Retail Store Renovations	8.8	2018/2018	19	Walmart Canada - conversion of the Walmart discount store on Merchant Drive into a Supercentre. (Mount Pearl)
Retail Store Renovations	9.0	2018/2018	19	Walmart Canada - conversion of the Walmart discount store on Kelsey Drive into a Supercentre. (St. John's)
Retail Store Renovations	9.0	2018/2018	19	Walmart Canada - conversion of the Walmart discount store on Aberdeen Avenue into a Supercentre. (St. John's)
Retail/Business Park	95.0	2012/2020	19	KMK Capital Inc. - construction of the Field Power Centre, a 50.44-acre retail and industrial development located off Torbay Road. (St. John's)
Strip Mall	1.8	2018/2018	19	Baine Johnston Properties Ltd. - construction of a strip mall along the Conception Bay highway in Kelligrews. (Conception Bay South)
Strip Mall	1.5	2018/2018	19	Baine Johnston Properties Ltd. - construction of a strip mall located in the "Gateway" project. (Conception Bay South)
Education				
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 \$17.9M for the 2018/19 fiscal year. Partial federal funds. (St. John's)
Battery Facility Renovation	25.6	2013/2018	19	Memorial University of Newfoundland - renovation of the Battery Facility to increase office space; develop new public engagement, innovation and conference space; as well as develop 87 new graduate student accommodations. (St. John's)
Campus Maintenance*	7.2	2018/2018	8, 19	Memorial University of Newfoundland - Completion of priority repairs to infrastructure at Memorial University campuses. (Corner Brook, St. John's)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
College Renewal and Modernization Projects*	6.8	2016/2019	Various	Renewal and modernization of electrical, HVAC and air quality systems at nine College of the North Atlantic campus locations. Total anticipated expenditures of \$450,000 for the 2018/19 fiscal year. Joint federal/provincial funds. (Various)
College Training Facility*	18.5	2016/2019	9	Establishment of the Heavy Equipment Centre of Excellence in Teaching, Innovation and Industrial Research - a modern and functional 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 \$13.6M for the 2018/19 fiscal year. Joint federal/provincial funds. (Stephenville)
College Training Facility and Campus Upgrades*	4.3	2016/2019	8	Construction of a new Centre for Energy and Thermal Systems (CETS) at the Corner Brook campus of the College of the North Atlantic. The CETS will improve the quality of education and training spaces dedicated to power engineering training. Will also include essential upgrades to the campus, including the building envelope. Total anticipated expenditures of \$1.4M for the 2018/19 fiscal year. Joint federal/provincial funds. (Corner Brook)
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 \$110.0M for the 2018/19 fiscal year. (St. John's)
School Construction and Renovations*	43.3	2018/2018	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
Health Care/Personal Care				
Electrical Substation*	13.4	2013/2019	19	Construction of a new electrical substation at the Health Sciences Centre/Memorial University site. Provincial funds. (St. John's)
Health Care Facilities*	45.0	2018/2018	Various	Expenditures for renovations and upgrades to existing health facilities. Includes \$22.0 million for equipment purchases. Provincial funds. (Various)
Health Centre*	18.3	2011/2021	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 (DBFM) arrangement with the private sector. (Corner Brook)
Hospital Redevelopment*	15.4	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)
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	2016/2020	8	Construction of a new long-term care facility through a design-build-finance-maintain (DBFM) arrangement with the private sector. (Corner Brook)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
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 (DBFM) arrangement with the private sector. (Gander, Grand Falls-Windsor)
Medical Device Reprocessing Redevelopment*	5.0	2014/2018	19	Redevelopment of the medical device reprocessing area at the Health Sciences Centre. Provincial funds. (St. John's)
Mental Health Infrastructure*	TBD	2013/2023	19	Replacement of the existing Waterford Hospital. (St. John's)
Personal Care Home	15.0	2018/2020	19	Kirby Group - construction of a four-storey, 104-unit personal care home to be located on Churchill Avenue. (St. John's)
Personal Care Home	15.0	2018/2019	19	Kirby Group - construction of a three-storey, 100-unit personal care home called "Winslowe Ridge". (St. John's)
Rehabilitation Centre	3.5	2016/2019	19	Teen Challenge Canada Inc. - site development and renovation of existing facilities to meet program needs. Current dining hall will be renovated into a new program centre starting in 2018 to create program space, offices and a small cafeteria. A new 16-bed residence extension, to include bedrooms, bathrooms and lounge areas, will be built adjoining the new program centre. (St. John's)

