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BUDGET 2023

The Economy

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Highlights and Expectations



2022 Highlights

- ▶ Provincial real GDP increased by 0.3 per cent to \$33.1 billion in 2022, as growth in both residential and non-residential investment, along with strong consumer spending, offset lower oil and nickel production.
- ▶ The province's population increased 1.1 per cent to 526,000 people, the largest annual increase since 1976.

- ▶ Housing starts increased by 35.1 per cent, continuing to recover from their historically low levels in 2020.
- ▶ Capital investment increased by 11.3 per cent to \$8 billion, as non-residential spending rebounded from 2020 and 2021 levels.
- ▶ Total employment increased 4.4 per cent to 232,500 persons in 2022, the highest annual level in the past six years, and the unemployment rate fell to 11.3 per cent, the lowest annual rate since consistent records began in 1976.
- ▶ Household income increased by 8.2 per cent, reflecting higher wages, additional government transfers and increased employment.
- ▶ Retail sales increased by 7.5 per cent, driven primarily by higher sales at gasoline stations and restaurants.

Walking Steps on the East Coast Trail

- ▶ Consumer prices in the province increased by 6.4 per cent in 2022, the highest annual inflation rate since 1983.
- ▶ High oil prices helped boost the value of nominal exports.

Oil and Gas

- ▶ Oil production totalled 84.3 million barrels in 2022, a decrease of 10.4 per cent compared to 2021, while the value of oil production increased by 33.6 per cent to \$10.8 billion, due to significantly higher crude oil prices.
- ▶ The average price of Brent crude oil was US\$100.93 per barrel in 2022, an increase of 42.4 per cent from US\$70.86 per barrel in 2021.
- ▶ The Call for Bids in the Eastern Newfoundland Region and South Eastern Newfoundland Region closed. Five successful bids were received for the Eastern Newfoundland Region.

Mining

- ▶ Mineral shipments from the province were valued at \$5.2 billion in 2022, a decrease of 13.3 per cent from 2021, largely due to lower iron ore prices and lower nickel production.
- ▶ Exploration expenditures, valued at \$243 million, reached a 10-year high. Growth was driven by accelerated gold exploration on the island portion of the province, and increased interest in Labrador's deposits of rare earth elements.

Manufacturing

- ▶ The value of manufacturing shipments totalled \$3.6 billion in 2022, representing a decrease of 13.2 per cent compared to 2021.
- ▶ A rise in the value of durable goods, which include fabricated metal products and non-ferrous refined metals such as nickel, partially offset a loss in value of non-durables, such as newsprint and value-added fish products.

Fishery and Aquaculture

- ▶ The total volume of fish landings increased 13.8 per cent to 208,600 tonnes in 2022, and the landed value reached a record of \$1.2 billion, up 19.2 per cent over 2021.
- ▶ The volume of aquaculture production was nearly 12,500 tonnes, down 36.4 per cent. The corresponding market value decreased by 34.2 per cent to \$124.6 million.

Forestry

- ▶ Newsprint shipments decreased by 13 per cent to 212,183 tonnes in 2022, while the associated value of shipments increased by 11.2 per cent, as higher newsprint prices more than offset the lower volume of shipments.
- ▶ Preliminary estimates for total lumber production indicate 104 million board feet in 2022, slightly lower than 107 million board feet in 2021.

Agriculture

- ▶ The value of farm cash receipts increased by 11.5 per cent to \$161.4 million in 2022, compared to 2021.

Construction

- ▶ Construction-related investment in the province was estimated to be approximately \$6 billion in 2022, an increase of 11.5 per cent from 2021.
- ▶ Employment in the construction industry averaged 18,600 people, an increase of 9.4 per cent compared to 2021.

Real Estate

- ▶ There were 1,379 housing starts in the province in 2022, an increase of 35.1 per cent compared to 2021.
- ▶ The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) decreased by 7.1 per cent to 6,324 units, while the average residential price increased by 6.7 per cent compared to 2021.

Tourism

- ▶ Non-resident tourism spending recovered to near pre-pandemic levels in 2022, boosted by the lifting of pandemic restrictions and the "Come Home 2022" campaign.
- ▶ It is estimated that non-resident air and auto visitation reached 386,900 visitors, representing an increase of 137 per cent

compared to 2021. The associated non-resident spending reached an estimated \$487.6 million, an increase of 127 per cent.

2023 Expectations

- ▶ Real GDP is forecast to increase by 2.8 per cent to \$34 billion in 2023, due to an increase in mineral production and investment growth.
- ▶ Most other economic indicators are also expected to show growth, though at a slower pace than 2022.
- ▶ Real exports are expected to increase 5.4 per cent, driven mainly by higher iron ore production.
- ▶ Capital investment is expected to increase by 8.1 per cent to \$8.7 billion, as the West White Rose project ramps up again and the Voisey's Bay Mine Expansion project continues.
- ▶ Employment is expected to increase by 2.2 per cent. Employment gains are anticipated to lower the unemployment rate to 10.1 per cent for the year.
- ▶ Household income is expected to increase by 4.3 per cent.
- ▶ Retail sales are expected to increase by 3.4 per cent.
- ▶ Annual inflation is expected to decline to 3.2 per cent, as falling energy prices and higher interest rates work to return

inflation towards the Bank of Canada's target rate.

- ▶ Both the Terra Nova oil project and the newly converted bio-fuel refinery in Come By Chance are expected to restart operations.
- ▶ The province's population is projected to rise by one per cent, to 531,100.

Oil and Gas

- ▶ Oil production is expected to decrease by 0.6 per cent to 83.8 million barrels in 2023.
- ▶ Construction on the West White Rose project is expected to resume. This will include the completion of the concrete gravity structure and topsides, which will serve as the drilling platform for the project.
- ▶ Equinor is expected to continue advancing the Bay du Nord project toward sanction.
- ▶ The Department of Finance expects Brent crude oil prices to average US\$85.70 per barrel on a calendar year basis in 2023 (US\$86 per barrel for fiscal year 2023-24).

Mining

- ▶ The value of mineral shipments is expected to total \$4.6 billion in 2023, an 11.9 per cent decrease from 2022, mainly due to lower prices for iron ore and lower nickel production.

- ▶ Exploration activities in 2023 are expected to total \$238.6 million in 2023, driven by continued gold mineral potential in central Newfoundland and increased interest in critical minerals and rare earth elements.

Manufacturing

- ▶ Work continues on the Come By Chance refinery, which is being converted to produce bio-fuels.
- ▶ Construction on several major projects should boost fabricated metal manufacturing in 2023.
- ▶ Supply chain disruptions and rising food prices may lead to an increase in local food production as the province moves toward increasing food security.

Hydrogen

- ▶ There is significant interest in developing the province's wind resources to produce green hydrogen. With abundant wind resources, Newfoundland and Labrador is well-positioned to meet the clean energy needs of Canada and other countries.

Fishery and Aquaculture

- ▶ The volume of total fish landings are expected to remain relatively stable in 2023.
- ▶ Aquaculture production is expected to increase, as gains from both new sites and expansions to existing sites boost output.

Forestry

- ▶ Provincial lumber production is projected to increase to approximately 108 million board feet in 2023.
- ▶ Burton's Cove Logging Limited expects to complete its new planar mill in the first quarter of 2023.

Agriculture

- ▶ Prices of farm inputs are expected to continue rising in 2023, which will likely result in increased prices for farm products and increased farm cash receipts.
- ▶ Developments in the ongoing war in Ukraine may have further impacts on farm inputs, such as global grain prices.

Construction

- ▶ Total construction-related capital spending is expected to increase by 9.1 per cent to approximately \$6.6 billion in 2023.

Real Estate

- ▶ Housing starts are forecast to be 1,412 units in 2023, 2.4 per cent higher than 2022.
- ▶ The Canadian Real Estate Association forecasts residential sales in the province to be 6,366 units, a rise of 0.7 per cent compared to 2022. The average resale price is forecast to rise 1.9 per cent to \$297,206.

Tourism

- ▶ Resident and domestic travel is expected to continue to play an important role in the province's tourism industry in 2023, especially as more residents are impacted by concerns over affordability and rising travel costs.
- ▶ Travel intentions by residents and other key markets signal strong demand for travel to this province in 2023.

GDP and Employment by Industry

Table 1: GDP and Employment by Industry
Newfoundland and Labrador

	GDP 2021e		Employment 2022	
	\$ Millions	% of Total	Person Years, 000s	% of Total
Goods-Producing Sector	15,943.0	45.3	47.8	20.6
Agriculture, Forestry & Logging	197.5	0.6	1.5	0.6
Fishing, Hunting & Trapping	429.1	1.2	3.7	1.6
Mining	4,063.8	11.5	5.6	2.4
Oil Extraction	6,843.0	19.4	3.1	1.3
Support Activities for Oil & Mining	280.4	0.8	3.2	1.4
Manufacturing	1,246.2	3.5	10.1	4.3
Fish Products	283.2	0.8	3.4	1.5
Other	962.9	2.7	6.7	2.9
Construction	2,186.0	6.2	18.6	8.0
Utilities	697.0	2.0	2.0	0.9

Table 1: GDP and Employment by Industry

Newfoundland and Labrador

	GDP 2021e		Employment 2022	
	\$ Millions	% of Total	Person Years, 000s	% of Total
Services-Producing Sector	19,259.0	54.7	184.7	79.4
Wholesale Trade	683.0	1.9	5.4	2.3
Retail Trade	1,887.2	5.4	32.6	14.0
Transportation & Warehousing	792.2	2.3	10.9	4.7
Finance, Insurance, Real Estate & Business Support Services	4,901.0	13.9	12.7	5.5
Professional, Scientific, & Technical Services	1,168.9	3.3	11.6	5.0
Educational Services	1,978.7	5.6	17.1	7.4
Health Care & Social Assistance	3,193.4	9.1	44.5	19.1
Information, Culture & Recreation	859.1	2.4	6.9	3.0
Accommodation & Food Services	528.0	1.5	14.2	6.1
Public Administration	2,728.2	7.8	20.8	8.9
Other Services	538.6	1.5	8.2	3.5
Total, All Industries	35,202.0	100.0	232.5	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

Global Economic Environment

According to the International Monetary Fund (IMF), the world economy expanded by an estimated 3.4 per cent in 2022, down from growth of 6.2 per cent in 2021 (see Table 2). Global economic growth slowed as a result of several factors: interest rate increases by

Table 2: Real GDP Growth (per cent)
by Country/Region, 2021-23f

	2021	2022e	2023f
World	6.2	3.4	2.9
China	8.4	3.0	5.2
United States	5.9	2.1	1.3
India	8.7	6.8	6.1
Japan	2.1	1.4	1.8
United Kingdom	7.6	4.1	-0.6
Euro Area	5.3	3.5	0.7
Germany	2.6	1.9	0.1
France	6.8	2.6	0.7
Italy	6.7	3.9	0.6
Spain	5.5	5.2	1.1
Canada	5.0	3.4	0.7

e: estimate; f: forecast
Source: International Monetary Fund (January 2023); others available upon request.



many central banks in an effort to curb high inflation, the ongoing Russia-Ukraine war, and a resurgence of COVID-19 in China. Advanced economies grew by 2.7 per cent in 2022, while emerging and developing economies grew by 3.9 per cent. Developing economies were weighed down by unusually low growth of just three per cent in China—the first time in 40 years that China’s economic growth was below the global average. China maintained its strict zero-COVID policy up until December 2022, which limited economic activity, especially in areas related to travel and consumer services.

The high and broad-based inflation that emerged in 2021 proved to be more persistent than initially expected, with price increases accelerating during the first half of 2022. The effects of pandemic-induced supply chain constraints were further compounded by Russia’s invasion of Ukraine. In response, numerous countries imposed extensive trade and financial sanctions on Russia that had a considerable negative impact on the Russian economy, as well as wide-ranging implications for global commodity markets. Prices for several commodities, including oil, nickel, natural gas, wheat and potash, increased rapidly in the days following the invasion. Conversely, prices for energy products decreased in the second half of the year due to weaker demand from China in particular.

Central banks increased interest rates in an effort to curb demand and mitigate inflationary pressures throughout 2022. Interest rates in most countries appear to be near the level deemed necessary to bring inflation under control, with most forecasters predicting rates will peak early in 2023, before falling later in the year or early next year. Overall, inflation appears to have peaked in most countries, but core inflation (which excludes food and energy prices) remains high and further interest rate increases could be needed in some countries in the coming months. Once core inflation peaks and begins to fall, central banks are expected to begin lowering interest rates shortly after.

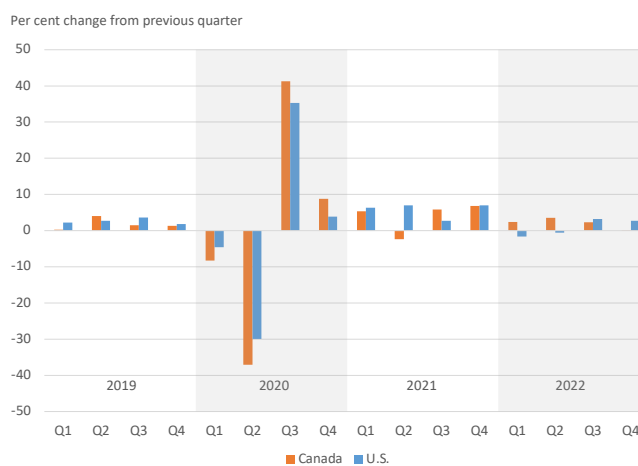
The IMF projects a global Gross Domestic Product (GDP) growth rate of 2.9 per cent in 2023, below the annual average rate of 3.8 per cent over the 2000 to 2019 period. Growth

is anticipated to be 1.2 per cent in advanced economies and four per cent in developing economies. This lower rate of forecasted growth reflects the high interest rates, in advanced economies in particular, as well as the widespread effects resulting from the war in Ukraine. On the positive side, China’s economy is expected to rebound, facilitated by the end of its zero-COVID policy. The IMF expects global inflation to decline to 6.6 per cent in 2023, down from 8.8 per cent in 2022.

United States

Real GDP growth in the United States was negative in each of the first two quarters of 2022, after a solid increase of 5.9 per cent in 2021 (see Figure 1). However, those losses were outweighed by gains in each of the last two quarters of the year, leading to United States real GDP growth of 2.1 per cent for the full year of 2022. Economic growth stemmed from gains in consumption expenditures, exports and non-residential investment, which were partly offset by lower residential investment and Federal Government spending.

Figure 1: Annualized Real GDP Growth Canada and U.S., Quarterly, 2019-22



Source: U.S. Bureau of Economic Analysis; Statistics Canada

The decrease in residential investment is attributable to higher interest rates, which slowed down the housing market.

In 2022, the United States labour market maintained its momentum from the previous year, partly fueled by the recovery of losses from the pandemic. Employment gains (non-farm payroll) averaged 401,000 persons per month in 2022. For context, average monthly job creation was 183,000 between 2010 and 2019. At the peak of the pandemic shutdowns in April 2020, the unemployment rate hit a high of 14.7 per cent. In 2022, the unemployment rate averaged 3.6 per cent, which was on par with pre-pandemic levels. The United States labour force participation rate also rebounded.

Inflation began to accelerate in the United States in 2021 and peaked in mid-2022. The monthly year-over-year inflation rate reached a 40-year high of 9.1 per cent in June 2022, before declining in the second half of the year. In response to sharply rising inflation, the Federal Reserve raised the federal funds target rate eight times between March 2022 and February 2023. The range for the target rate remained unchanged from March 2020 to mid-March 2022, between 0.0 and 0.25 per cent. Following the latest rate increase in February 2023, it stood between 4.5 and 4.75 per cent. Further rate increases are expected in 2023.

According to the First Quarter 2023 Survey of Professional Forecasters from the Federal Reserve Bank of Philadelphia, the median forecast for real GDP growth in the United States is 1.3 per cent in 2023. Prospects for the labour market do not suggest a substantial increase in the unemployment rate, with a rate

of 3.8 per cent forecasted for 2023. The pace of job creation is expected to slow considerably in 2023, with the survey of forecasters predicting average monthly gains of 217,800. This is about half of the pace observed in 2022, but closer to the recent historical average.

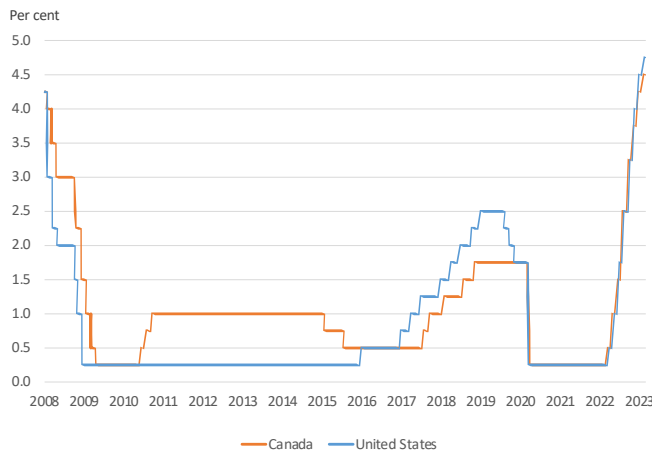
Canada

Canada's real GDP increased 3.4 per cent in 2022, compared to 2021. This was largely due to gains in consumer spending, exports, and non-residential investment, which were partly offset by declining residential investment and strong growth in imports.

Employment in Canada rose 4.0 per cent in 2022, with employment increases in both the goods-producing sector (+3.9 per cent) and the services-producing sector (+4.0 per cent). The unemployment rate fell to 4.5 per cent in December 2022, the lowest monthly rate recorded since consistent records began in 1976. Overall, the annual unemployment rate averaged 5.3 per cent in 2022, down from 7.5 per cent in 2021.

Similar to other central banks, the Bank of Canada reversed its pandemic-related accommodative monetary policy in 2022 in an effort to control rising inflation. The overnight target rate was reduced to 0.25 per cent in March 2020 and remained unchanged until March 2022. With eight rate increases between March 2022 and January 2023, the overnight target rate currently sits at 4.50 per cent (see Figure 2).

**Figure 2: Central Bank Rates
Canada and United States, 2008-22**



Note: U.S. rate is upper bound of the target range.
Source: Bank of Canada; U.S. Federal Reserve

Housing starts in Canada decreased 3.4 per cent in 2022, largely due to a normalization of activity from an unusually strong performance in 2021 and rising interest rates. The average price of a home sold in Canada reached a high of \$816,581 in February 2022, before declining to \$625,378 in December 2022.

The latest average of forecasts by major Canadian banks and the Conference Board of Canada expects Canadian real GDP to grow by 0.7 per cent in 2023, as high interest rates are anticipated to further dampen consumer spending and housing investment. The highest estimated real GDP growth rates among provinces in 2023 are expected in Newfoundland and Labrador (2.8 per cent), Alberta (2.8 per cent) and Saskatchewan (1.5 per cent), with lower growth rates in Ontario and Quebec (0.4 per cent each).¹ The forecast for Alberta is boosted by an improved outlook for the energy sector, while Saskatchewan's is supported by uranium and potash production.

In Ontario and Quebec, a combination of elevated inflation, lower consumer confidence and higher interest rates impacted GDP forecasts for 2023.

**Table 3: Real GDP Growth (per cent)
by Province, 2022-23f**

	2022e	2023f
Newfoundland and Labrador*	0.3	2.8
Prince Edward Island	2.4	1.2
Nova Scotia	2.1	0.9
New Brunswick	2.0	0.7
Quebec	2.9	0.4
Ontario	3.4	0.4
Manitoba*	3.6	0.7
Saskatchewan	5.4	1.5
Alberta*	4.8	2.8
British Columbia*	2.8	0.4
Canada	3.4	0.7

Note: Provinces with an asterisks denote actual Budget 2023 estimates/forecasts that were available at the time of publishing.

e: estimate; f: forecast

Source: Department of Finance; Average of Major Canadian Banks; Conference Board of Canada; Statistics Canada; Government of Manitoba; Government of Alberta; Government of British Columbia

¹ The real GDP growth forecasts for Newfoundland and Labrador (2.8 per cent) and Alberta (2.8 per cent) referenced are forecasts released by the respective provincial governments as part of Budget 2023. This differs from the average of forecasts by major Canadian banks and the Conference Board of Canada estimates used for other provinces in Table 3, unless otherwise noted.

Provincial Economic Overview

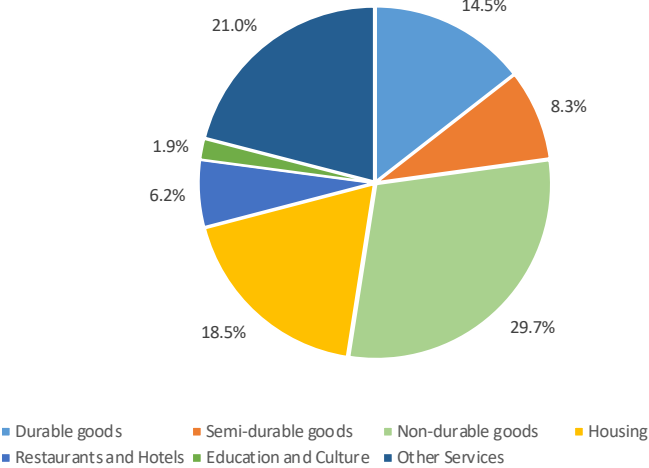
The Newfoundland and Labrador economy performed well in 2022, with most economic indicators showing moderate-to-strong growth. In particular, employment, population, and retail sales growth were stronger than anticipated, while high oil prices helped boost the value of nominal exports. Additionally, the tourism sector benefited from a pandemic rebound and the “Come Home 2022” campaign. Provincial real GDP increased by 0.3 per cent in 2022, as growth in both residential and non-residential investment, along with strong consumer spending, offset lower oil and nickel production (see Table 4).

Consumer Spending

Consumer spending consists of expenditures on all goods and services within an economy (see Figure 3). Despite near record-high inflation, consumer spending remained strong in the province in 2022, partly due to pandemic-induced pent-up demand and savings. Consumer spending, adjusted for



Figure 3: Components of Consumer Spending Newfoundland and Labrador, 2022



Source: Statistics Canada; Department of Finance

Hiker Near the Summit of Gros Morne Mountain

Table 4: Provincial Economic Indicators
Newfoundland and Labrador, 2021-27f

	2021	2022e	2023f	2024f	2025f	2026f	2027f
GDP at Market Prices							
(\$Millions)	37,927	42,049	40,627	41,811	43,248	43,522	45,316
% Change	17.7	10.9	-3.4	2.9	3.4	0.6	4.1
Real GDP at Market Prices							
(Chained \$2012 Millions)	33,006	33,110	34,025	35,061	36,151	36,454	37,285
% Change	0.6	0.3	2.8	3.0	3.1	0.8	2.3
Household Income (\$Millions)	27,893	30,184	31,484	32,349	33,420	34,362	35,380
% Change	6.3	8.2	4.3	2.7	3.3	2.8	3.0
% Change, real	2.5	1.7	1.0	0.1	1.0	0.6	0.8
Household Disposable Income							
(\$Millions)	19,288	20,841	21,647	22,260	22,991	23,651	24,367
% Change	7.5	8.1	3.9	2.8	3.3	2.9	3.0
% Change, real	3.7	1.6	0.6	0.2	0.9	0.7	0.9
Retail Sales (\$Millions)	10,184	10,947	11,314	11,522	11,801	12,084	12,391
% Change	11.0	7.5	3.4	1.8	2.4	2.4	2.5
% Change, real	6.2	1.2	0.1	-0.2	0.7	0.7	0.9
Consumer Price Index							
(2002=100)	144.7	153.9	158.9	163.1	166.9	170.5	174.1
% Change	3.7	6.4	3.2	2.6	2.3	2.2	2.1
Capital Investment (\$Millions)	7,224	8,040	8,694	8,642	8,973	9,477	9,668
% Change	-3.7	11.3	8.1	-0.6	3.8	5.6	2.0
% Change, real	-8.7	6.0	6.9	-2.2	1.7	3.9	0.5
Housing Starts	1,021	1,379	1,412	1,619	1,743	1,709	1,606
% Change	33.8	35.1	2.4	14.6	7.7	-2.0	-6.0
Employment ('000s)	222.8	232.5	237.7	236.7	239.9	239.3	239.2
% Change	3.4	4.4	2.2	-0.4	1.4	-0.3	0.0
Labour Force ('000s)	256.3	262.0	264.4	264.4	266.0	265.8	266.2
% Change	1.9	2.2	0.9	0.0	0.6	-0.1	0.1
Unemployment Rate (%)	13.1	11.3	10.1	10.5	9.8	10.0	10.1
Participation Rate (%)	57.6	58.4	58.2	58.0	58.1	57.9	57.8
Population ('000s)	520.5	526.0	531.1	532.1	533.4	533.8	534.3
% Change	-0.2	1.1	1.0	0.2	0.3	0.1	0.1

e: estimate; f: forecast, Department of Finance, March 2023
Source: Statistics Canada; Department of Finance

inflation, increased by three per cent to \$16.7 billion in 2022, with the largest increases concentrated in service industries, particularly restaurants and hotels.

Retail sales, which typically account for about 55 per cent of total consumer spending, totalled \$10.9 billion in 2022. This was a 7.5 per cent increase compared to 2021. Retail sales were up in most categories, consistent with higher overall prices for consumer goods. Higher retail sales were led by 'Gasoline stations' sales, which increased 16.1 per cent, mostly the result of higher gasoline prices. Notable sales increases were also seen in 'Miscellaneous store retailers' (+10.7 per cent), and 'Food and beverage stores' (+8.7 per cent).²

The number of new motor vehicles sold in Newfoundland and Labrador was 24,354 in 2022, a decrease of 15.1 per cent (or 4,319 units) compared to 2021. The value of motor vehicle sales and leases was approximately \$1.1 billion, down 8.2 per cent. Sales across North America were disrupted throughout most of the year due to inventory shortages, rising interest rates, and high inflation.

In the service sector, sales at food services and drinking places were \$928 million in 2022, up 13.2 per cent compared to 2021. Increased activity in the tourism sector helped support local restaurants and other tourism-related businesses in 2022.

Inflation

The Consumer Price Index (CPI) for 'All-items' rose 6.4 per cent in Newfoundland and Labrador in 2022, following an increase of 3.7 per cent in 2021 (see Figure 4). This represents the highest annual inflation rate since 1983. From 1992 to 2020, the annual inflation rate varied between 0.2 per cent and 3.4 per cent. Global inflation began rising in 2021, largely due to a rebound from deflated energy prices in 2020 and other impacts stemming from the COVID-19 pandemic, including pent-up demand, higher savings and increased government spending. Elevated inflation proved to be more persistent than initially expected and was amplified in early 2022 following Russia's invasion of Ukraine. The conflict aggravated ongoing supply chain issues and led to sharp price increases across a wide range of commodities, such as energy products and grains, thus affecting food prices.

While price increases were broad-based in 2022, higher energy prices (+22.1 per cent over 2021) were the largest contributor to inflation. This marked the largest annual increase in energy prices in the province since 1981. Prices for fuel oil and other fuels (+67 per cent) and gasoline (+25.8 per cent) led the increase, largely due to higher Brent crude oil prices (+42.6 per cent). Food prices were also up significantly in 2022 (+9.2 per cent) due to multiple factors including extreme weather, rising costs for transportation fuels, and supply chain disruptions. Excluding energy,

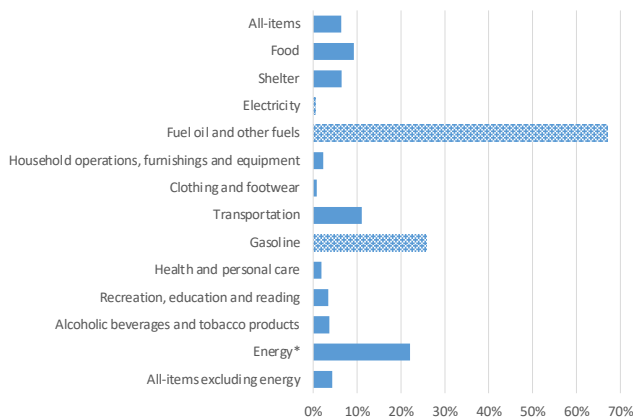
² The Miscellaneous store retailers subsector comprises establishments primarily engaged in retailing a specialized line of merchandise in specialty stores, such as florists, office supplies stores, stationery stores, gift, novelty and souvenir stores, used merchandise stores, pet and pet supplies stores, cannabis stores, art dealers and manufactured (mobile) home dealers.

the annual average CPI rose 4.3 per cent in 2022, compared with 1.8 per cent in 2021. This marked the highest level of inflation in this category since 1991.

At the national level, the CPI increased by 6.8 per cent in 2022, and by 5.7 per cent excluding energy. Among provinces, both Newfoundland and Labrador and Alberta had the lowest inflation rate in Canada in 2022 at 6.4 per cent.

Figure 4: Per Cent Change in Consumer Price Index

Newfoundland and Labrador, 2022



Note: The special aggregate 'Energy' includes: electricity, natural gas, fuel oil and other fuels, gasoline, and fuel, parts and accessories for recreational vehicles. Components in hatch pattern are subcomponents of the preceding component.

Source: Statistics Canada; Department of Finance

For further detail on what contributed to consumer inflation in Newfoundland and Labrador in 2021 and 2022, please see the Special Feature on page 16.

Exports

The nominal value of Newfoundland and Labrador exports increased 9.6 per cent to \$15.9 billion in 2022, mainly the result of higher values of oil and nickel exports. The value of oil exports increased 26.7 per cent due to a higher average price for Brent crude oil in 2022 (+42.6 per cent). The value of nickel

exports was up 34.3 per cent, buoyed by a 38.7 per cent increase in nickel prices. These increases were partly offset by declines in the value of iron ore and seafood product exports. Iron ore prices were historically high in 2021, but returned towards normal levels in 2022. Similarly, prices for snow crab, which is the highest valued species in the province's seafood processing sector, were historically high in 2021 before falling back towards normal levels in 2022.

Locally manufactured products are exported to both domestic and international markets. Newfoundland and Labrador posted a decrease of 13.2 per cent in the sales of manufactured goods in 2022 compared to 2021. Shipments of durable goods, which include fabricated metal products and non-ferrous refined metals such as nickel processed at the Long Harbour plant, increased 18.7 per cent, while shipments of non-durables, such as newsprint and fish products, decreased by 30 per cent.

The real value of total exports decreased 5.4 per cent in 2022, mainly due to a lower volume of oil and nickel exports compared to the previous year.

Capital Investment

Capital investment in Newfoundland and Labrador was \$8 billion in 2022, an increase of 11.3 per cent from 2021 (see Figure 7). Residential spending increased 9.9 per cent in 2022, mainly due to strong housing start numbers in the province, up 35.1 per cent for the year. Non-residential spending rebounded from depressed levels in 2020 and 2021—

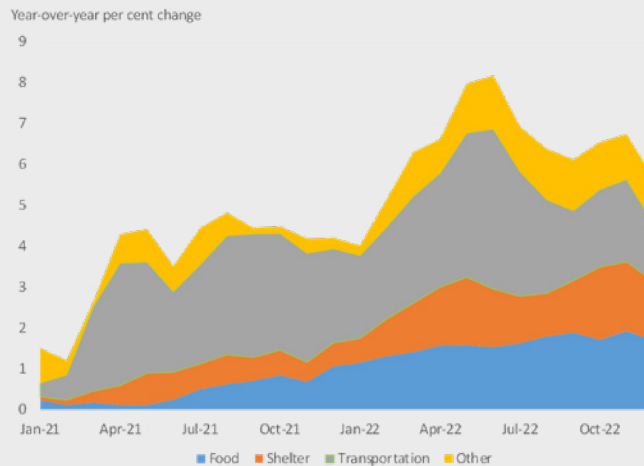
Special Feature:

What Contributed to Consumer Inflation in Newfoundland and Labrador in 2021 and 2022?

The rapid increase in inflation in the province in mid-to-late 2021 and early 2022 was led by rising energy prices, particularly gasoline, diesel and home heating fuel. As 2022 progressed, the impacts of energy prices stabilized and rising prices in other areas, such as food and shelter (housing), began to contribute more to the overall inflation rate (see Figure 5).

Figure 5: Contribution to Consumer Price Changes

Newfoundland and Labrador, 2021-22



Source: Statistics Canada

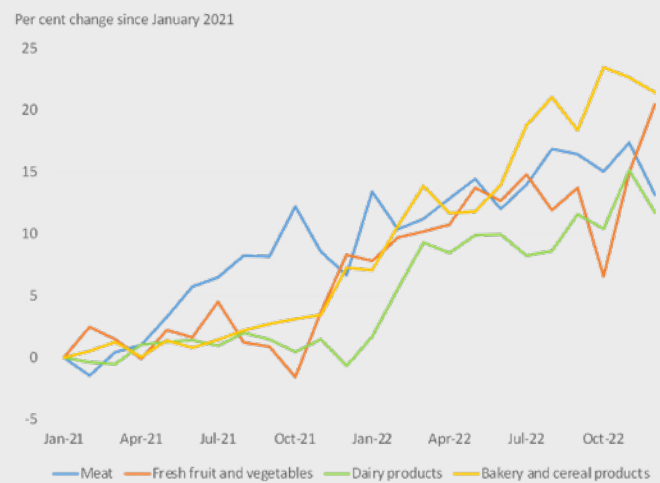
Price increases in the transportation component of the CPI in late 2021 and early 2022 were fuelled not only by rising gasoline and diesel prices, but also rising automobile prices. Since then, fuel prices have decreased from peaks reached in the summer of 2022.

Similarly, shelter (housing) costs initially began to rise due mainly to rising fuel oil prices. In more recent months, rising mortgage interest costs and rent have been the main contributor to rising shelter (housing) prices.

Rising prices in nearly every major food category has added to the increased cost

of living for Newfoundland and Labrador consumers since the beginning of 2021 (see Figure 6). Meat products were the first to see large price increases starting in mid-2021, followed closely by fresh fruit and vegetables and bakery and cereal products, and more recently by dairy.

Figure 6: Change in Food Prices by Month Newfoundland and Labrador, 2021-22



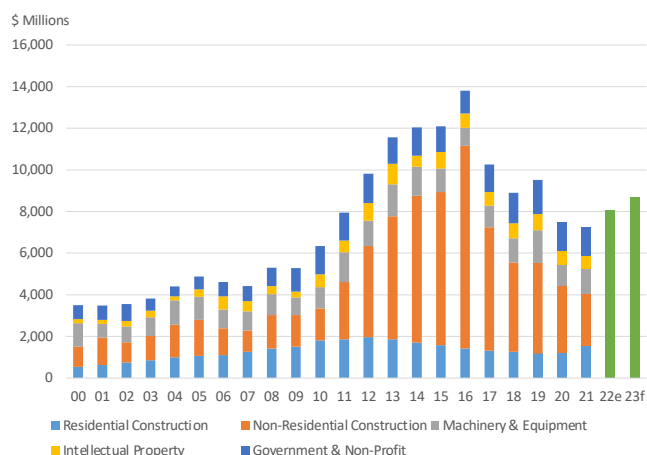
Source: Statistics Canada

While the contributions of energy prices to inflation rates has levelled off and declined slightly in recent months, food and shelter (housing) prices do not appear to have peaked yet.

In the coming months, the moderation of home heating prices and interest rates should slow shelter inflation. In its January 2023 Monetary Policy Report, the Bank of Canada said it expects higher interest rates to slow economic growth, and that combined with declining energy prices and improved supply chains, are expected to reduce the inflation rate to around three per cent by the middle of 2023, and down to two per cent in 2024.

stemming mainly from the suspension of construction activity in many sectors due to the COVID-19 pandemic. Investment in the oil and gas sector increased significantly in 2022, most notably investment related to the Terra Nova floating storage, production and offloading vessel, which underwent a major refit in Spain throughout most of the year. Investment spending also increased on all other oil projects, including the West White Rose project, preliminary work on the Bay du Nord project, and drilling and maintenance work on the Hibernia project (see **Oil and Gas**).

**Figure 7: Capital Investment
Newfoundland and Labrador, 2000-23f**



e: estimate; f: forecast
Source: Statistics Canada; Department of Finance

Labour Market

The labour market in Newfoundland and Labrador performed exceptionally well in 2022, with employment reaching its highest annual level in the past six years and the unemployment rate falling to its lowest annual rate since consistent Labour Force Survey records began in 1976.

Employment increased to 232,500 persons in 2022, a 4.4 per cent increase over 2021. Employment gains were seen in both full and part-time employment, and across all major age groups. The number of employees increased in both the private and public sectors, with gains spread evenly across the goods-producing sector and the services-producing sector. Many service-sector industries have now seen employment recover to, or in some cases exceed, pre-pandemic levels. There were notable gains in ‘Transportation and warehousing’ (+36.3 per cent) and tourism-related industries, such as ‘Accommodation and food services’ (+19.3 per cent). In the goods-producing sector, ‘Mining, quarrying, and oil and gas extraction’ (+16.7 per cent) and ‘Construction’ (+9.4 per cent) recorded the largest gains.

The province’s labour force increased 2.2 per cent to 262,000 persons in 2022, due to an increase in the labour force age population (those age 15 years and older) and higher labour force participation. Rising employment led to a 1.8 percentage point decrease in the unemployment rate, which, at 11.3 per cent in 2022, is the lowest annual unemployment rate on record for the province since consistent Labour Force Survey records began in 1976.

Low levels of unemployment, combined with high inflation, resulted in higher wages in the province in 2022. Average weekly earnings in the province were \$1,149.92 in 2022. This represented an increase of 4.7 per cent over 2021, and was the second highest growth rate among provinces, behind only New Brunswick (7.7 per cent). Average weekly earnings for Canada were \$1,166.36 in 2022, up 3.2 per cent from 2021.

Total labour compensation increased 8.3 per cent in 2022 compared to 2021, reflecting higher wages and increased employment. Similarly, household income is estimated to have increased by 8.2 per cent, due to higher labour compensation and additional government transfers, such as the one-time cost-of-living payments.³

Population

Newfoundland and Labrador's population stood at 525,972 as of July 1, 2022, an increase of 5,520 persons, or 1.1 per cent, compared to July 1, 2021. This represents the largest annual population increase in the province since 1976. The population increase was driven by both international and interprovincial in-migration, which offset losses due to natural population change (i.e., fewer births than deaths).

Net international in-migration totalled 4,884 from July 1, 2021 to July 1, 2022, the largest increase in the province's history since consistent records began in 1971 (the previous high was 1,882 in 1993). This large influx of international migrants was partly due to the province welcoming Afghan and Ukrainian citizens who fled, or were displaced, from their home countries throughout the year, but also partly due to increased effort by the provincial government to attract and retain skilled workers. A backlog of immigration applications stemming from the pandemic also likely contributed to the increase.