Industrial/Manufacturing

Cannabis Facility	3.0	2018/2019	16	Oceanic Releaf Inc. - repurposing of the former fish plant in Burin for use as a medical cannabis cultivation facility. (Burin)
Cannabis Facility	TBD	2018/2018	18	Argentia Gold Corporation - development of an existing 80,000 sq. ft. building into a cannabis production facility. The facility will produce approximately 12,000 kg of cannabis annually. (Placentia)
Cannabis Facility	40.0	2018/2019	NA	Canopy Growth Corporation - development of a 150,000 sq. ft. production facility capable of producing over 10,000 kg of cannabis per year. (TBD)
Capital Improvements	6.2	2018/2018	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	2018/2018	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	2018/2019	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	9.4	2018/2018	Various	Ocean Choice International - vessel and plant expenditures. (Various)
Offshore Marine Base	30.0 - 40.0	2018/2020	20	Fermeuse Enterprises Limited - construction and operation of marine facilities out of Fermeuse Harbour to support shore-based demands of the offshore oil and gas subsea and drilling exploration sectors. Will be a multi-use facility consisting of several berths, multiple laydown areas, crane and heavy lift capabilities, and various site buildings (maintenance, administration, etc.). (Fermeuse)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Paper Mill Expenditures	2.8	2018/2018	8	Corner Brook Pulp and Paper Limited - routine capital expenditures. (Corner Brook)
Mining and Oil & Gas				
Innovative Processing Technologies	10.8	2017/2018	16	Canada Fluorspar (NL) Inc. - acquisition and installation of innovative processing technologies for fluorspar. Partial federal funds. (St. Lawrence)
Mine Development/Expansion	2.1	2018/2020	11	Anaconda Mining Inc. - expenditures for the Point Rousse project. Includes development costs at the Stog'er Tight deposit in addition to environmental, permitting, engineering studies and development at the Argyle deposit. (Baie Verte Peninsula)
Mine Expansion	66.0	2016/2020	11	Rambler Metals and Mining Canada Limited - phase II expansion into the Lower Footwall Zone with the goal to increase production from the Ming Mine and improve capacity at the Nugget Pond Mill to reach 1,250 metric tonnes per day. (Baie Verte Peninsula)
Mine Reactivation	205.5	2018/2018	2	Tacora Resources Inc. - reactivation of the Scully iron ore mine and mill. (Wabush)
Mine Rehabilitation and Closure	NA	2015/2018	12	Teck Duck Pond Operations - rehabilitation and closure of mine. Backfill of the boundary deposit is complete and berm construction is underway. (Millertown)
Mineral Exploration	38.5	2018/2018	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: \$8.0 million in Labrador and \$30.5 million for the island. (Various)
Open Pit Mine	100.0	2018/2019	2	Howse Minerals Limited - development of an open pit iron ore mine. (Menihék)
Open Pit Mine	79.0	2017/2018	2	Iron Ore Company of Canada - development of the Wabush 3 open pit mine. Project was released from environmental assessment in 2015 and will provide flexibility in ore feed and extend the operating life of the mine. (Labrador West)
Underground Mine	US\$1,904.0	2018/TBD	1	Vale Newfoundland and Labrador Limited - underground mine development at Voisey's Bay. Start date is subject to change pending outcome of review of Vale's base metal operations. (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 will be developed using a fixed drilling platform tied back to existing infrastructure at the White Rose field, including the <i>SeaRose FPSO</i> vessel. First oil production is expected in 2022. (Offshore)
Municipal Infrastructure				
2011 Municipal Capital Works Program*	78.3	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*	155.3	2014/2019	Various	Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that support national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Federal/Provincial Water and Waste Water Program*	155.7	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. (Various)
Infrastructure Upgrades	7.5 - 7.8	2018/2020	19	City of Mount Pearl - street and underground infrastructure upgrades for Kenmount Hill. Municipal funds. (Mount Pearl)
Multi-year Municipal Capital Works*	190.7	2011/2021	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Municipal Infrastructure	120.0	2013/2019	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*	282.5	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. (Various)
Public Transit Infrastructure Fund*	10.8	2016/2019	19	Fund to help accelerate short-term municipal investments while supporting the rehabilitation of transit systems and funding studies to support long-term transit plans. (St. John's)
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 System Improvements	1.2	2017/2018	19	City of St. John's - replacement of an undersized concrete box culvert and intake structure on Southside Road. Municipal funds. (St. John's)
Street Upgrades	1.0	2018/2018	8	Town of Pasadena - installation of water, waste water and storm sewer systems, asphalt and sidewalks. (Pasadena)
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)
Residential				
Affordable Housing Program*	122.9	2003/2019	Various	Newfoundland and Labrador Housing Corporation - program to increase the supply of affordable housing by providing forgivable loans to assist in the creation of new affordable rental housing. Federal/provincial cost-shared. \$13.3 million to be spent in 2018/19. (Various)
Apartment Building	4.0	2017/2020	8	GDR Enterprises - construction of a 24-unit apartment building on Wheelers Road. (Corner Brook)
Apartment Renovations	2.5	2018/2018	2, 14, 19	Northview Apartment REIT - capital improvements, renovations and upgrades on various apartment buildings. (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)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