Net interprovincial in-migration increased for a second consecutive year, following four years of decline. Net interprovincial in-migration totalled 2,930 from July 1, 2021 to

July 1, 2022, the largest total recorded since consistent records began in 1971 (the previous high was 1,877 in 2009). Interprovincial in-migration was heavily concentrated in individuals coming to the province from Ontario, while out-migration of the province's population was mainly to Ontario and Alberta.

Losses from natural population changes (i.e., births less deaths) accelerated for the sixth consecutive year due to a rising number of deaths, reflecting an aging population and one-time factors related to the pandemic. The births to deaths ratio for Newfoundland and Labrador, at 0.6, was the lowest of all provinces. New Brunswick and Nova Scotia were also below one. Of note, annual births increased slightly in the province for the first time since 2014.

On a quarterly basis, there has been population growth in Newfoundland and Labrador in each of the last six quarters. Population growth was especially pronounced in the second and third quarters of 2022. According to the most recent estimate from Statistics Canada, Newfoundland and Labrador's population was 528,818 as of October 1, 2022. This was an increase of 2,846 persons, or 0.5 per cent, from the previous quarter (July 1, 2022).

Economic Outlook

Newfoundland and Labrador's real GDP is forecast to increase by 2.8 per cent to \$34 billion in 2023, primarily due to increased mineral production and investment growth. Most other economic indicators are also expected to show growth, though at a slower

³Household income refers to most of the monies received by all household members, before income taxes and deductions, during a specified reference period. It includes earnings such as wages and salaries, as well as transfers, such as employment insurance benefits and pension income.

pace than 2022. Real exports are expected to increase 5.4 per cent, driven mainly by higher iron ore production. Both the Terra Nova oil project and the newly converted bio-fuel refinery in Come By Chance are expected to restart operations this year. The resumption of development work on the West White Rose project and continued government investment in infrastructure projects, such as the new mental health and addictions facility in St. John's, will contribute to increased construction activity.

For the year as a whole, employment is forecast to increase by 2.2 per cent in 2023. Employment gains are anticipated to lower the unemployment rate from 11.3 per cent in 2022 to 10.1 per cent in 2023.

Household income is expected to increase by 4.3 per cent in 2023. Strong wage growth will be partially offset by lower government transfers, as temporary cost-of-living measures elevated 2022 transfer levels. Income growth is anticipated to continue to support retail sales, which are expected to increase by 3.4 per cent in 2023. The rate of consumer inflation is expected to remain high in the first half of 2023, before moderating in the second half of the year as the effects of the Bank of Canada's interest rate increases impact the economy. However, some uncertainty remains, and a rebound in energy prices or disruptions caused by world events may lead to further inflationary pressures.

Continuing the strong growth seen in 2022, the province's population is projected to rise by one per cent with net natural losses being offset by significant net in-migration.

Capital investment is expected to increase by 8.1 per cent to \$8.7 billion in 2023, as the West White Rose project ramps up again and the Voisey's Bay Mine Expansion project continues.

There are reasons for continued optimism in the longer term, with growth opportunities in the oil and gas, mining, and aquaculture industries forecast to increase economic activity. Equinor continues engineering and design work associated with the province's fifth offshore oil project, Bay du Nord, as recent additional discoveries in the area may increase both the size of the production facility and total recoverable resources. There is also substantial oil and gas exploration potential for new discoveries in addition to tieback opportunities for existing projects in Newfoundland and Labrador's offshore.

There is significant interest in developing the province's wind resources to produce green hydrogen. On August 23, 2022, a Declaration of Intent to establish a Canada-Germany Hydrogen Alliance was signed between the Governments of Canada and Germany in Stephenville. With abundant wind resources, Newfoundland and Labrador is well-positioned to meet the clean energy needs of Canada and other countries, such as Germany. Following a detailed assessment of 31 land nomination submissions for wind energy projects, the provincial government announced in December 2022 the launch of a Crown land call for bids for wind energy projects. Bids opened on December 14, 2022 and were accepted until March 3, 2023. On February 23, 2023, the Provincial Government released a new wind-hydrogen fiscal framework that will be applicable to wind-hydrogen projects in the province. The framework includes Crown land

fees, wind electricity tax, water use fee and water royalty.

In the mining sector, iron ore production is expected to increase as Tacora Resources Inc. continues to ramp-up iron ore production at the Scully Mine in western Labrador. Construction activities associated with two key gold mines in central Newfoundland, the Valentine Gold project, owned by Marathon Gold, and the Hammerdown gold mine, owned by Maritime Resources Corp., are expected to start in 2023, and gold exploration on the island portion of the province is expected to remain high in the year ahead.

The aquaculture sector is anticipated to grow over the next decade. A strategic push towards innovative technology for marine sites and in processing plants is expected to continue. Diversification is also at the forefront, with the province licensing new species that have commercial potential over the coming years.

The Government of Newfoundland and Labrador also continues to work proactively with the technology and film and television sectors to create more opportunities and accelerate growth within those industries.

Oil and Gas

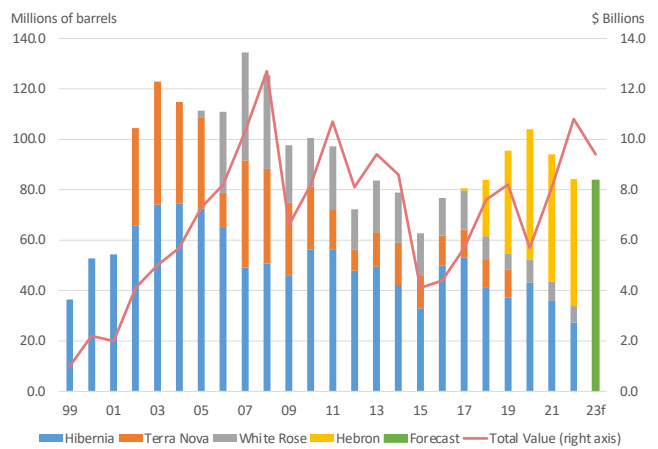


The oil and gas industry plays a vital role in the Newfoundland and Labrador economy.

There are currently four developed oilfields in the province’s offshore area. Hibernia, White Rose (including North Amethyst) and Hebron are producing oil, while Terra Nova is scheduled to resume production this year. Oil production for the province totalled 84.3 million barrels (MMbbls) in 2022, a decrease of 10.4 per cent compared to 2021 (see Figure 8). Production was down at each operating oil field in 2022. Direct employment in the

Hebron Oil Project
ExxonMobil

Figure 8: Offshore Oil Production Newfoundland and Labrador, 1999-2023f

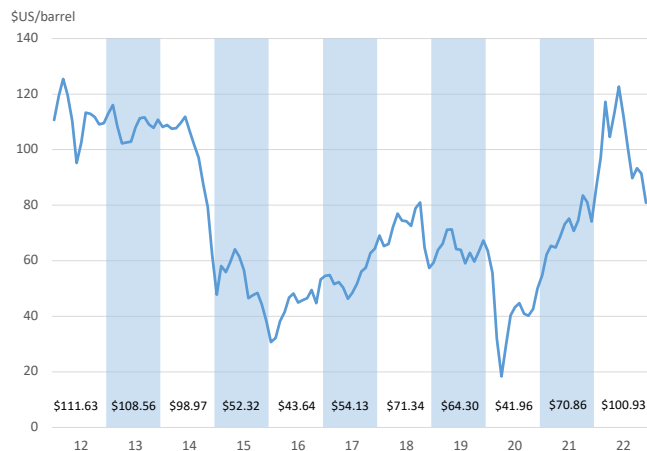


f: forecast
Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

industry was approximately 6,300 person years in 2022, up 12.5 per cent over 2021.

Despite lower production, the value of oil production increased by 33.6 per cent to \$10.8 billion in 2022, the highest annual value since 2008, due to significantly higher crude oil prices. The average price of Brent crude oil was US\$100.93 per barrel in 2022, an increase of 42.4 per cent from US\$70.86 per barrel in 2021 (see Figure 9).

Figure 9: Brent Crude Oil Prices
Monthly, 2012-22



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

Hibernia

Oil production for Hibernia totalled 27.3 MMbbls in 2022, a decrease of 24.4 per cent relative to 2021. In 2022, the platform was shut down for planned maintenance in early September and returned to normal production levels in November. As of December 2022, the Hibernia oilfield had an estimated 573 MMbbls of recoverable reserves remaining and there were 1,170 Newfoundland and Labrador residents working on the project.

Terra Nova

For most of 2022, the Terra Nova floating production, storage and offloading vessel was in dry dock at Ferrol, Spain, undergoing life extension activities that are expected to extend the life of the project by about 10 years. The life extension project is estimated to cost US\$500 million. The vessel is expected to be back in production in 2023 and reach a production rate of about 29,000 barrels per day by the end of the year. As of December

2022, the Terra Nova project had an estimated 81 MMbbls of recoverable reserves remaining and there were 658 Newfoundland and Labrador residents working on the project.

White Rose

Oil production at the White Rose field and its satellite areas (i.e., North Amethyst, South White Rose and West White Rose) was 6.6 MMbbls in 2022, a decrease of 9.2 per cent relative to 2021. As of December 2022, it is estimated that the recoverable reserves remaining for the White Rose project (including North Amethyst and extensions) totalled 183 MMbbls.

Construction work on the West White Rose project was suspended in 2020 due to the COVID-19 pandemic, and is expected to resume in 2023. Capital spending of between \$600 million and \$700 million this year will be primarily directed towards the construction of West White Rose concrete gravity structure, with first oil expected in 2026. Peak production is anticipated to reach approximately 80,000 barrels per day by the end of 2029. The West White Rose project is expected to add an additional 14 years of production. As of December, there were 1,075 Newfoundland and Labrador residents working on the White Rose project (including the West White Rose development).

Hebron

Oil production for Hebron totalled 50.3 MMbbls in 2022, down 0.5 per cent from 2021. As of December 2022, Hebron had an estimated 490 MMbbls of recoverable reserves remaining and there were 942 Newfoundland and Labrador residents working on the project.

Bay du Nord

In July 2018, the Government of Newfoundland and Labrador, Equinor Canada, and Cenovus (formerly known as Husky Energy) announced a framework agreement for the development of the Bay du Nord project. Located in the Flemish Pass Basin, about 500 kilometres from St. John's, at approximately 1,170 metres of water depth, it would be Canada's first deep-water development to produce oil. Bay du Nord was initially reported to have a reserve estimate of 300 MMbbls of recoverable oil, with an expected field life between 12 and 20 years. In recent years, several discoveries have improved the potential recoverable oil resources for the Bay du Nord project development. On February 3, 2023, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) issued a significant discovery licence (SDL) to Equinor related to the Cappahayden K-67 discovery. The recoverable oil resource from

this discovery is estimated to be 385 MMbbls, bringing the total estimate of recoverable oil resources greater than 500 MMbbls, with the potential for up to one billion barrels. Partner sanctioning for the project is expected to occur within the next two years.

Exploration

The Newfoundland and Labrador offshore is divided into eight regions based on activity defined by the Scheduled Land Tenure System (C-NLOPB).⁴ Exploration drilling programs within these regions have the potential to create additional activity in the offshore area. Exploration work commitments on active exploration licenses in the Newfoundland and Labrador offshore were approximately \$2 billion as of February 2023.⁵ The following highlights exploration activity in two active regions in the province's offshore (see Figure 10).

⁴The Land Tenure System is the method by which companies gain the rights to conduct exploration activity in a region. The companies bid for the land based on the dollar value of their proposed work commitments with the rights to conduct exploration going to the highest bidder.

⁵Financial work commitments do not necessarily represent how much companies will actually spend on programs related to exploration licences. Companies are not required to spend to the limit of total work commitments, but instead to put down a deposit and undertake exploration (i.e., seismic and/or drilling) activities according to a schedule under the licensing regulations in order to retain licences. Companies also have an option to extend a licence period by paying a refundable deposit.

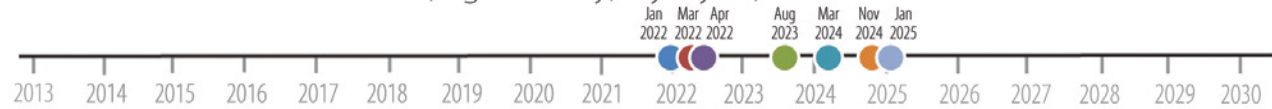
Figure 10 – Lands Issuance Rounds Timeline

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

2022 Jeanne d’Arc (Mature, 1-yr cycle)



2022 Eastern Newfoundland (High Activity, 2-yr cycle)



2020 Eastern Newfoundland (NL22-CFB01) (High Activity, 2-yr cycle)



2020 Eastern Newfoundland (NL05-EN) (High Activity, 2-yr cycle)



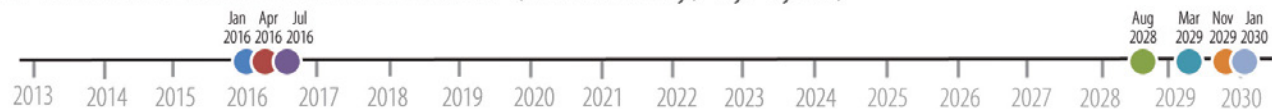
2017 South Eastern Newfoundland (Low Activity, 4-yr cycle)



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



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



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



Source: Canada–Newfoundland & Labrador Offshore Petroleum Board

Jeanne d'Arc Region

- ▶ There are currently two Exploration Licenses (ELs) entirely within the Jeanne d'Arc Region, and an additional two ELs, which straddle the boundary between the Jeanne d'Arc and Eastern Newfoundland Regions.
- ▶ Currently, there is only one active Environmental Assessment submitted to the Impact Assessment Agency of Canada (IAAC). Suncor Energy's Tilt Cove Drilling project was submitted in May 2019, with proposed drilling of up to 12 wells. On June 26, 2022, Suncor submitted a request for a time-limit extension in order to move the deadline for the Environmental Impact Statement from August 28, 2022 to August 31, 2024. This request was approved by the IAAC on August 22, 2022.
- ▶ In 2023, ExxonMobil and its joint venture partner, Cenovus Energy, are planning to drill Gale N-66 well with the West Hercules semisubmersible drilling unit in the Jeanne d'Arc Region.

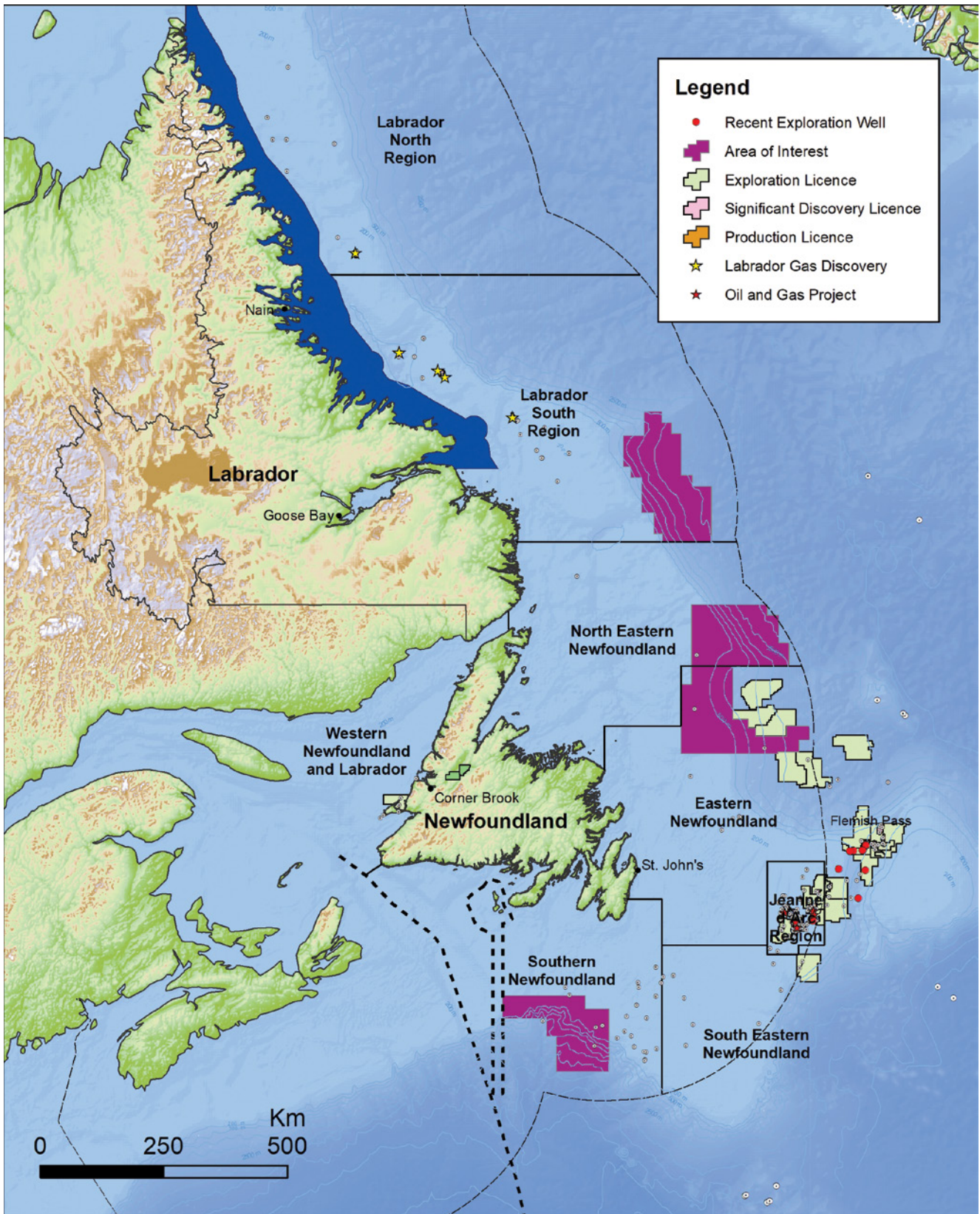
Eastern Newfoundland Region

- ▶ There are currently 12 ELs in the Eastern Newfoundland Region and one EL in the South Eastern Region.
- ▶ Navitas Petroleum Canada Inc. was awarded EL 1147 in 2017. An owner of an exploration licence is required to drill or spud and diligently pursue an exploratory well on or before the expiry date of Period 1. On January 12, 2023, the

company submitted a \$5 million refundable drilling deposit, thereby extending Period 1 on EL 1147 until January 15, 2024.

- ▶ The West Hercules drill rig was active in the Eastern Newfoundland Region in 2022, drilling two wells for operator Equinor. The Cambriol J-31/31A well was drilled then abandoned. Drilling of the Sitka O-02/02A well resumed on July 26, 2022 (originally spudded October 20, 2020) and was later abandoned.
- ▶ Equinor Canada Ltd.'s Bay du Nord project involves development of the Bay du Nord field (which includes Bay du Nord, Bay de Verde, Bay de Verde East, Harpoon, and the Baccalieu discovery) with the addition of Cappahayden. The project is estimated to involve drilling between 10 and 30 wells. Drilling would occur over two ELs and four SDLs.
- ▶ BP Canada Energy Group ULC and joint venture partners, Hess Canada Oil and Gas ULC, and Noble Energy Canada ULC, are planning to drill the Ephesus (Cape Freels) well with the Stena IceMax drillship in the Orphan Basin. The Ephesus well was declared as one of the top five frontier exploration prospects in the world for 2023.