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, quadrplexes and apartment buildings. (St. John's)
Community Development	20.0	2010/2020	19	Canada Lands Company Limited - redevelopment of the Pleasantville area into a residential community with a mix of housing types, including single family homes, townhomes, apartments and condominiums. Opportunities for some commercial space are also being considered. Expenditure figure covers land development costs only. \$0.8 million to be spent in 2018/19. (St. John's)
Condominium Development	1.6	2018/2018	19	B.A. Tucker Limited - construction of a 14-unit condominium building on Bay Bulls Road. (St. John's)
Condominium Development	10.0	2014/2018	19	Roosevelt Properties Ltd. - development of the "Park Place West" condominiums on the corner of Hamilton Avenue and Sudbury Street. (St. John's)
Condominium Development	47.0	2012/2018	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	2018/2021	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*	3.6	2018/2018	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Provincial Home Repair and Modification Programs*	8.4	2018/2018	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	2016/2018	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	2017/2018	1	Nunatsiavut Government - construction of a seven-unit multiplex building. (Hopedale)
Residential Development	5.5	2014/2018	19	Cro-at Developments Inc. - development of nine townhomes on Brine Street. (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	2018/2018	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	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	18.0	2013/2021	19	Reardon Construction and Development Ltd. - development of 56 condominium/townhouse style units off Ruby Line. (St. John's)
Residential Development	1.0	2018/2018	19	Donovan Homes Ltd. - development of phase 5A of the "Woodstock Gardens" subdivision, consisting of 26 building lots. (Paradise)
Residential Development	1.5	2016/2018	19	Mac Mar Developments Ltd. - development of the "Villas at Riverdale" retirement community in Kelligrews. (Conception Bay South)
Residential Development	12.0	2012/2019	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	4.0	2014/2022	8	Sleepy Cove Developments Inc. - development of 55 lots over five phases in "Discovery Ridge", to be located on Corporal Pinksen Drive. Will feature single, semi-detached, town, condominium and apartment style housing. Expenditure figure covers land development costs only. (Corner Brook)
St. Patrick's Housing Project	4.6	2017/2018	19	City of St. John's - renovation of a former convent facility to 20 affordable housing units. Partial provincial funds. (St. John's)
Subdivision Development	10.0	2015/2030	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 15 homes will be developed this year at a cost of \$3.0 million. (St. John's)
Subdivision Development	45.0	2010/2022	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Grand Meadows" subdivision. Approximately 39 houses to be constructed over the next two years. (Paradise)
Subdivision Development	8.5	2005/2020	19	Octagon Development Corporation - land and servicing for the "Adam's Pond" subdivision. (Paradise)
Subdivision Development	6.0	2013/2019	19	Signature Homes Inc. - construction of 19 single-family homes at the extension to Stratton Place in Chamberlains. Four homes to be constructed in 2018. (Conception Bay South)
Subdivision Development	65.0	2013/2019	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	2014/2019	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	1997/2019	19	Paradise Properties Limited - land and servicing for the "Elizabeth Park" subdivision. (Paradise)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Tourism/Culture/Recreation				
Building Restoration*	22.2	2009/2019	19	Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Current work will include flooring on ground and second floors, plastering and painting of ground floor as well as installation of new washrooms on ground floor. Federal/provincial cost-shared. (St. John's)
Church	2.0	2018/2018	19	Monarch Development Inc. - construction of a Christian Missionary Fellowship International church to be located on International Place. (St. John's)
Cultural Centre*	16.7	2013/2018	1	Nunatsiavut Government - construction of the Illusuk Cultural Centre. Partial federal funds. (Nain)
Hotel	26.5	2018/2020	19	Lighthouse Hotel Inc. - construction of a 130-room hotel. Will include meeting and banqueting facilities with capacity for up to 400 people and a full-service restaurant. (Mount Pearl)
Hotel	12.0	2017/2019	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	2017/2018	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)
Ministry Facility	6.0	2014/2018	14	Pentecostal Assemblies of Newfoundland and Labrador - construction of a new ministry facility to be located on Magee Road. (Gander)
New Theatre Complex	6.5	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)
Park Upgrades	1.8	2017/2018	15	Town of Clarenville - redevelopment and expansion of the Elizabeth Swan Park. Partial provincial/federal funds. (Clarenville)
Theatre Expansion	2.4	2017/2019	17	Town of Carbonear - expansion of the Princess Sheila NaGeira Theatre to provide additional backstage space and a multi-purpose annex. Partial provincial/federal funds. (Carbonear)
Trail Upgrade	1.5	2015/2018	12	Newfoundland & Labrador Snowmobile Federation - upgrade trails and bridges for safe, year-round use of snowmobiles and ATVs in Central Newfoundland. Partial federal/provincial funding. (Exploits Region)
Transportation				
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	2018/2018	14	Gander International Airport Authority - includes runway and apron rehabilitation. (Gander)

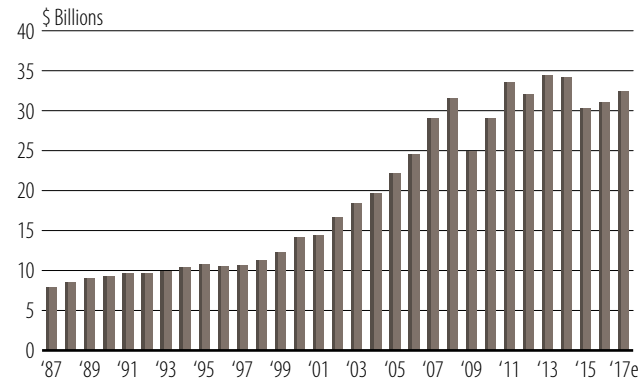
Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Airport Improvements and Expansion	200.0	2017/2026	19	St. John's International Airport Authority - plan includes two expansion phases of the Airport Terminal Building, new access road widening, expanded vehicle parking and reconfigured exit plaza, additional passenger loading bridges, expanded baggage handling systems, additional aircraft apron space, new airfield taxiways and airfield upgrades. Expansion to the east end of the terminal building (Phase I) is scheduled for completion in mid-2018. Expansion of the west end of the air terminal building (Phase II) is expected to begin in late 2018 and completed in 2022. (St. John's)
Bridge Replacement*	22.3	2013/2019	12	Replacement of the Sir Robert Bond Bridge. Federal/provincial funds. (Bishop's Falls)
Fuel Storage Terminal	10.0	2017/2018	19	St. John's Fuel Facilities Corporation - construction of a new airport aviation fuel storage terminal. (St. John's)
Hangar Renovation	3.3	2018/2019	3	Defence Construction Canada - interior renovation of its existing hanger at Goose Bay Airport. Includes the removal of office space and storage and a rebuild of new rooms in addition to the removal and reinstall of roof trusses. (Happy Valley-Goose Bay)
Harbour Improvements	12.8	2017/2018	19	St. John's Port Authority - construction of a finger pier in the vacant area between Pier 16 and Pier 17. The project will enhance overall operational capacity of the port as a multi-use facility, providing increased opportunities. Partial federal funds. (St. John's)
Highway Extension*	61.3	2010/2019	19	Construction of the Team Gushue Highway Extension. Federal/provincial cost-shared. (St. John's)
Marine Infrastructure*	5.6	2018/2018	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	2018/2018	Various	Includes secondary road/bridge improvement projects in various parts of the province. Provincial funds. (Various)
Trans Labrador Highway Widening and Hard Surfacing*	439.5	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*	13.5	2018/2018	Various	Refits of the existing fleet of nine government-owned vessels. Provincial funds. (Various)
Water Reservoir and Booster Station	4.0	2017/2018	2	Transport Canada - construction of a water reservoir and pumping station at the Wabush Airport to boost on-site firefighting water flow. Federal funds. (Wabush)
Utilities				
Dam Rehabilitation	19.1	2016/2018	12	Newfoundland and Labrador Hydro - rehabilitation work to modernize the dam at the hydroelectric plant in Grand Falls-Windsor. Includes reinforcement of the existing concrete structure and the installation of a new inflatable spillway over the dam's crest. (Grand Falls-Windsor)
Electric Utility Capital Expenditures	65.7	2018/2018	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Electric Utility Capital Program	206.0	2018/2018	Various	Newfoundland and Labrador Hydro - 2018 annual capital program aimed at upgrading the provincial power grid and meeting the demand for electricity. Includes approximately 100 projects focused on improving reliability and upgrading and replacing aging infrastructure. (Various)
Electric Utility Capital Program	84.0	2018/2018	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 is overseeing the 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. 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)
Other Investment				
Capital Program*	41.1	2017/2021	Various	Royal Canadian Mounted Police - replacement, repairs and retrofitting of detachments and living quarters. Provincial/federal cost-shared on a 70/30 basis. (Various)
Coast Guard & Conservation and Protection Buildings*	5.2	2017/2018	18	Department of Fisheries and Oceans Canada - construction of two new buildings. The new Canadian Coast Guard building will house both the Marine Communications and Traffic Services Centre and the Electronics and Informatics Technical Workshop and replace the existing facility. The Department of Fisheries and Oceans Canada's Conservation and Protection building will include office space and a warehouse for an inshore fisheries patrol boat. Federal funds. (Placentia)
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)
Coast Guard Building*	4.7	2017/2018	10	Department of Fisheries and Oceans Canada - construction of a new Canadian Coast Guard building to replace the existing facility. Will house the Marine Communications and Traffic Services Centre and the Electronics and Informatics Technical Workshop. Federal funds. (Channel-Port aux Basques)
Environmental Remediation and Risk Management*	186.0	2004/2020	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 \$25.8 million for the 2018/19 fiscal year. (Happy Valley-Goose Bay)
Marine Base Expansion - Phase 2A	15.0	2016/2018	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 and construct a storage facility and laydown area in 2018. Partial federal funds. (Holyrood)