Map 1: Newfoundland and Labrador Petroleum Lands



Source: Canada–Newfoundland & Labrador Offshore Petroleum Board; Department of Industry, Energy and Technology

Offshore Exploration Initiatives

Geoscience data, particularly seismic programs, for the province's offshore areas are used to carry out independent resource assessments ahead of the closure of a bidding round in the scheduled land tenure system. This offers an opportunity for the industry to learn more about the oil and gas potential of the blocks that are on offer, and further allows for a full evaluation of all the offshore regions. The data collected are available for licensing by the industry.

On December 30, 2021, the Provincial Government announced an Offshore Exploration Initiative (OEI) eligibility amendment, granting qualified operators an additional year of drilling to December 31, 2023. This initiative allows all future bid deposit forfeitures to be reinvested through cost reimbursement in the offshore oil industry. On September 15, 2022, the Government of Newfoundland and Labrador announced its support of the ExxonMobil exploration well, Gale N-66. On November 25, 2022, under the same initiative (OEI), ExxonMobil's Hampden K-41 well was drilled as the company's second well. In total, EL 1165A was approved for \$30 million reimbursement, as per the OEI Reimbursement Agreement.

Calls for Nominations

The following Calls for Nominations have been announced for offshore Newfoundland and Labrador:

- ▶ On January 14, 2022, the C-NLOPB issued a Call for Nominations (Areas of Interest) in the Eastern Newfoundland Region. This was meant to assist the C-NLOPB in selecting a sector for introduction into the scheduled land tenure system for April 2022. As a result, on May 16, 2022, the C-NLOPB identified, under its scheduled land tenure system, Eastern Newfoundland (NL06-EN). The Call for Bids is currently planned for November 2024, with licences awarded in early 2025.
- ▶ On September 20, 2022, the C-NLOPB issued a Call for Nominations (Parcels) in the Jeanne d'Arc Region. This will assist the C-NLOPB's decision on whether to proceed with a Call for Bids in 2023 and if so, which parcels would be offered. If it proceeds, a Call for Bids in the Jeanne d'Arc Region would be announced in spring 2023 and close in November 2023, with licences awarded in early 2024.

Calls for Bids and Results

On May 11, 2022, the C-NLOPB announced a 2022 Calls for Bids for ELs in the Eastern Newfoundland and South Eastern Newfoundland Regions, with each bid round closing on November 2, 2022. Five successful bids were received for the Eastern Newfoundland Region, totalling \$238 million in work commitments. No bids were received for the South Eastern Newfoundland Region.

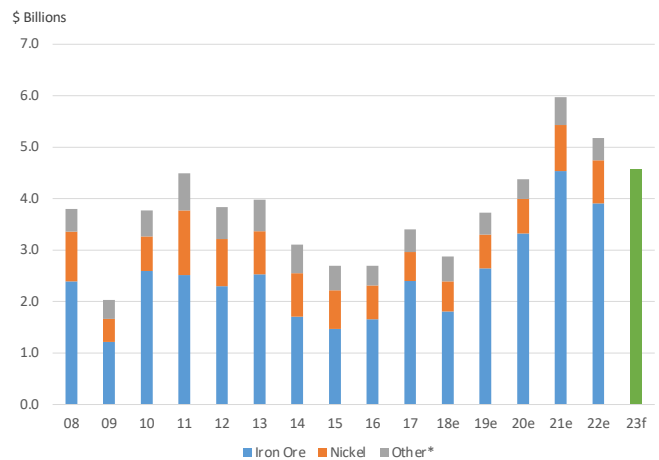
2023 Outlook

- ▶ Oil production is expected to decrease 0.6 per cent to 83.8 MMbbls in 2023. Production declines at White Rose and Hebron (due mainly to scheduled maintenance) will be offset by renewed production at Terra Nova, which is expected to resume production this year.
- ▶ Construction on the West White Rose project is expected to resume. This will include the completion of the concrete gravity structure and topsides, which will serve as the drilling platform for the project.
- ▶ The Department of Finance expects Brent crude oil prices to average US\$85.70 per barrel on a calendar year basis in 2023 (US\$86 per barrel for fiscal year 2023-24).
- ▶ ExxonMobil and its joint venture partner, Cenovus Energy, are planning to drill the Gale N-66 well with the West Hercules semisubmersible drilling unit in the Jeanne d'Arc Region.
- ▶ BP Canada Energy Group ULC and joint venture partners, Hess Canada Oil and Gas ULC, and Noble Energy Canada ULC, are planning to drill the Ephesus (Cape Freels) well with the Stena IceMax drillship in the Orphan Basin.

Mining



**Figure 11: Value of Mineral Shipments
Newfoundland and Labrador, 2008-23f**



* Includes antimony, copper, cobalt, gold, silver, barite, dolomite, fluorspar, gypsum, limestone, peat, pyrophyllite, sand & gravel, stone aggregate and dimension stone.
e: estimate, f: forecast
Source: Department of Industry, Energy and Technology; Natural Resources Canada

Mineral shipments from Newfoundland and Labrador were valued at \$5.2 billion in 2022, down 13.3 per cent from 2021 (see Figure 11). This decline was primarily due to falling iron ore prices and lower nickel production. Total mining-related employment increased by 11.2 per cent to 9,021 person years in 2022. Employment gains were recorded across several mines, including Voisey’s Bay, where construction on the mine expansion project continues.

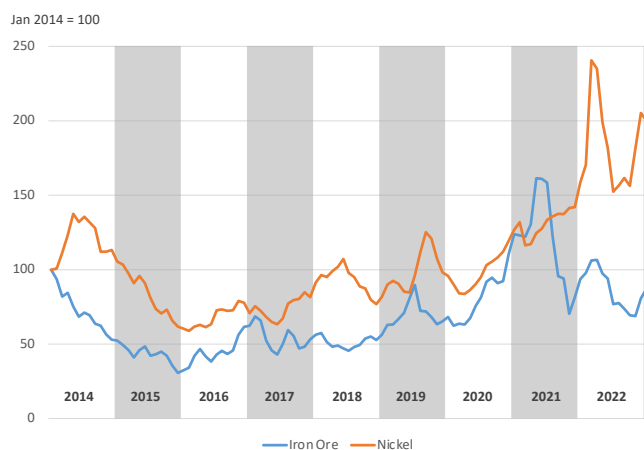
Commodity prices for two of the province’s key minerals—iron ore and nickel—moved in opposite directions in 2022 (see Figure 12). Iron ore prices averaged US\$112.85 per tonne in 2022, down 27.7 per cent from 2021, largely the result of lower steel production, particularly in China, which accounts for more than 70 per cent of globally traded seaborne iron ore. However, iron ore prices did begin to rebound in November 2022, as the Government of China pursued

Signal Gold’s Pine Cove Pit
Department of Industry, Energy and Technology

policies to stimulate domestic investment and consumption.

Nickel prices experienced considerable volatility in 2022, averaging US\$11.62 per pound throughout the year, up 38.7 per cent from 2021. In the first quarter of 2022, nickel prices rose due to supply concerns, underscored by the expectation that sanctions would be imposed on Russian nickel exports. However, this was offset in the second and third quarters by tightening monetary policies enacted by central banks, coupled with lockdowns resulting from a rising number of COVID-19 cases in China. Nickel prices increased again in the fourth quarter of 2022, as China relaxed its COVID-19 pandemic-related restrictions.

Figure 12: Mineral Price Indices
Monthly, 2014-22



Source: Bloomberg

Iron Ore Company of Canada

The Iron Ore Company of Canada (IOC), located near Labrador City, is one of Canada's largest iron ore producers. With a high-quality iron ore reserve and a long mine life, IOC is also a global leader in the iron ore sector, producing premium products. IOC's pellets

and concentrate are high grade with clean chemistry, a lower carbon footprint, world leading low alumina and ultra-low phosphorus, all beneficial to the iron and steel industry. Total saleable iron ore production, including concentrate and pellets, totalled 17.6 million tonnes in 2022, up six per cent from 2021. Despite higher production levels, the value of IOC shipments declined in 2022 due to lower iron ore prices relative to historically high prices in 2021. Production is expected to rise again as Rio Tinto's 2023 IOC production guidance currently stands at 17.9 to 19.6 million tonnes of pellets and concentrate. Employment at the mine totalled 2,268 person years in 2022, up 11.4 per cent from 2021.

Vale Newfoundland and Labrador

Vale Newfoundland and Labrador operates the Voisey's Bay nickel mine on the north coast of Labrador and a hydrometallurgical nickel processing plant in Long Harbour. All nickel mined at Voisey's Bay is shipped to Long Harbour for processing. Nickel production totalled 24,400 metric tonnes in 2022, down 36.1 per cent from 2021. Copper production totalled 10.8 metric tonnes in 2022, down 46.8 per cent from 2021.

In 2022, Vale continued work on its Voisey's Bay Mine Expansion project, which began in late 2018. The project involves developing two underground mines, Reid Brook and Eastern Deeps, and is expected to produce 40,000 tonnes of nickel-in-concentrate annually, with approximately 20,000 tonnes of copper and 2,600 tonnes of cobalt produced as by-products. The Reid Brook deposit achieved its

first ore production in the second quarter of 2021. Vale has begun to extract development ore from the Eastern Deeps deposit with the main production ramp-up set to begin in the second half of 2023. The Voisey's Bay Mine Expansion project was 81 per cent complete as of February 16, 2023.

Nickel, copper, and cobalt are listed among the 31 critical minerals identified by the Government of Canada as vital in the transition to a green economy. Furthermore, nickel, copper, and cobalt are among the six minerals identified by the federal government which provide the greatest potential for economic growth. For instance, nickel is used in the production of solar panels, while copper is used to produce electronics. Nickel and cobalt, in particular, are important inputs used in the production of batteries for electric vehicles. In May 2022, Vale agreed to supply Tesla with low-carbon nickel sourced from its Voisey's Bay mine to produce lithium-ion batteries.

Employment for all aspects of the Voisey's Bay project, including the Long Harbour Processing Plant, was estimated to be 3,867 person years in 2022, up 8.4 per cent from 2021, as underground mine construction continued.

Tacora Resources Inc.

Tacora Resources Inc. (Tacora) is an iron ore mining and processing company that reactivated the Scully Mine near Wabush, Labrador, in 2018. Production capacity is expected to be six million tonnes per year once the project is fully operational, with a projected mine life of 26 years. In June 2022,

the Atlantic Canada Opportunities Agency provided Tacora with \$3.3 million in repayable funding to create jobs and improve operations at the company's iron ore processing plant. These improvements include the addition of two new processing lines, which will remove manganese and silica from the concentrate to help produce higher grade iron ore. This will lead to lower carbon emissions when the iron ore is used in steel production. Tacora's operations generated 516 person years of employment in 2022, up 34.4 per cent from 2021.

Tata Steel Minerals Canada Ltd.

Tata Steel Minerals Canada Ltd. operates a high-grade iron ore project in the Menihek region of Labrador and northern Quebec, with deposits on both sides of the border. The project generated approximately 360 person years of employment in 2022, up 16.1 per cent from 2021.

Other Mines

Rambler Metals and Mining Canada Ltd. owns and operates the underground Ming copper-gold mine and the Nugget Pond Mill on the Baie Verte Peninsula, as well as a year-round bulk storage and shipping facility in Goodyear's Cove. Saleable copper production at the mine totalled 5,876 tonnes in 2022, up 71.9 per cent from 2021 levels. Saleable gold production totalled 1,983 ounces in 2022, up 9.9 per cent from 2021. In November 2022, to reduce debt and address declining copper prices, the company undertook an efficiency management program aimed at targeting cost reductions and improvements in operational efficiency. The mine generated an estimated

280 person years of employment in 2022, up 34.6 per cent from 2021.

Signal Gold Inc., formerly known as Anaconda Mining Inc., produced gold at its Point Rouse project near Baie Verte. The Point Rouse project produced 17,948 ounces of gold in 2022, up 48.9 per cent from 2021. In October 2022, Signal Gold announced that it would not proceed with the development of the Stog'er Tight expansion project due to rising costs and labour issues. On January 31, 2023, Signal Gold stated that mining at the Argyle deposit is now complete and the remaining ore is anticipated to be processed by early March. The company is winding down activities as it shifts the Point Rouse project into a care and maintenance mode, but plans to review options to maximize its assets in Newfoundland. Signal Gold's operations generated 105 person years of employment in 2022, on par with 2021 employment levels.

Atlantic Minerals Limited is located at Lower Cove on the Port au Port Peninsula and is a leading producer of chemical grade high calcium limestone, dolomite, and construction aggregates. Employment at the mine totalled 92 person years in 2022, up 2.2 per cent from 2021.

Barite Canada (BarCan), formerly known as Barite Mud Services Inc., is a Newfoundland and Labrador-based company that recovers barite from tailings produced at the former American Smelting and Refining Company's base metals mine in Buchans. BarCan generated 22 person years of employment in 2022, on par with 2021.

The Beaver Brook Antimony Mine near Glenwood extracts antimony ore from an

underground mine and produces antimony dry concentrate through the milling process. Operations at the mine were suspended indefinitely in January 2023 due to rising operating costs and lower production levels. The mine remains in a care and maintenance mode as exploration activity is expected to continue in 2023 to assess the remaining resources at the mine and whether operations will eventually restart. The antimony mine generated 107 person years of employment in 2022, up 1.9 per cent from 2021 employment levels.

The Canada Fluorspar Inc. (CFI) fluorspar mine consists of three pits, a mill, and a marine shipping terminal in St. Lawrence. In February 2022, CFI filed for interim receivership and laid off nearly 250 workers in an effort to avoid bankruptcy as the mine entered into a care and maintenance mode. The Supreme Court of Newfoundland and Labrador appointed a Monitor/Interim Receiver that was directed to run a Sales and Investment Solicitation Process to find a buyer for the mine. As a result, six non-binding Letters of Intent (LOI) and two liquidating proposals were received as of January 16, 2023. After consultation, a LOI was selected and on February 13, 2023, the Monitor and the New Successful Bidder finalized a binding letter of intent. The New Successful Bidder intends to restart the operations of CFI.

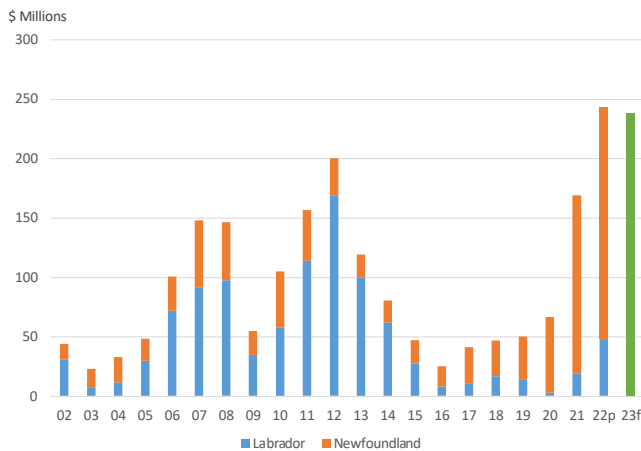
The province's construction aggregate industry (i.e., producers of gravel, sand, crushed stone, or other mineral materials used in the construction industry) shipped approximately 7.9 million tonnes of aggregate in 2022, up 26.1 per cent compared with 2021. Construction aggregate is valued at approximately \$43.2 million, up 46.4 per

cent from 2021. The construction aggregate sector generates about 557 person years of employment annually.

Exploration and Development

Mineral exploration expenditures hit a 10-year high in 2022, reaching \$243 million (see Figure 13). Growth was driven by accelerated gold exploration in central Newfoundland during the past two years and increased interest in Labrador’s deposits of rare earth elements, which are expected to be in high demand as the world transitions toward a low-carbon economy.

Figure 13: Mineral Exploration Expenditures Newfoundland and Labrador, 2002-22



p: preliminary; f: forecast
Source: Department of Industry, Energy and Technology

Marathon Gold Corporation is a gold exploration and development company advancing its Valentine Gold project in central Newfoundland. The project was released from provincial and federal environmental assessment processes in 2022. After completing early work at the site in October 2022, construction activities began in the first quarter of 2023. In December 2022, an updated feasibility study concluded that the mine is expected to produce 195,000 ounces of gold annually over 12 years of the project’s

14.3-year mine life, with first gold anticipated in January 2025. The mine is anticipated to generate 405 person years of employment during peak construction and 522 person years of employment during peak operations.

Maritime Resources Corp. is a gold mining and exploration company with its key asset, the past-producing Hammerdown gold mine, located in the Baie Verte mining district, approximately five kilometres south-west of King’s Point. Maritime’s August 2022 feasibility study anticipates annual gold production of 50,000 ounces, with \$75 million in initial capital spending and \$4.9 million in sustaining capital spending over a five-year mine life. Undeveloped opportunities, such as the Orion deposit and the Orion/Hammerdown trend, may extend the life of the mine. Maritime anticipates the construction phase will begin in the second half of 2023 and require 12 months, with first gold production anticipated in the second half of 2024. The mine is expected to generate 135 person years of employment during construction and 200 person years of employment annually during operations.

Matador Mining Ltd. is pursuing a gold exploration program at the Cape Ray Gold project located near Port aux Basques. The Government of Canada extended the deadline for Matador to complete its environmental assessment process to August 2025. Once fully permitted, the project is anticipated to have a seven-year mine life, averaging 88,000 ounces of gold and 124,000 ounces of silver per year. Construction employment is estimated at 200 person years and operational employment is anticipated to be 160 person years annually.

New Found Gold Corp. (NFG) is pursuing its Queensway gold project located approximately 15 kilometres west of Gander on the Trans-Canada Highway. In 2022, there were 257 workers employed at NFG's exploration site, of which approximately 90 per cent were residents of Newfoundland and Labrador. By the end of 2022, NFG completed about 80 per cent of its 400,000-metre drilling program. The company announced in February 2023 that it would use its \$82 million in holdings of cash and marketable securities to expand its drilling program to 500,000 metres.

Search Minerals Inc. continues to conduct exploration development of the Port Hope Simpson Critical Rare Earth Element district in southeastern Labrador. A preliminary economic assessment released in June 2022 estimated a 26-year mine life for the project, with initial production by 2025. The company is also proposing to build a hydrometallurgical processing facility. Search Minerals is working on a new project description to submit to the regulatory agencies as the previous submission was allowed to lapse, and recently received \$5 million from the Government of Canada, under the Critical Minerals Research Development & Demonstration Program, for construction and operations of a demonstration plant for rare earth extraction and recovery.

To encourage mineral exploration, the Government of Newfoundland and Labrador provides funding to the industry through the Mineral Incentive Program. This program includes the Prospector Assistance and Junior Exploration Assistance grants, and provides funding for the Matty Mitchell Prospectors Resource Room. The Mineral Incentive

Program invested \$1.7 million into mineral exploration in 2022.