Project	Capital Cost (\$M)	Start/End	Economic Zone	Comments (Location)
Public Buildings*	9.2	2018/2018	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)

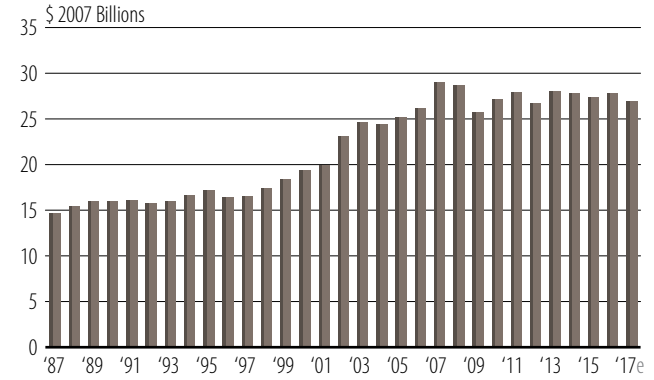
Statistical Indicators

Nominal Gross Domestic Product



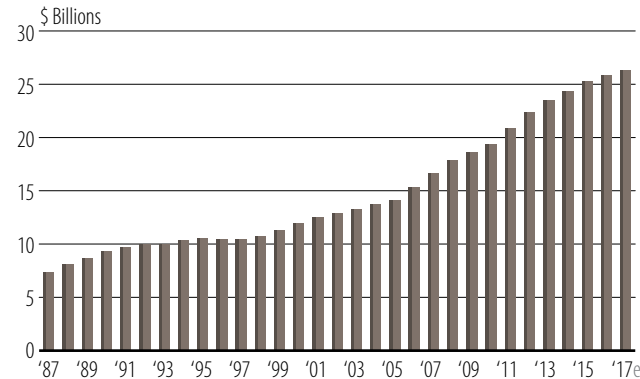
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Source: Statistics Canada; Department of Finance