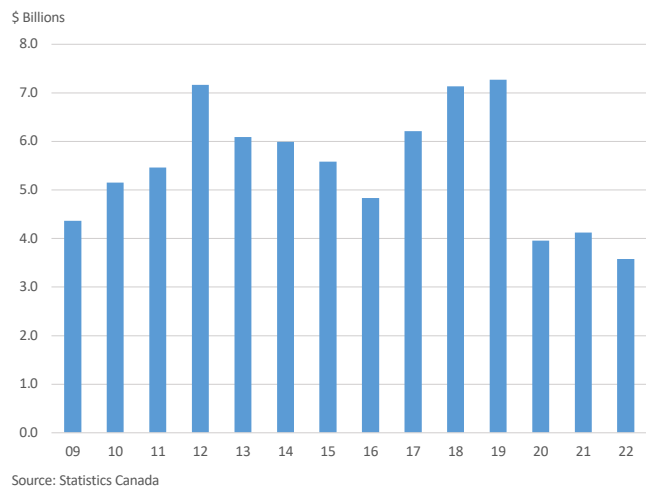
2023 Outlook

- ▶ The value of mineral shipments is expected to be lower, primarily due to lower iron ore prices and lower nickel production.
- ▶ The closure of the Beaver Brook Antimony mine and the uncertainty surrounding Canada Fluorspar Inc. will contribute to lower shipment values.
- ▶ Iron ore prices are expected to continue to decline from their peak in 2021 to pre-pandemic levels. This decline may be partly offset by a recovery in China's economy.
- ▶ Nickel prices are expected to decrease as global supply rises. Increased demand for Class 1 nickel from the electric vehicle sector may moderate this decline.
- ▶ The Voisey's Bay Mine Expansion project will continue, with production ramp-up at the Eastern Deeps deposit expected later this year.
- ▶ Mineral exploration is expected to total \$238.6 million in 2023, driven by continued gold mineral potential in central Newfoundland and increased interest in critical minerals and rare earth elements.
- ▶ \$1.3 million has been announced by the Provincial Government for increased support for junior exploration companies searching for critical minerals in 2023.
- ▶ Mining sector employment is estimated to be 8,854 person years in 2023.

Manufacturing



**Figure 14: Value of Manufacturing Shipments
Newfoundland and Labrador, 2009-22**



Newfoundland and Labrador’s manufacturing sector produces a wide variety of goods, with manufacturers located in both rural and urban areas of the province. The value of manufacturing shipments totalled \$3.6 billion in 2022, representing a decrease of 13.2 per cent compared to 2021 (see Figure 14). Shipments of durable goods, which include fabricated metal products and non-ferrous refined metals such as nickel processed at Long Harbour, increased by 18.7 per cent, while shipments of non-durables, such as newsprint and fish products, decreased by 30 per cent.⁶

Employment in the manufacturing sector averaged approximately 10,100 persons in 2022, down 2.9 per cent compared to 2021. Non-durable goods manufacturing employment totalled 7,100, a decrease of 1.4 per cent, while durable goods manufacturing totalled 3,000, a decrease of 6.3 per cent. Labour income in the industry increased by 24 per cent in 2022 compared to 2021, due

Long Harbour Nickel Processing Plant
Vale

⁶The distinction between non-durable goods and durable goods is based on whether the goods can be used once only for purposes of production or consumption or whether they can be used repeatedly or continuously. Examples of durable goods manufacturing include: wood products, fabricated metal, machinery, electrical equipment, appliance and component, transportation equipment, etc. Examples of non-durable goods manufacturing include: food, beverage and tobacco products, apparel, chemical, paper, etc.

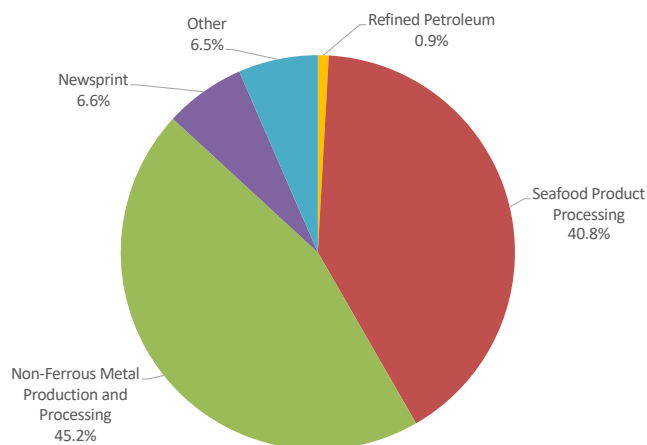
to an increase in wage rates in the non-durable goods sector. Average weekly earnings in the manufacturing sector increased by 5.7 per cent in 2022, compared to 2021.

Locally-manufactured products are sold in both domestic and international markets. The value of international manufacturing exports from Newfoundland and Labrador was approximately \$2.9 billion in 2022, an increase of 9.5 per cent from 2021. This increase was primarily due to gains in the value of non-ferrous metal production, stemming from higher nickel prices. The United States remains the largest export market for Newfoundland and Labrador manufacturers, representing 45.3 per cent of international manufacturing exports in 2022.

In 2022, the value of international exports of non-ferrous metal production and processed products from Newfoundland and Labrador totalled \$1.3 billion, an increase of 37.4 per cent compared to 2021. This increase was mainly the result of higher prices for nickel (see **Mining**). This category accounted for the largest share of international manufacturing exports in 2022 at 45.2 per cent (see Figure 15).

Fish processing plays an important role in Newfoundland and Labrador’s manufacturing industry. Seafood products accounted for the second largest category in international exports of manufactured goods in 2022 at 40.8 per cent. The value of international seafood product exports totalled approximately \$1.2 billion in 2022, down 13.5 per cent from 2021, due to lower market demand and prices for snow crab and price

Figure 15: Distribution of International Manufacturing Exports by Industry Newfoundland and Labrador, 2022



Source: Statistics Canada

undercutting by Russian processors. Markets in the United States and China purchased a combined 81 per cent of the value of the province’s seafood product exports in 2022 (see **Fishery and Aquaculture**).

The volume of newsprint shipped from Corner Brook Pulp and Paper Limited was down 13 per cent in 2022 compared to 2021. However, higher market prices for newsprint offset fewer shipments and the estimated value of shipments increased by 11.2 per cent as a result. The value of international newsprint exports totalled approximately \$200 million in 2022, up 35.2 per cent from 2021 (see **Forestry**).

Historically, refined petroleum products generally accounted for the largest proportion of the province’s manufacturing output. Production of these products at the oil refinery in Come By Chance ended on March 30, 2020. As a result, the value of international petroleum exports from Newfoundland and

Labrador has fallen drastically, representing only 0.9 per cent of manufacturing exports in 2022. Although the refinery did not restart crude oil processing, it was able to supply the local fuel market with available inventories and shipments from suppliers outside the province. Work continues to convert the refinery to produce bio-fuels, such as diesel and aviation fuels, made from plant-based oils. The refinery is strategically located along Atlantic shipping routes, with access through the nearby marine terminal in Placentia Bay. This will allow for easy shipment of bio-fuel feedstock to the site and transportation of the final products to markets in Europe, Canada and the United States.

The Government of Newfoundland and Labrador offers a number of tax credits and programs for businesses in the manufacturing industry, including: the Manufacturing and Processing Investment Tax Credit, which allows corporations that invest in capital property in Newfoundland and Labrador to claim a credit of 10 per cent of the capital cost to reduce Newfoundland and Labrador tax otherwise payable and in some cases may be refundable; and the Green Technology Tax Credit, which allows Canadian Controlled Private Corporations that invest in equipment that generates or conserves renewable-source energy, uses fuels from waste, or makes efficient use of fossil fuels to claim a credit equal to 20 per cent of the capital cost.

2023 Outlook

- ▶ Work continues on the Come By Chance refinery, which is being converted to produce bio-fuels.
- ▶ Lower nickel prices may reduce the value of non-ferrous metal manufacturing in the province.
- ▶ Provincial newsprint shipment volumes are expected to remain near recent production levels.
- ▶ Relatively high lumber prices should boost the value for wood products.
- ▶ Construction on several major projects is expected to boost fabricated metal manufacturing.
- ▶ Supply chain disruptions and rising food prices may lead to an increase in local food production as the province moves toward increasing food security.
- ▶ The manufacturing sector continues to explore ways to reduce costs, increase productivity and transition to greener technology to reduce carbon emissions.

Fishery and Aquaculture

In 2022, there was a notable increase in fish landings and landed value in the province driven primarily by the snow crab fishery, which received a quota increase and experienced historically high prices. While aquaculture production declined, it is anticipated to grow steadily over the next several years as new production begins to flow from both existing site expansions and new sites. The value of seafood product exports, which account for a significant portion of the province's total exports, remained historically high. In 2022, the industry employed 16,634 people, down from a peak of 17,522 in 2021.



Wild Fisheries

The wild fishery refers to the harvest of naturally occurring fish in marine environments. The most recent stock assessments indicated that some of the province's groundfish stocks continue to show signs of growth, particularly redfish. The northern cod stock has not fully recovered; however, recent assessments indicate that the stock is above levels observed during the 2000s. The snow crab resource is stable and increasing in some areas, which resulted in an increase in the Total Allowable Catch (TAC) in 2022.

Crab Processing
Department of Fisheries, Forestry and Agriculture

Table 5: Landings and Landed Value by Species
Newfoundland and Labrador, 2021-22

Species	2021 Revised		2022 Preliminary		2022/2021 Comparison	
	Volume (tonnes)	Value (\$000s)	Volume (tonnes)	Value (\$000s)	% Volume	% Value
Snow Crab	38,385	623,661	49,970	758,062	30.2%	21.6%
Shrimp	35,997	139,456	31,091	122,341	-13.6%	-12.3%
Lobster	4,984	84,548	5,992	104,128	20.2%	23.2%
Other Shellfish	31,042	64,895	53,306	129,410	71.7%	99.4%
SHELLFISH	110,408	912,560	140,359	1,113,941	27.1%	22.1%
Turbot	8,452	46,027	9,953	52,909	17.8%	15.0%
Cod	12,170	17,422	13,409	24,325	10.2%	39.6%
Flounders	15,860	26,945	11,593	20,040	-26.9%	-25.6%
Redfish	4,202	7,041	4,032	5,644	-4.0%	-19.8%
Other Groundfish	2,272	9,225	1,541	9,701	-32.2%	5.2%
GROUNDFISH	42,956	106,660	40,528	112,619	-5.7%	5.6%
Herring	6,728	2,610	22,282	7,269	231.2%	178.5%
Capelin	22,333	17,084	4,886	3,737	-78.1%	-78.1%
Mackerel	602	393	0	0	-100.0%	-100.0%
Other Pelagics	339	3,429	531	5,725	56.6%	67.0%
PELAGICS	30,002	23,516	27,699	16,731	-7.7%	-28.9%
TOTAL	183,366	1,042,736	208,586	1,243,291	13.8%	19.2%

Date: February 2023

Notes:

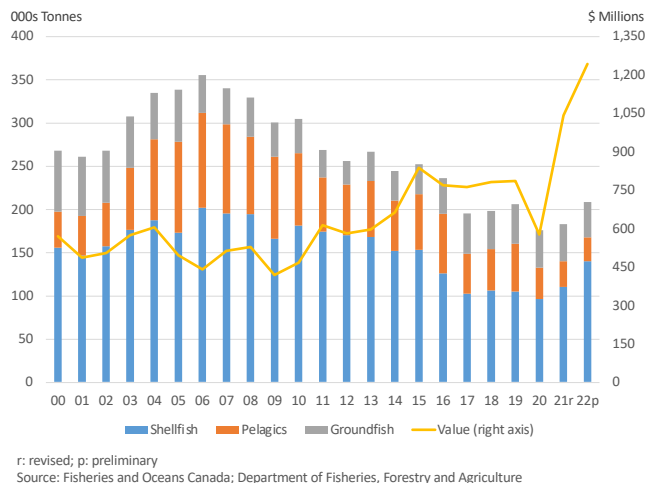
- Species components may not sum due to independent rounding.
- Flounders includes: American plaice, yellowtail flounder, greysole/witch, winter flounder.
- Other Shellfish includes: Clams, whelk, squid, sea cucumber, other crustaceans, other molluscs.
- Other Groundfish includes: Pollock, hake, halibut, haddock, skate, monkfish, lumpfish roe and other miscellaneous groundfish.
- Other Pelagics includes: Tuna and other miscellaneous pelagics.

Source: Fisheries and Oceans Canada and the Department of Fisheries, Forestry and Agriculture

The total volume of fish landings increased 13.8 per cent to 208,586 tonnes in 2022, primarily resulting from higher shellfish landings, which more than offset lower landings of pelagics and groundfish. The

corresponding total landed value reached a record of \$1.2 billion, up 19.2 per cent in comparison to 2021, primarily the result of increased landings (see Table 5 and Figure 16).

Figure 16: Wild Fishery Landings Newfoundland and Labrador, 2000-22

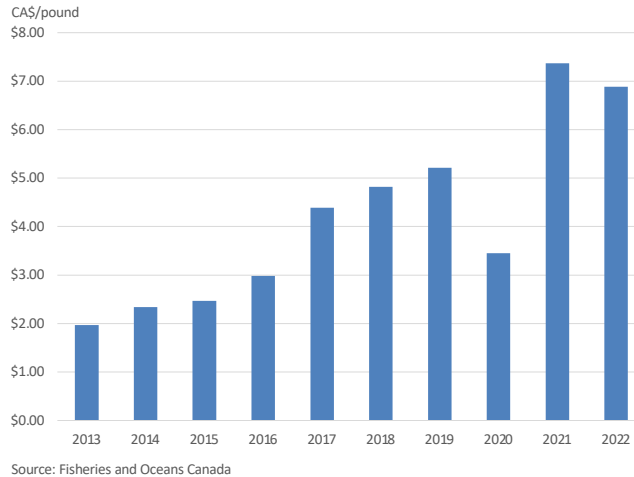


Shellfish

In 2022, shellfish continued to account for the majority of both the volume of fish landings (67 per cent) and the landed value (90 per cent) in the wild fishery. The volume of shellfish landings increased by 27.1 per cent to 140,359 tonnes, largely due to an increase in snow crab and other shellfish landings, and partly offset by lower shrimp landings.⁷ The corresponding landed value for shellfish rose by 22.1 per cent to a record of \$1.1 billion.

The snow crab TAC increased from 38,186 tonnes in 2021 to 50,470 tonnes in 2022. As a result, snow crab landings rose 30.2 per cent to nearly 50,000 tonnes. The corresponding landed value of snow crab saw an increase of 21.6 per cent to a record high of \$758 million. While the landed raw material price for snow crab remained historically high, it decreased from a record high average of \$7.37 per pound in 2021 to an average of \$6.88 per pound in 2022 (see Figure 17).

Figure 17: Snow Crab Average Landed Price Newfoundland and Labrador, 2013-22



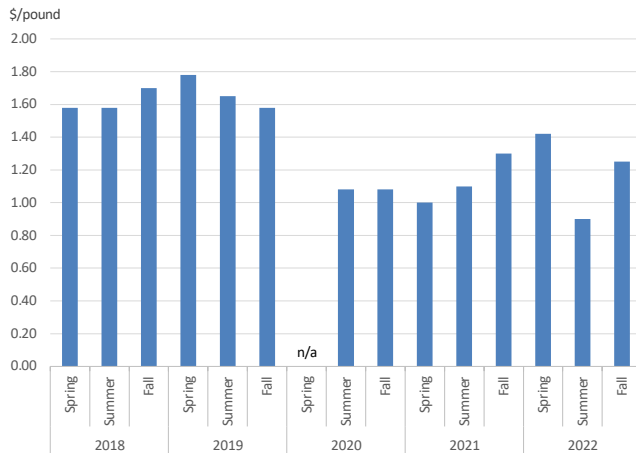
Shrimp landings declined 13.6 per cent to 31,091 tonnes in comparison to 2021. The corresponding value decreased by 12.3 per cent to \$122 million. The minimum landed price paid to harvesters for inshore shrimp decreased from an average of \$1.13 per pound in 2021 to \$0.90 per pound in the summer fishery of 2022, then back up to \$1.25 per pound in the fall fishery (see Figure 18).

Groundfish

Groundfish accounted for 19 per cent of the total volume of fish landings and nine per cent of the total landed value in the province in 2022. Total groundfish landings decreased 5.7 per cent to 40,528 tonnes in 2022, as higher catches of turbot and cod were offset by lower catches of flounder. The corresponding landed value increased 5.6 per cent to \$113 million, primarily due to higher landings of turbot and cod.

⁷Other shellfish includes clams, whelk, squid, sea cucumber, other crustaceans, and other molluscs.

Figure 18: Minimum Landed Price Paid to Inshore Shrimp Harvesters Newfoundland and Labrador, 2018-22



Source: Fish Food & Allied Workers Union

Pelagics

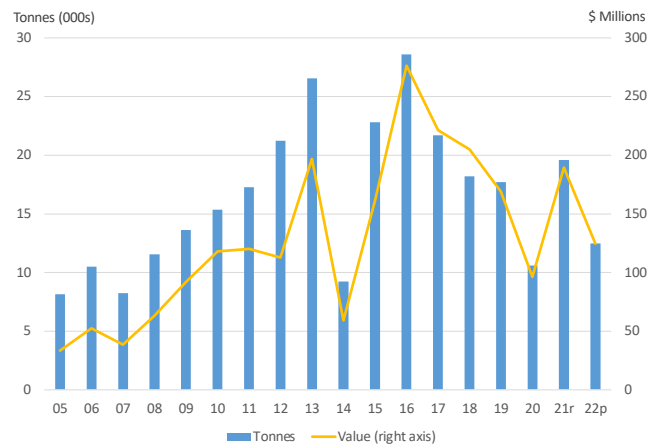
Pelagics accounted for approximately 13 per cent of the volume of total fish landings and one per cent of the total landed value in 2022. Pelagic landings decreased by 7.7 per cent to 27,699 tonnes in 2022, primarily due to lower catches of capelin, down 78.1 per cent as a result of lower fishing effort, and no mackerel landings, as a moratorium was implemented on fishing for mackerel due to stock concerns. This decline was partly offset by significantly higher herring landings, more than tripling over 2021. The corresponding landed value of pelagics decreased by 28.9 per cent to just under \$17 million as a result of fewer landings of higher valued species, particularly capelin and mackerel.

Aquaculture

Aquaculture production in the province is comprised of salmonids (i.e., Atlantic salmon and steelhead trout) and shellfish (i.e., blue mussels and oysters). The volume of aquaculture production was nearly 12,500

tonnes in 2022, down 36.4 per cent from 2021 levels (see Figure 19). This decrease is the result of lower production volumes for salmonids. The corresponding market value decreased by 34.2 per cent to \$124.6 million. Direct employment from aquaculture hatchery and grow-out activities was estimated at 575 persons in 2022, on par with 2021.

Figure 19: Aquaculture Production and Value Newfoundland and Labrador, 2005-22



r: revised; p: preliminary
Source: Department of Fisheries, Forestry and Agriculture

Salmonid production declined by 48.2 per cent to approximately 8,200 tonnes in 2022, due to lower Atlantic salmon production as a result of production scale backs and mortality events that led to earlier harvesting. This production was valued at \$104 million, a decrease of 39.8 per cent. The average market price for 8-10 pound wholefish Atlantic salmon was \$6.03 per pound in 2022, up 31.7 per cent from \$4.58 per pound in 2021.

In 2022, aquaculture shellfish production consisted primarily of blue mussels, with a small amount of oysters produced. Shellfish production was nearly 4,300 tonnes with

a production value of \$20.6 million, up by 14.1 per cent and 25 per cent, respectively, over 2021. Mussel prices increased from an average of \$2.02 per pound in 2021, to \$2.20 per pound in 2022.

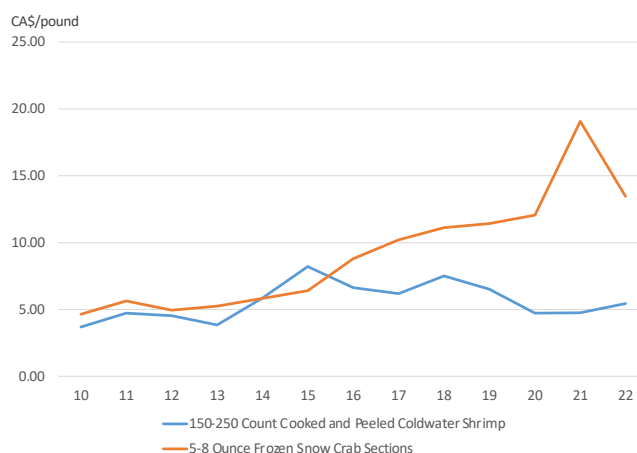
Further aquaculture developments proceeded in the province in 2022. A strategic push towards innovative technology at marine sites and processing plants continued, along with the use of cleaner fish and post-smolt. The industry has made progress with the licensing of new aquaculture species, such as wolffish. This has the potential to diversify the industry and generate new commercial opportunities over the coming years. Grieg NL SeaFarms Ltd. stocked its first marine sites in Placentia Bay in 2022. The company was also the successful proponent for the Bays West Aquaculture Development project and has begun the initial steps to develop the region, which ranges from the western edge of Bay d’Espoir to Burgeo and then on to Port aux Basques. This project could potentially produce upwards of 15,000 tonnes of Atlantic salmon annually once fully operational.

Processing and Marketing

In 2022, there were 89 licensed fish processing plants in the province, compared to 92 in 2021. Seafood products production decreased to approximately 109,800 tonnes in 2022 (excluding aquaculture), down 8.4 per cent over 2021.

The value of Newfoundland and Labrador’s international seafood product exports declined by 13.5 per cent to \$1.2 billion in 2022, after hitting a record high in 2021. This decline was partially due to a drop in snow crab exports and prices as a result of lower market demand (particularly from the United States and Japan) and price undercutting from Russian processors, which enticed some buyers to purchase more from Russia and less from Atlantic Canada. The United States remained the largest export market for Newfoundland and Labrador seafood products, representing 64.1 per cent of the total export value, while China accounted for 16.9 per cent. Other markets included Indonesia (3.5 per cent), the United Kingdom (3.4 per cent) and Denmark (2.1 per cent).

Figure 20: Shrimp and Snow Crab Average Global Market Prices 2010-22



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

Market prices for snow crab declined in 2022 after reaching a historical high in 2021. The average market price for 5-8 ounce snow crab sections was \$13.46 per pound in 2022, down from \$19.07 per pound in 2021 (see Figure 20). Market prices for cooked and peeled

inshore shrimp averaged \$5.45 per pound in 2022, up from \$4.74 per pound in 2021.

2023 Outlook

- ▶ The volume of fish landings in Newfoundland and Labrador is expected to remain relatively stable in 2023.
- ▶ Aquaculture production is expected to increase, as gains from both new sites and expansions to existing sites boost output.
- ▶ The lower market demand for snow crab in 2022 resulted in product remaining in cold storage into 2023. This may have a dampening effect on snow crab prices in 2023.

Forestry

The provincial forestry industry exhibited a steady performance in 2022. Continued high prices for lumber and newsprint led to an increase in market value, despite issues with log supply and newsprint demand. The industry faces several challenges, including Annual Allowable Cut (AAC) reductions in areas with high forestry activity and an expanding spruce budworm infestation. The AACs have been reduced due to competing land use values—such as cabin development, agriculture development and wildlife habitat restrictions—which, in turn, have reduced the forested land available for commercial timber production. In recent years, the spruce budworm population on the island portion of the province has been increasing and, although the province has an aggressive control program in place, there is potential for merchantable timber losses.



Newsprint

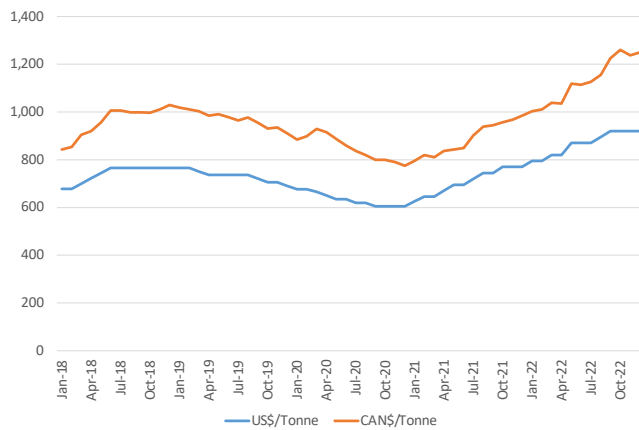
Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Inc., owns and operates the only newsprint facility in the province, located in Corner Brook. CBPPL currently operates two paper machines with a total annual production capacity of 245,000 tonnes. Between its paper mill, power plants, and forest operations, CBPPL employs close to 400 full-time and casual workers. The volume of newsprint shipments decreased by 13 per cent to 212,183 tonnes in 2022, while the associated value of shipments increased by 11.2 per cent, as higher newsprint

Dry Kiln at Burton's Cove Logging and Lumber Ltd.
Department of Fisheries, Forestry and Agriculture

prices more than offset lower shipments. The value of international newsprint exports was up 35.2 per cent compared to 2021. The United States and India accounted for nearly half of international newsprint shipments.

In spite of a long-term decline in the demand for newsprint, the average price increased to US\$868 per tonne in 2022, compared to US\$708 per tonne in 2021 (see Figure 21). North American newsprint mills continued to control inventories in 2022, as world demand declined further. However, prices increased to cover higher costs of materials. Higher prices also led some mills to consider restarting idled machines, adding capacity to an already oversupplied market.

Figure 21: North American Newsprint Prices
Monthly, 2018-22



Source: PPI Pulp and Paper Week

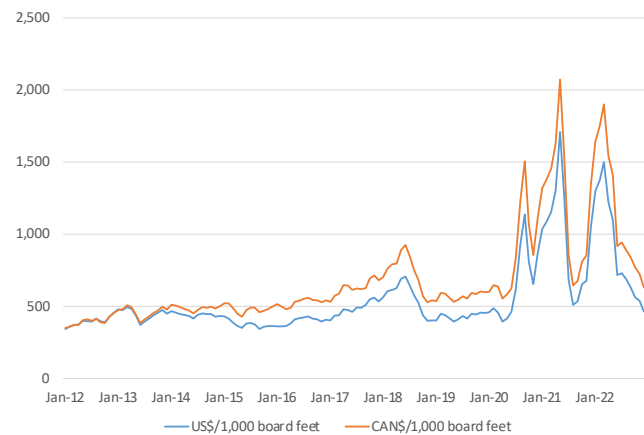
Lumber

Newfoundland and Labrador’s lumber is produced primarily by three large integrated sawmills: Sexton Lumber Co. Ltd, Burton’s Cove Logging and Lumber Ltd., and Cottles Island Lumber Company Ltd. Together, they represent nearly 95 per cent of the province’s lumber

production. Preliminary estimates for total lumber production indicate 104 million board feet in 2022, down from 107 million board feet in 2021. This decrease was due to log supply issues in the spring related to trucking capacities.

During the last two years, lumber market prices have been unusually volatile, peaking at US\$1,501 per thousand board feet in March 2022, before declining in the second half of the year to US\$465 in December (see Figure 22). Recent prices are closer to the pre-pandemic range. The latest moderation in lumber prices may partly reflect recent interest rate hikes, which have slowed down the residential real estate market in Canada and the United States.

Figure 22: Lumber Prices
Canada and U.S. Dollars, Monthly, 2012-22



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 Industry, Energy and Technology; Bank of Canada; Department of Finance

2023 Outlook

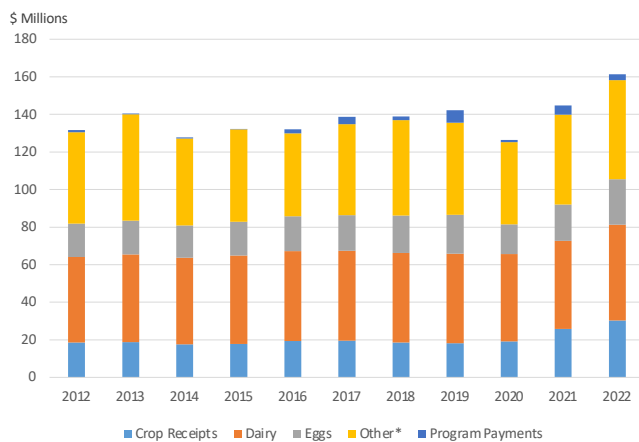
- ▶ North American newsprint demand is expected to continue its decline. Annual newsprint prices are expected to average US\$850 per tonne, down slightly from US\$868 per tonne in 2022.

- ▶ Newsprint shipments volumes from Newfoundland and Labrador in 2023 are expected to remain near previous production levels.
- ▶ North American lumber prices are expected to be closer to their range prior to the pandemic, but well below recent peaks.
- ▶ Provincial lumber production is projected to increase to approximately 108 million board feet.
- ▶ Burton's Cove Logging Limited expects to complete its new planar mill in the first quarter of 2023.
- ▶ The Government of Newfoundland and Labrador continues to partner with the Government of Canada on a Spruce Budworm Early Intervention Strategy to help safeguard the provincial forestry industry.

Agriculture



**Figure 23: Farm Cash Receipts
Newfoundland and Labrador, 2012-22**



* Includes poultry, cattle, calves, sheep, lambs and miscellaneous livestock and livestock products.
Source: Statistics Canada; Department of Finance

The agriculture industry in Newfoundland and Labrador is diverse, with operations ranging from small organic farms to large dairy and poultry farms. Livestock and livestock products, including products such as dairy, eggs, fur, poultry, hogs, cattle, and sheep, account for around 80 per cent of the total value of farm products. The remaining value is from crops and program payments, such as crop insurance. Newfoundland and Labrador's agriculture sector has more than doubled the province's food self-sufficiency in fruit and vegetable production, reaching more than 21 per cent in 2022. Since 2016, the amount of Crown land developed and enhanced for fruit and vegetable production has more than doubled, from 590 hectares to 1,212 hectares.

Total farm cash receipts, or farm product sales, are comprised of crop receipts, livestock and livestock product receipts, and receipts from direct payments, such as agriculture-related program payments. Farm cash receipts were up by 11.5 per cent to \$161.4 million

Locally Grown Cucumber
Department of Fisheries, Forestry and Agriculture

in 2022, compared to 2021 (see Figure 23). Crop receipts rose by 17.4 per cent to \$30.3 million, with increases across most crop types including floriculture and nursery products, fresh fruit, and fresh vegetables. Livestock and livestock products receipts increased by 12.1 per cent to \$127.9 million, mainly from increased sales of eggs and milk, and from a gain in the value of chicken production. Direct payment receipts decreased by \$1.6 million, due to a decrease in the AgriStability program funding. This voluntary program provides support when farmers experience large margin declines.

Contributing to the increase in farm cash receipts in 2022 was a rise in the price of farm products due to increased costs of inputs such as fertilizer, fuel, pesticides, feed, and labour. The farm input price index was 11.4 per cent higher during the first three quarters of 2022, compared to the first three quarters of 2021. Russia's invasion of Ukraine also placed upward pressure on farm product input prices. Prior to the invasion, the majority of nitrogen fertilizer used in eastern Canada was imported from Russia, the price of which has since increased significantly as a result of the conflict.

Canada's 2021 Census of Agriculture, released on May 11, 2022, reported that there were five mink farms in the province in 2021, down from 16 in 2011. The most recent trade data indicate that the value of raw mink fur skins exports from the province was \$6.8 million in 2022, down 17.2 per cent from 2021. The United States and Finland represent the top two market destinations for Newfoundland

and Labrador mink fur; however, sanctions against Russia and pandemic-related shutdowns in China, both of whom are key markets for international fur sales, had a dampening effect on worldwide demand.

Data from the Chicken Farmers of Canada indicate that the volume of chicken produced in the province in 2022 totalled 17.2 million kilograms, up 3.7 per cent compared to 2021. Chicken farm prices increased by 6.8 per cent during the first three quarters of 2022, contributing to an increase in the value of farm cash receipts.

The volume of milk sold by Newfoundland and Labrador farms held steady during 2022, totalling 48,696 kilolitres. The value of milk increased by 8.7 per cent to \$51 million during the year. On June 22, 2022, the Canadian Dairy Commission approved a 2.5 per cent increase in the price of milk that came into effect on September 1, 2022. This was the second milk price increase in 2022, following an 8.4 per cent increase in February.

As a result of the legalization of cannabis, there are currently eight cannabis licence holders in the province that are authorized, or conditionally authorized, to cultivate, process and/or sell cannabis. Four of the cannabis production facilities currently in operation are selling products in the province: Atlantic Cultivation (St. John's); Oceanic Releaf (Burin); BeeHigh Vital Elements (Corner Brook); and Argentia Gold (Agrentia). These local producers are selling a wide range of cannabis products through a network of licensed cannabis retailers. This ensures

cannabis products grown and processed in Newfoundland and Labrador can be sold in the province.

2023 Outlook

- ▶ Prices of farm inputs are expected to keep rising, which will likely result in increased prices for farm products and increased farm cash receipts.
- ▶ Developments in the ongoing war in Ukraine may have further impacts on farm inputs, such as global grain prices.
- ▶ The province will maintain efforts to expand its food self-sufficiency in fruit and vegetable production.

Construction

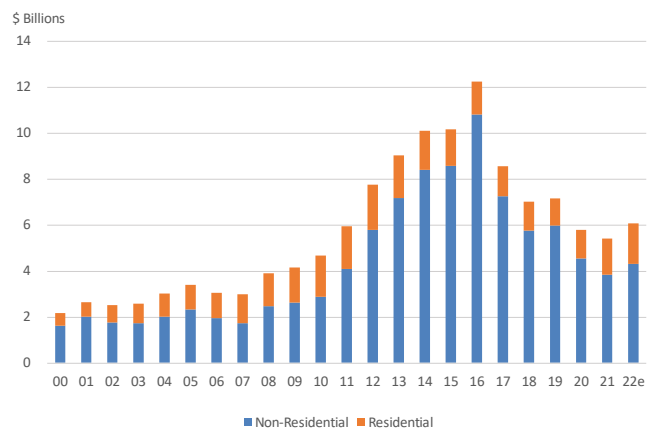
A significant portion of the activity in the construction industry in Newfoundland and Labrador, particularly in the non-residential sector, is closely tied to major project development. As such, construction activity can fluctuate significantly from year to year depending on major project timelines. In 2022, the non-residential sector was positively impacted by increased investment in oil and gas projects and by ongoing construction activity on the Voisey’s Bay Mine Expansion project. In the residential sector, the industry benefited from a surge in new home construction. Employment in the construction industry was 18,600 person years in 2022, a 9.4 per cent increase over 2021.

Construction-Related Investment

Construction-related investment in the province was estimated to be about \$6 billion in 2022, an increase of 11.5 per cent from the previous year (see Figure 24). Investment



Figure 24: Construction-Related Investment Newfoundland and Labrador, 2000-22



e: estimate
Source: Statistics Canada; Department of Finance

Construction of the Shoal Harbour Bridge
Department of Transportation and Infrastructure

increased in both non-residential spending (e.g., mine development, hospitals) and residential investment (e.g., construction of new homes, renovations of existing homes).

Non-residential investment, which accounts for the vast majority of construction-related investment, increased by 12.1 per cent to an estimated \$4.3 billion in 2022. This increase was mainly due to higher spending in the oil and gas sector, such as the Terra Nova project, drilling and maintenance work on the Hibernia project, and also partly due to inflationary pressures on investment in the commercial sector in general.

Residential construction spending increased by 9.9 per cent in 2022 compared to 2021. Expenditures on new dwellings rose by 37.1 per cent, while expenditures on renovations increased by 3.6 per cent. The increase in expenditures for new dwellings is consistent with the strong growth in housing starts in 2022 (35.1 per cent) as the industry continues to recover from depressed levels of activity during the COVID-19 pandemic (see **Real Estate**).

Developments in the oil and gas industry have a substantial impact on construction activity in Newfoundland and Labrador. On May 31, 2022, Cenovus and its partners announced an agreement to restart the West White Rose project in 2023. This project is expected to add 14 years of production to the White Rose field. Construction includes the completion of the concrete gravity structure and topsides, which will serve as the drilling platform for the project (see **Oil and Gas**).

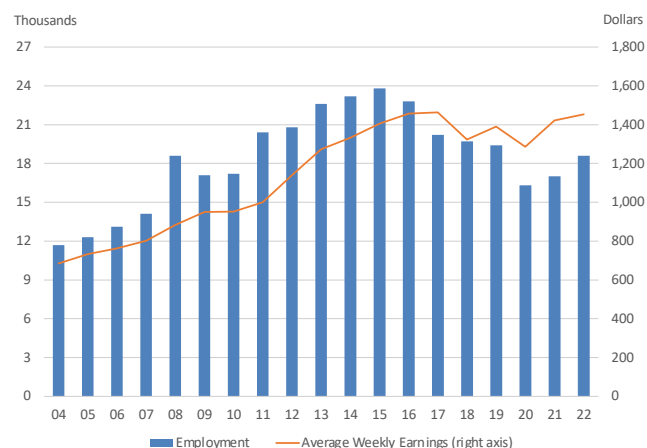
The construction industry also benefits significantly from developments in the mining industry. Vale Newfoundland and Labrador has continued to advance the \$2 billion Voisey's Bay Mine Expansion project, which was 81 per cent complete as of February 2023.

In August 2022, the Federal Government approved the Environmental Protection Plan for Marathon Gold mine construction activities on its Valentine Gold project. Marathon Gold began construction activities on the project in the first quarter of 2023. Expenditures are projected to reach up to \$490 million and the project is expected to generate 405 person years of employment during peak construction (see **Mining**).

Employment and Wages

Employment in the construction industry averaged 18,600 people in 2022, an increase of 9.4 per cent compared to 2021 (see Figure 25). Weekly earnings (including overtime) in the construction industry averaged \$1,453 in

Figure 25: Construction Employment and Average Weekly Earnings Newfoundland and Labrador, 2004-22



Source: Statistics Canada; Department of Finance

2022, an increase of 2.2 per cent compared to 2021. Average weekly earnings in the local construction industry were above the national average and, among provinces, only Alberta recorded a higher average weekly wage than Newfoundland and Labrador.

2023 Outlook

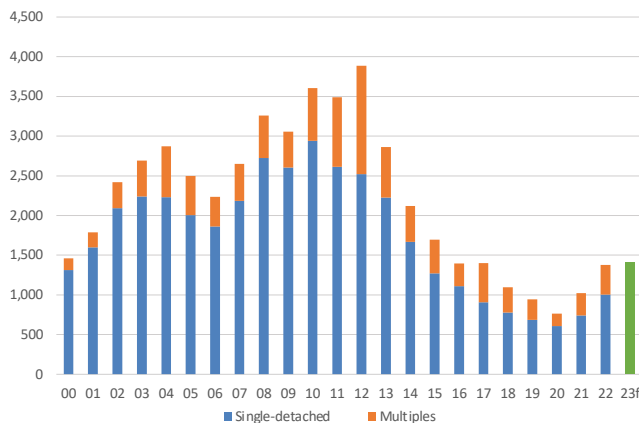
- ▶ Total construction-related capital spending is expected to increase by 9.1 per cent to approximately \$6.6 billion in 2023.
- ▶ Major project employment is expected to rise as the West White Rose project restart ramps up and the Voisey's Bay Mine Expansion project continues.
- ▶ Construction activity related to the mining sector is expected to increase as Marathon Gold proceeds with its Valentine Gold project and Maritime Resources Corp. begins construction work on the Hammerdown gold mine.
- ▶ Ongoing government investment in infrastructure projects, such as the new mental health and addictions facility in St. John's, will contribute to construction activity.