Real Gross Domestic Product



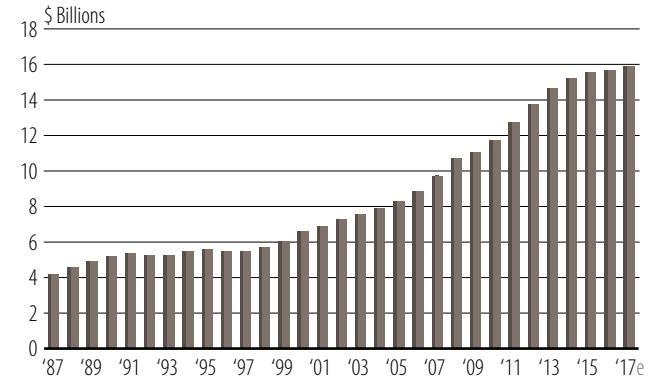
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Source: Statistics Canada; Department of Finance

Household Income



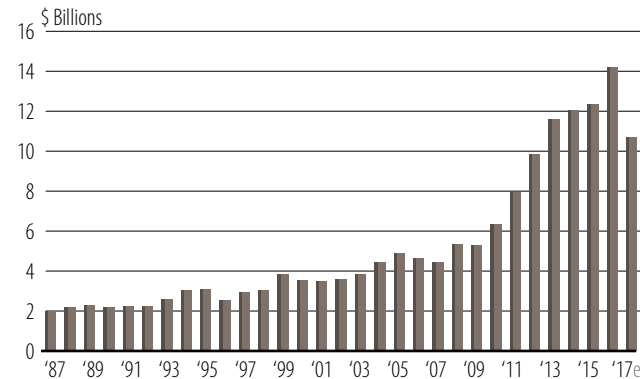
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Source: Statistics Canada; Department of Finance

Compensation of Employees



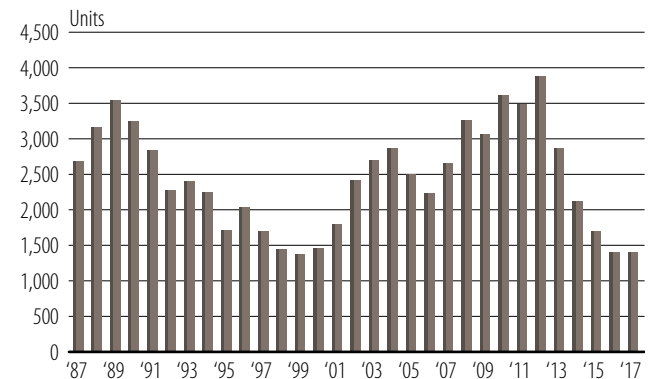
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Capital Investment



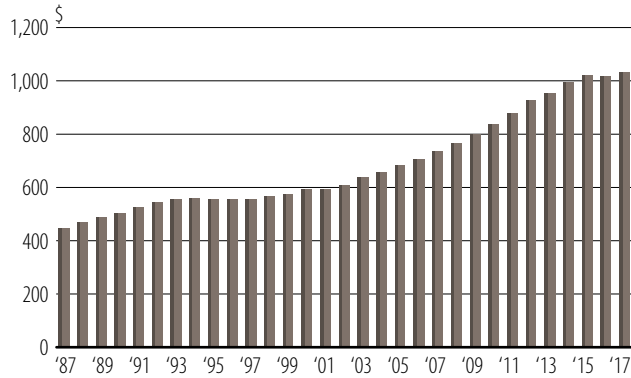
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Source: Statistics Canada; Department of Finance