Real Estate



The housing market in Newfoundland and Labrador remained strong in 2022. Despite high inflation and rising interest rates, the number of housing starts increased significantly and the number of homes sold remained near historically high levels. The residential rental market tightened, as vacancy rates dropped and average rents increased as a result. In the commercial sector, office vacancy rates remained high, reflecting an over-supply situation.

Figure 26: Housing Starts
Newfoundland and Labrador, 2000-23f



f: forecast
Source: Canada Mortgage and Housing Corporation; Department of Finance

Housing Starts

In 2022, new home construction rose considerably for the second straight year, continuing the rebound from lower pandemic-induced levels of 2020. There were 1,379 housing starts in the province in 2022, an increase of 35.1 per cent compared to 2021 (see Figure 26). Single-detached housing starts (which typically account for the vast majority of total starts in the province) increased by 35.8 per cent to 1,006 units, while multiple

starts (i.e., semi-detached homes, row homes, apartments and condominiums) increased by 33.2 per cent to 373 units in 2022.

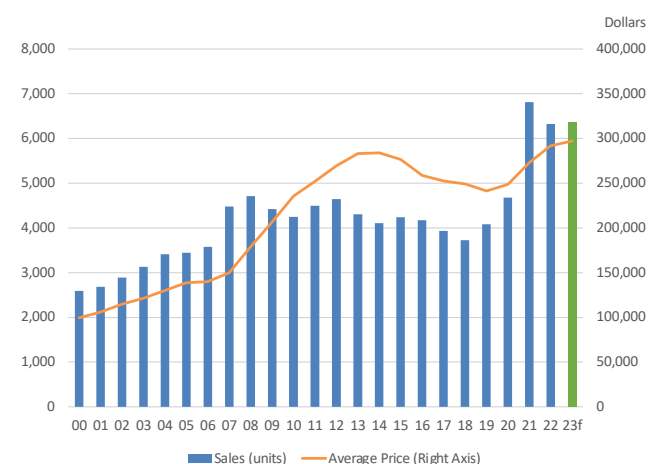
Housing starts increased in both rural and urban areas of the province in 2022. Rural housing starts increased by 43.9 per cent, from 387 to 557 units, while urban housing starts increased by 29.7 per cent from 634 to 822 units. In the St. John's Census Metropolitan Area, the largest housing market in the province, housing starts increased from 544 units in 2021 to 733 units in 2022. Single-detached housing starts increased from 425 to 568 units, while multiple starts increased from 119 to 165 units.

Residential Sales and Prices

Home sales and prices in most real estate markets across the country increased dramatically during the latter half of 2020 and throughout 2021. However, as 2022 progressed, the combination of high inflation and rising interest rates dampened sales and lowered prices. Due to the Bank of Canada increasing interest target rates beginning in March 2022, the price of homes in Canada dropped by 23.3 per cent, from a record high of \$816,518 in February 2022 to \$625,378 in December 2022. These trends have not been as pronounced in Newfoundland and Labrador, and the province remains one of the few regions in Canada that has seen sales activity remain above pre-pandemic levels.

As such, real estate sales activity in Newfoundland and Labrador remained near record levels throughout 2022. The home sales market continued to thrive due to pent-up demand from the COVID-19 pandemic and increased in-migration. According to the Canadian Real Estate Association's Multiple Listing Service (MLS®), a total of 6,324 homes were sold in 2022. Although this was a decrease of 7.1 per cent compared to 2021, it was still the second highest total on record. The average MLS® residential sale price of a home in the province in 2022 increased by 6.7 per cent to \$291,791 (see Figure 27).

Figure 27: Residential MLS® Sales and Average Price
Newfoundland and Labrador, 2000-2023f



f: forecast
Source: Canadian Real Estate Association, Department of Finance

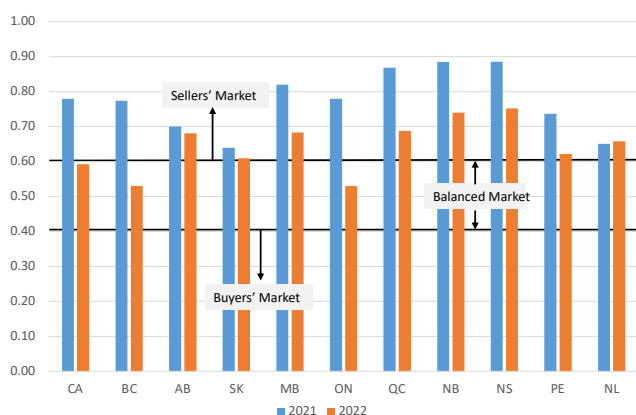
The home sales-to-new listings ratio is a good indicator of how housing market conditions have changed.⁸ In Newfoundland and Labrador, the sales-to-new listings ratio increased slightly from 65 per cent in 2021 to 65.8 per cent in 2022. In all other provinces, however, the sales-to-new listings ratio dropped (see Figure 28). The most dramatic

⁸ A housing market is generally considered balanced when the sales-to-new listing ratio falls in the range of 40 per cent to 60 per cent. A ratio below 40 per cent indicates a buyers' market, while a ratio above 60 per cent indicates a sellers' market.

declines occurred in Ontario (from 78 to 53 per cent), British Columbia (from 77.3 to 53 per cent), and Quebec (from 86.8 to 68.8 per cent). Nationally, the sales-to-new listings ratio in the Canadian real estate market dropped from 77.9 per cent in 2021 to 59.3 per cent in 2022.

Figure 28: Home Sales-to-New Listings Ratio

Canada and Provinces, 2021-22



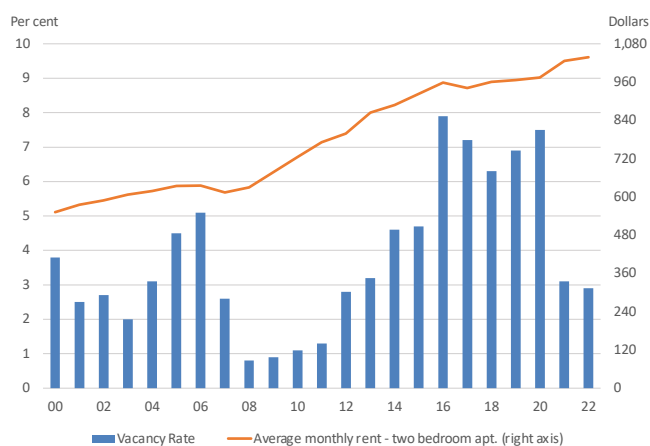
Source: Canadian Real Estate Association

Rental Market

Residential vacancy rates continued to fall in 2022. According to the Canada Mortgage and Housing Corporation’s Rental Market Survey, the residential vacancy rate for private apartments in Newfoundland and Labrador fell from 3.4 per cent in October 2021 to 2.8 per cent in October 2022.⁹ Increased in-migration and a declining inventory of homes for sale contributed to the increase in demand for rental properties. In the St. John’s CMA, the vacancy rate for apartments declined from 3.1 per cent to 2.9 per cent, its lowest level since 2012 (see Figure 29). The average monthly rent for a two-bedroom apartment

in the St. John’s CMA increased from \$1,026 in 2021 to \$1,038 in 2022. The vacancy rate for private apartments in October 2022 was 1.7 per cent in Corner Brook, three per cent in Gander, and four per cent in Grand Falls-Windsor.

Figure 29: Residential Market Vacancy Rates and Average Rent St. John’s CMA, 2000-22



Source: CMHC Rental Market Survey

The average monthly rent for a two-bedroom apartment in the province was \$940 in October 2022, up from \$926 in October 2021. By comparison, the average rent for a two-bedroom apartment was higher in Nova Scotia (\$1,355), Prince Edward Island (\$1,041), and New Brunswick (\$1,061).

Commercial

The overall office vacancy rate for St. John’s averaged 19.1 per cent in 2022, a decline of 1.9 percentage points (ppt) compared to 2021 (see Figure 30). The office vacancy rate for St. John’s dropped to 18.7 per cent in the third quarter of 2022, its lowest rate

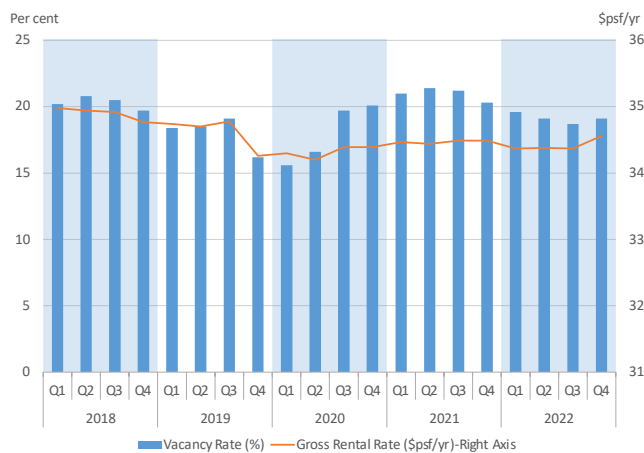
⁹ The Rental Market Survey is an annual survey conducted each October in urban areas with populations of at least 10,000 and targets the primary rental market, which only includes rental units in privately initiated apartment structures with at least three rental units.

since the start of the COVID-19 pandemic, before rising in the fourth quarter of 2022. The vacancy rate remained the highest in the downtown area of St. John's where, in recent years, major tenants have moved to newly constructed office spaces in suburban areas. In the fourth quarter of 2022, the vacancy rate in downtown St. John's was 31 per cent. The average gross rental rate for office space in 2022 was \$34.42 per square foot per year, compared to \$34.47 in 2021.

price is forecast to rise 1.9 per cent to \$297,206.

- ▶ Further increases in interest rates in 2023 will have a negative effect on the affordability of mortgages for homebuyers.¹⁰

Figure 30: Office Vacancy and Rental Rates St. John's NL, Quarterly, 2018-22



psf: per square foot
Source: Cushman & Wakefield Atlantic

2023 Outlook

- ▶ Housing starts are forecast to be 1,412 units, slightly higher than 2022.
- ▶ Home sales are expected to remain high.
- ▶ The Canadian Real Estate Association forecasts residential sales in the province to be 6,366 units, a rise of 0.7 per cent compared to 2022. The average resale

¹⁰The vast majority of residential mortgages in Canada are at a fixed interest rate. The rates for these are primarily determined by the U.S. Federal Reserve rate. Variable rate mortgages on the other hand are primarily driven by the Bank of Canada overnight rate.

Tourism

The tourism industry in Newfoundland and Labrador generates economic activity throughout the province, making it an important contributor to the economy. Tourism consists of both residents engaging in tourist activities within the province and non-resident visitors who arrive by airline, automobile via ferry, and cruise ship.

From 2011 to 2019, tourism expenditures in the province (both resident and non-resident) consistently totalled \$1 billion or more annually. Tourism activity in the province was severely impacted by the COVID-19 pandemic and has taken longer to recover than most other sectors. Non-resident tourism spending in 2020 and 2021 was estimated at less than half of pre-pandemic levels. In 2022, non-resident tourism spending recovered to near pre-pandemic levels, boosted by the lifting of pandemic-related restrictions and the “Come Home 2022” campaign. However, non-resident air visitation continues to be impacted by operational and workforce challenges facing the air transportation sector.

It is estimated that non-resident air and auto visitation reached 386,900 visitors in 2022, representing an increase of 137 per cent compared to 2021. The associated non-resident spending reached an estimated \$487.6 million, an increase of 127 per cent over 2021. Compared to pre-pandemic levels, non-resident auto visitation was up 18 per cent from 2019, while



Battle Harbour, Labrador
© Barrett & MacKay Photo

air visitation was down 28 per cent. The associated expenditures are estimated to be 30 per cent higher for auto visitation and 21 per cent lower for air visitation in 2022 than in 2019.

In November 2021, the Government of Newfoundland and Labrador launched its “Come Home 2022” campaign. Specific marketing efforts were focused on residents and expatriates, their families, and friends, to encourage them to travel to and within the province. Preliminary data indicate that the campaign was a success, contributing positively to trip experiences and supporting tourism-related businesses.

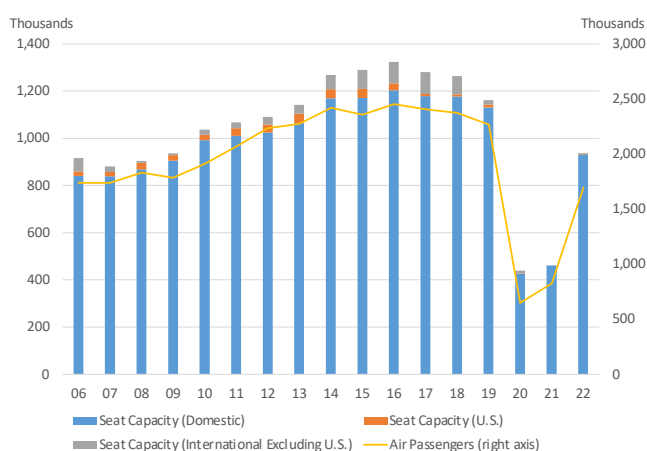
Air Visitors

Air travel generally makes up the largest segment of provincial non-resident tourism, accounting for 64 per cent of non-resident visitors and 71 per cent of non-resident tourism spending in 2022. Although non-resident air visitation has not returned to pre-pandemic levels, approximately 276,300 non-resident visitors arrived by airplane in 2022, up 137 per cent compared to 2021, but still 28 per cent below 2019 levels.

After significant losses in seat capacity in 2020 and 2021 due to the COVID-19 pandemic, re-establishing air access to the province remains essential for the tourism sector. In 2022, three additional airlines began non-stop services to the province: Swoop, Flair Airlines and Lynx Air. Preliminary data indicate that

scheduled inbound non-stop seat capacity for 2022 remained lower than pre-pandemic levels; however, it has approximately doubled compared to 2021 (see Figure 31). Boarding and deplaning traffic at the province’s seven major airports is estimated to have reached 1,696,305 passengers in 2022. This is nearly double the number of passengers recorded in the same period of 2021.¹¹

Figure 31: Air Passengers and Seat Capacity Newfoundland and Labrador, 2006-22



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

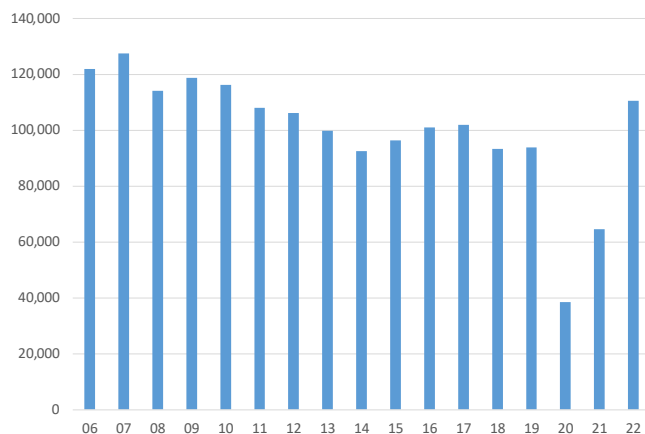
Automobile Visitors

Passenger movements on Marine Atlantic ferries have surpassed pre-pandemic 2019 levels. In 2022, they reached 354,461, up 60 per cent compared to the same period in 2021 and up 14 per cent from the same period in 2019. The number of non-resident automobile visitors travelling to the province is estimated to have reached 110,600 in 2022, an increase of 71 per cent compared to 2021 and 18 per cent above 2019 (see Figure 32).

¹¹ The seven major airports are located in St. John’s, Gander, Deer Lake, Stephenville, St. Anthony, Wabush and Happy Valley-Goose Bay.

Figure 32: Non-Resident Automobile Visitors

Newfoundland and Labrador, 2006-22



Source: Department of Tourism, Culture, Arts and Recreation

Cruise Ship Visitors

Due to public health precautions, cruise ship visitation to Canada was prohibited by the Government of Canada during the 2020 and 2021 cruise ship seasons. The cruise ship ban was lifted, effective November 1, 2021, allowing cruise ships back into Canadian waters for the 2022 cruise season. In 2022, Newfoundland and Labrador had cruise visits by 35 ships from 25 cruise operators, visiting 11 different ports throughout the province with a total of 88 port calls. Cruise passenger visits reached 63,081 in 2022, with an additional 31,463 crew members—these visits reflect passengers who visit multiple ports in the province. It is estimated that the province welcomed 44,500 unique cruise ship visitors during the 2022 cruise season, which represents roughly 85 per cent of 2019 levels.

Accommodations

Businesses in the tourism and hospitality industry, including accommodation and food services, were also severely impacted by the COVID-19 pandemic. As health measures and travel restrictions eased, the boost in tourist activity across the province led to improved accommodation and restaurant services sales. The preliminary provincial accommodation occupancy rate was 51 per cent in 2022, an increase of 13.9 percentage points over 2021, and 4.9 percentage points above the pre-pandemic 2019 rate. The average daily room rate reached \$150, up 17 per cent compared to 2021. In 2022, the number of room nights sold reached 1,440,349, an increase of 37 per cent over 2021, while the associated room revenues increased 60 per cent to \$215.4 million. The number of room nights sold in 2022 was four per cent above 2019 levels, with associated room revenue 12 per cent higher than in 2019.

Conventions and Events

This year marked a return to in-person business events including meetings, conventions and incentive travel. While final numbers for 2022 are not available at this time, these events were projected to bring over 17,000 delegates to the province, accounting for over 36,000 room nights in St. John's, just below the 2019 level of 19,494 delegates.

Connecting with Travellers

For the May to October period, the province's Visitor Information Centres recorded a total of 102,702 visitors in 2022, up 121 per cent

over the same period in 2021 and 25 per cent below 2019. Across the network of Provincial Historic Sites, which offered free admission this season, visitation reached 117,393 from May to October, marking an increase of 236 per cent from the same period in 2021 and 13 per cent above the same period in 2019. The Colonial Building, which re-opened to the public as a new Provincial Historic Site in September, welcomed 2,450 visitors from September to November, while The Commissariat House hosted holiday special events in December, welcoming 1,415 visitors. For the full January to December 2022 period, all sites, including the Colonial Building, welcomed a total of 121,436 visitors.

2023 Outlook

- ▶ Resident and domestic travel is expected to continue to play an important role in the province's tourism industry, especially as more residents are impacted by concerns over affordability and rising travel costs in the face of increasing costs of living.
- ▶ Non-resident and global travel may be negatively impacted by an anticipated global slowdown, high inflation, energy prices and an overall challenging global economic environment; however, travel intentions by residents and other key markets signal continuing strong demand for travel to this province in 2023.

Inventory of Major Capital Projects



The inventory of major capital projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at \$25 million or more.¹² The list includes both public and private projects that are either continuing or beginning in the current year.¹³ In many cases, the capital spending figure quoted includes spending from previous years and estimated spending in coming years. Capital costs are estimates in most cases, based on anticipated spending and may vary from actual spending. Capital

spending figures generally include construction costs and soft costs such as engineering, financing, legal, etc. The inventory was prepared between January and March of 2023.

According to this year's inventory, about \$18.3 billion in major capital spending on projects valued over \$25 million is planned or underway in the province. The 'Mining and Oil & Gas' category tops the list at \$8.9 billion (see Table 6).

The list on the following pages is organized by project type (e.g., commercial, health care/personal care, transportation, etc.). It includes key information, such as the project name, capital cost, start date, end date, description and when possible, geographic information.

¹² Note that while every effort was 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.

¹³ 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 of funding approval by the Government of Newfoundland and Labrador.