Housing Starts



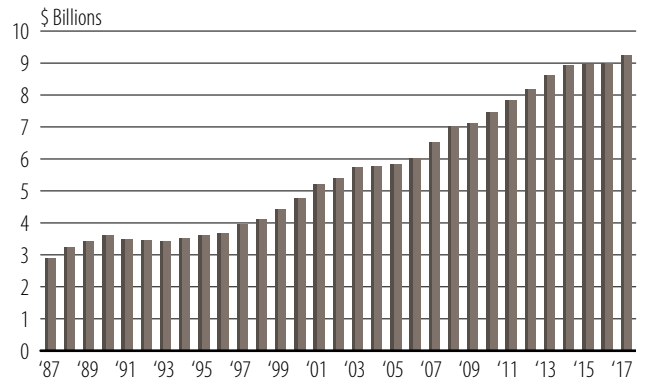
Source: Canada Mortgage and Housing Corporation

Average Weekly Earnings



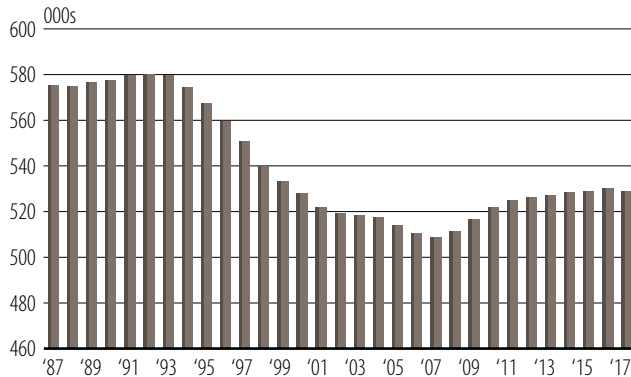
Source: Statistics Canada

Retail Sales



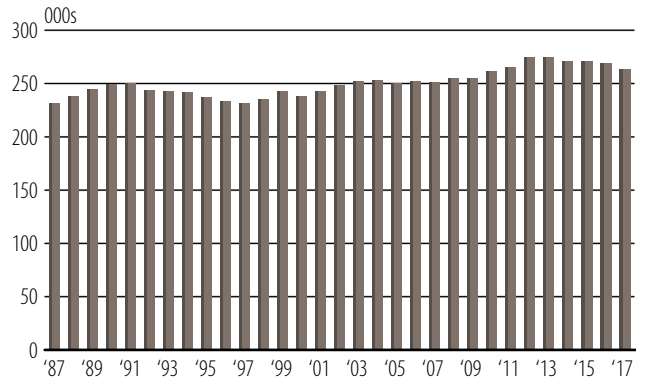
Source: Statistics Canada

Population



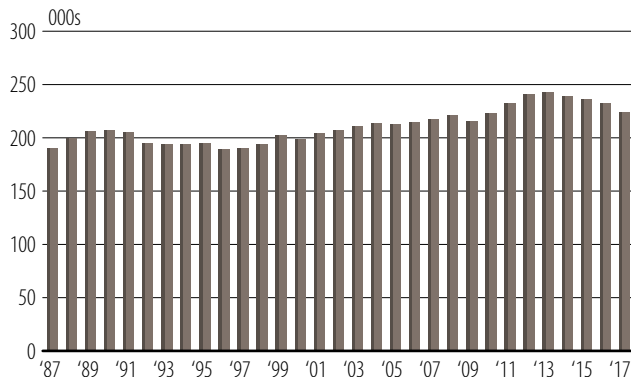
Source: Statistics Canada

Labour Force



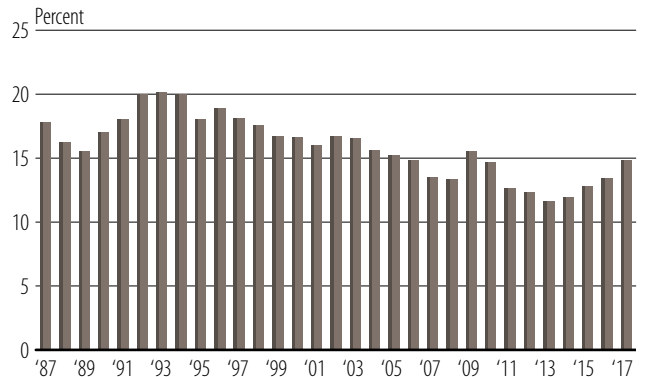
Source: Statistics Canada

Employment



Source: Statistics Canada

Unemployment Rate



Source: Statistics Canada