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 2023/2023 refers to the project starting and ending in fiscal year 2023-24; start/end denoted as 2023/2024 refers to the project starting in fiscal year 2023-24 and ending in fiscal year 2024-25). All other years are reported on a calendar year basis.

In some cases, not all information is available and is listed as TBD (to be determined). In addition, some projects are included if the capital spending is anticipated to be between \$24 million and \$25 million. The capital spending for these projects is listed as ≈25.

The inventory of major projects is also available on the Economics Division's website at: www.gov.nl.ca/fin/economics/mp-about/.

Table 6: Major Projects (\$ Millions)

Newfoundland and Labrador

Mining and Oil & Gas	8,892.1
Utilities	4,074.6
Municipal Infrastructure	2,405.5
Health Care/Personal Care	1,009.5
Industrial/Manufacturing	510.7
Residential	430.0
Transportation	277.4
Other Investment	206.6
Commercial	190.0
Tourism/Culture/Recreation	131.7
Agriculture/Fishery/Forestry	95.0
Education	92.0
Total	18,315.1

Note: The total value for individual projects may include spending for all years of the project and may not reflect spending for 2023 alone. All projects in US dollars have been converted to Canadian dollars for this table.

Source: Various, Department of Finance

Table 7: Inventory of Major Capital Projects

Project:	Capital Cost \$M:	Start/End:	Description (Location):
Agriculture/Fishery/Forestry			
Aquaculture Capital Plan	35.0	2023/2027	Cooke Aquaculture Inc. - expanding integrated farming operations, including investments in cleaner fish development for enhanced eco-friendly sea lice management, investments in automated farming, harvesting and processing operations and upgrades to seawater sites and equipment. Private funds. (Hermitage, St. Alban's and Belleoram)
Aquaculture Project	30.0	2023/2024	Marbase - construction of a cleaner fish hatchery. The facility will produce lumpfish, a natural biological method of sea lice control for farmed salmon. Private funds. (Marystown)
Small Craft Harbours Program*	30.0	2023/2023	The Government of Canada, through the Fisheries and Oceans Canada Small Craft Harbours (SCH) program - to invest in major capital projects in rural communities in Newfoundland and Labrador. This includes project funding from both the SCH program and the Hurricane Fiona recovery fund. Federal funds. (Various)
Commercial			
Retail Development	150.0	2017/2027	DewCor/Plaza REIT - construction of an additional 590,000 sq. ft. of retail buildings in "The Shoppes at Galway". Private funds. (St. John's)
Commercial/ Apartment Development	40.0	2020/2023	KMK Capital Inc. - construction of "One Churchill Park", a six-storey building consisting of 69 residential units, with first floor retail space and two levels of underground parking. Private funds. (St. John's)

Table 7: Inventory of Major Capital Projects

Project:	Capital Cost \$M:	Start/End:	Description (Location):
Education			
Animal Resource Centre	39.1	2014/2023	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. Partial federal funds. (St. John's)
Energy Performance Contract Phase 2	28.6	2014/2023	Memorial University of Newfoundland - upgrade of equipment and technology to improve energy efficiency on the St. John's and Grenfell Campuses. (St. John's and Corner Brook)
Holyrood Marine Base	≈25.0	2016/2023	Memorial University of Newfoundland - Phase IIB of the Holyrood Marine Base project involves the development of a 40,000 square foot Ocean Research and Training facility. (Holyrood)
Health Care/Personal Care			
Hospital*	650.0	2018/2024	Construction of a new acute care regional hospital through a design-build-finance-maintain arrangement with the private sector. Provincial and private funds. (Corner Brook)
Mental Health Infrastructure*	250.0	2018/2024	Construction of a new adult mental health and addictions facility through a design-build-finance-maintain arrangement with the private sector. Provincial and private funds. (St. John's)
Health Care Facilities*	64.5	2023/2023	Expenditures for renovations and upgrades to existing health facilities. Includes \$32.0 million for equipment and furnishing purchases. Provincial funds. (Various)

Table 7: Inventory of Major Capital Projects

Project:	Capital Cost \$M:	Start/End:	Description (Location):
Hospital Redevelopment*	45.0	2022/2026	Redevelopment of the Emergency Department at the Health Sciences Centre. Provincial funds. (St. John's)
Industrial/Manufacturing			
Retrofit of Refinery	US\$300.0	2021/2023	Braya Renewable Fuels - conversion of the Come By Chance refinery to produce bio-fuels from plant-based oils. Private funds. (Come By Chance)
Offshore Marine Base	100.0	2023/TBD	Fermeuse Enterprises Limited - construction and operation of a Marine Service Centre and spool base to support shore-based demands of the offshore oil and gas subsea and drilling exploration sectors. It will be a multi-use facility consisting of 12 berths, a quay to service semi-submersible rigs, multiple laydown areas, crane and heavy lift capabilities, and various site buildings (e.g., maintenance, administration) on a 15-hectare site. Private funds. (Fermeuse)
Mining and Oil & Gas			
West White Rose Project	3,400.0 - 3,800.0	2022/2026	Cenovus Energy and its co-venturers, Suncor Energy and Newfoundland and Labrador Hydro - the project is being developed using a fixed drilling platform tied back to existing infrastructure at the White Rose field including the SeaRose FPSO. Originally sanctioned in 2017, the project was placed under review in 2020. In 2022, plans to restart the project were announced. First oil is forecast in 2026. Mostly private funds. (Offshore)
Underground Mine	US\$2,690.0	2018/2023	Vale Newfoundland and Labrador Limited - underground mine development at Voisey's Bay including the Reid Brook and Eastern Deeps Deposits. Private funds. (Voisey's Bay)

Table 7: Inventory of Major Capital Projects

Project:	Capital Cost \$M:	Start/End:	Description (Location):
Terra Nova FPSO Asset Life Extension Project	US\$500.0	2022/2023	Suncor Energy, Cenovus Energy, Murphy Oil - the Terra Nova FPSO life-extension project includes structural work on the hull and maintenance and renovation of the topsides facilities and rotating equipment. Mostly private funds. (Offshore)
Mine Development - Phase I	534.0	2022/2024	Marathon Gold Corporation - development of an open pit gold mining and milling operation at the Valentine Gold Project with a 14-year mine life. Private funds. (Valentine Lake)
Mineral Exploration	238.6	2023/2023	Natural Resources Canada, uses the federal-provincial/territorial Survey of Mineral Exploration, Deposit Appraisal and Mine Complex Development Expenditures, to publish spending intentions for mineral exploration and deposit appraisal. Private funds. (Various)
Wind Energy Project	77.6	2023/TBD	Innu-Inuit Envest Limited Partnership and Vale Newfoundland and Labrador Limited - development of a wind energy project at the Voisey's Bay mine site comprising five 4.2 megawatt wind turbines to provide cost-effective renewable electricity and reduce the carbon footprint of the mining operation by displacing diesel fuel use. Private funds. (Voisey's Bay)
Mine Development	75.0	2023/2024	Maritime Resources - development of an open pit and underground mine for the Hammerdown and Orion deposits. The project has an expected five-year mine life. Private funds. (Green Bay)

Table 7: Inventory of Major Capital Projects

Project:	Capital Cost \$M:	Start/End:	Description (Location):
Municipal Infrastructure			
Investing In Canada Plan*	1,084.5	2019/2027	Program to provide funding to create long-term economic growth, build inclusive communities, and support a low carbon, green economy. Federal, provincial and municipal funds. (Various)
Federal Gas Tax Program*	593.0	2006/2023	Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that support the national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various)
Solid Waste Management Strategy*	324.0	2007/2024	Program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Federal and provincial funds. (Various)
Multi-Year Municipal Capital Works*	241.6	2012/2025	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
New Building Canada Fund - Small Communities Fund/Provincial-Territorial Infrastructure Component*	108.2	2016/2023	Funding for communities with fewer than 100,000 residents, ensuring that small communities can benefit from significant funding supporting economic prosperity. The Provincial-Territorial Infrastructure Component provides funding for projects that are nationally and regionally significant and are predominantly medium and large scale in nature. Federal, provincial and municipal funds. (Various)

Table 7: Inventory of Major Capital Projects

Project:	Capital Cost \$M:	Start/End:	Description (Location):
Municipal Capital Works Program*	54.2	2016/2025	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Residential			
Community Development	200.0	2016/2027	DewCor/Clayton Developments - construction of Phase I of the “Galway Living” residential community containing 500 homes. Consists of single family houses, bungalow townhomes, 3-storey executive townhomes, ground-based condominiums, quadraplexes and apartment buildings. Private funds. (St. John’s)
Residential Development	150.0	2023/TBD	York Developments Inc. - construction of a 375-unit development that will include single-detached homes, semi-detached homes, condominiums, and townhouses (total of 240 units), and four apartment buildings (total of 135 units). Private funds. (St. John’s)
Apartment Development	80.0	2023/2026	KMK Capital Inc. - construction of a 196 residential unit apartment development, with underground parking on Shortall Street. Private funds. (St. John’s)
Tourism/Culture/Recreation			
Hotel Expansion	67.0	2021/2023	Steele Hotels Limited - JAG Hotel & multipurpose room expansion. Private funds. (St. John’s)
Canada Games Sporting Facility	40.0	2023/2025	City of St. John's - construction of sporting facility, a Centre of Excellence with athletic training space, teaching space, locker rooms and storage. Federal, provincial and municipal funds. (St. John's)

Table 7: Inventory of Major Capital Projects

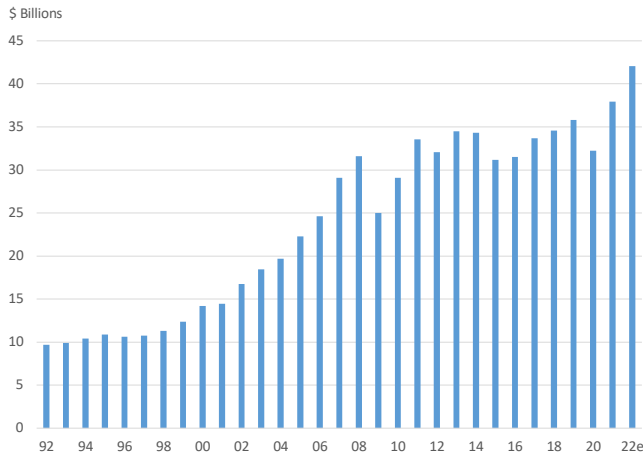
Project:	Capital Cost \$M:	Start/End:	Description (Location):
Regional Recreation Centre	≈25.0	2022/2023	City of Corner Brook - construction of a recreation centre on the Grenfell Campus, complete with swimming pool and aquatic features, daycare centre and fitness centre. Federal, provincial and municipal funds. (Corner Brook)
Transportation			
Provincial Roads Improvement Program*	249.4	2023/2023	Includes secondary road/bridge improvement projects in various parts of the province. Federal and provincial funds. (Various)
Asphalt Rehabilitation	28.0	2022/2025	St. John's International Airport Authority - includes 11 asphalt rehabilitation projects to replace/upgrade airside and groundside asphalt surfaces. 10 projects are airside projects including aprons, taxiways and runways, and are primarily milling, resurfacing and strengthening projects. The other project is a rehabilitation of the groundside road that services the General Aviation area of the airport. Private funds. (St. John's)
Utilities			
Lower Churchill Project - Labrador-Island Link	3,721.0	2013/2023	Newfoundland and Labrador Hydro (formerly Nalcor Energy) - development of the Labrador-Island Link. The project is a 900 MW High Voltage dc (HVdc) transmission link between Muskrat Falls in Labrador and Soldiers Pond in Newfoundland. It includes HVdc converters at Muskrat Falls and Soldiers Pond, 1,100 km of overhead transmission line, a submarine cable crossing under the Strait of Belle Isle, and three synchronous condensers at Soldiers Pond. Associated projects include the Muskrat Falls project, completed in 2021 and Emera's Maritime Link, completed in 2018. (Various)

Table 7: Inventory of Major Capital Projects

Project:	Capital Cost \$M:	Start/End:	Description (Location):
Electric Utility Capital Program	139.6	2023/2023	Newfoundland and Labrador Hydro - annual capital program (including carryovers from the previous year) aimed at upgrading the provincial power grid and meeting electricity demand. Includes several projects focused on improving reliability and upgrading and replacing aging infrastructure. (Various)
Electric Utility Capital Program	122.9	2023/2023	Newfoundland Power Inc. - capital expenditures to refurbish and serve growth on the electricity system. Private funds. (Various)
Electric Utility Capital Expenditures	91.1	2023/2023	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Other Investment			
Justice Infrastructure	206.6	2017/2030	Build of Her Majesty's Penitentiary Correctional Facility replacement in St. John's and expansion of the adult correctional facility in Happy Valley-Goose Bay. Provincial funds. (St. John's and Happy Valley-Goose Bay)

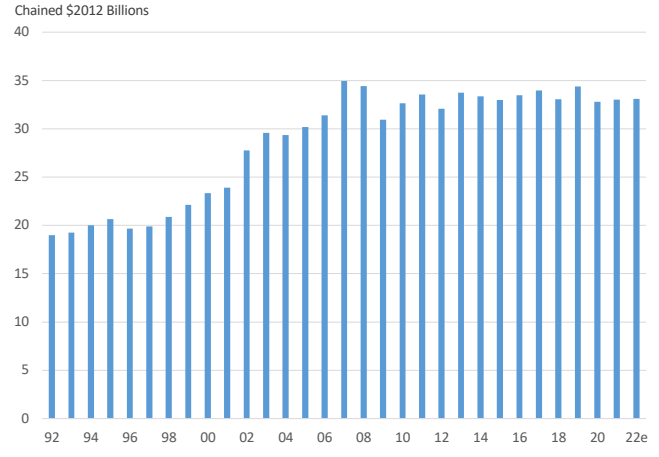
Statistical Indicators

Figure 33: Nominal Gross Domestic Product
Newfoundland and Labrador, 1992-2022



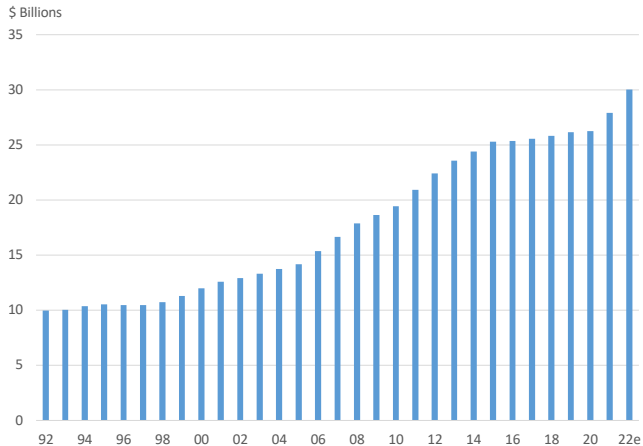
e: estimate
Source: Statistics Canada; Department of Finance

Figure 34: Real Gross Domestic Product
Newfoundland and Labrador, 1992-2022



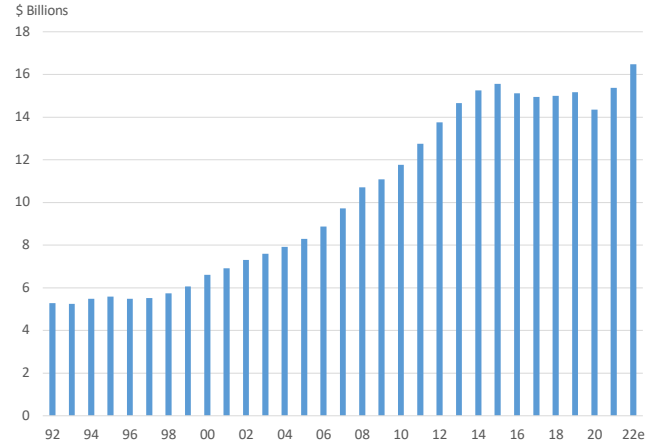
e: estimate
Source: Statistics Canada; Department of Finance

Figure 35: Household Income
Newfoundland and Labrador, 1992-2022



e: estimate
Source: Statistics Canada; Department of Finance

Figure 36: Compensation of Employees
Newfoundland and Labrador, 1992-2022



e: estimate
Source: Statistics Canada; Department of Finance

Figure 37: Capital Investment
Newfoundland and Labrador, 1992-2022

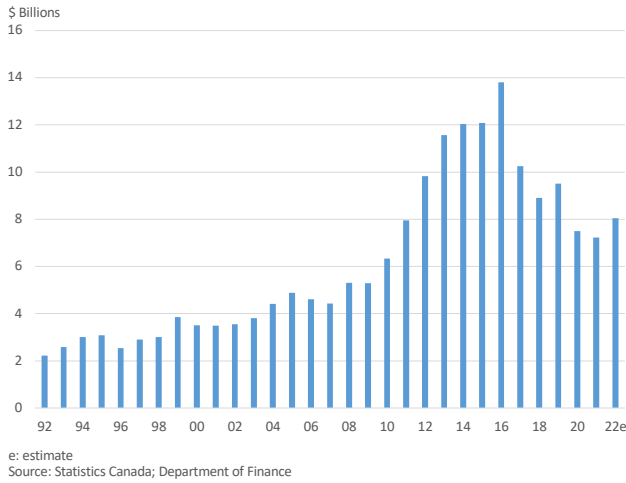


Figure 38: Housing Starts
Newfoundland and Labrador, 1992-2022

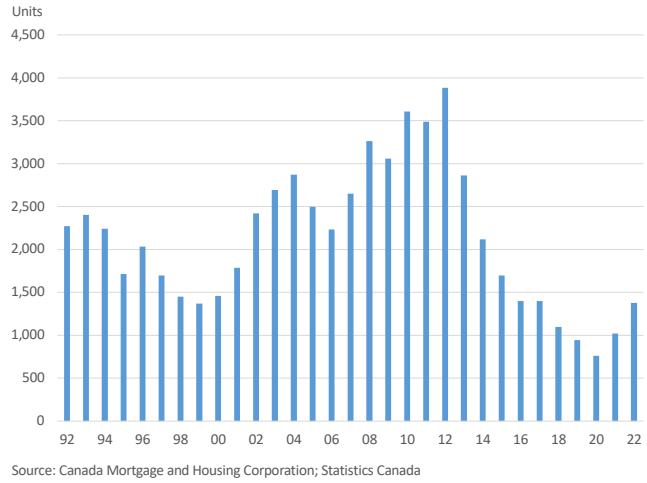


Figure 39: Average Weekly Earnings
Newfoundland and Labrador, 1992-2022

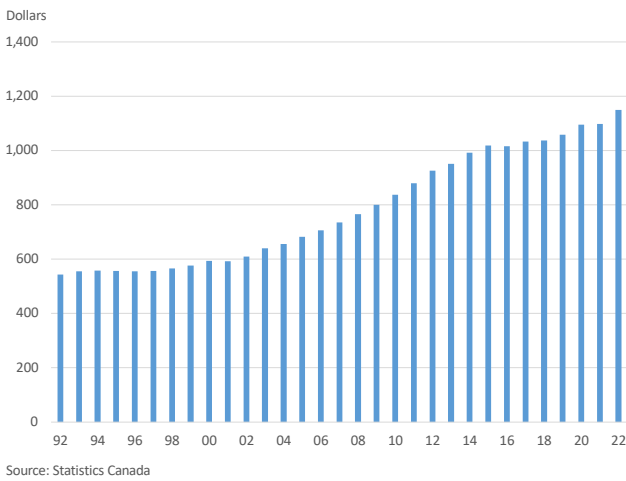


Figure 40: Retail Sales
Newfoundland and Labrador, 1992-2022

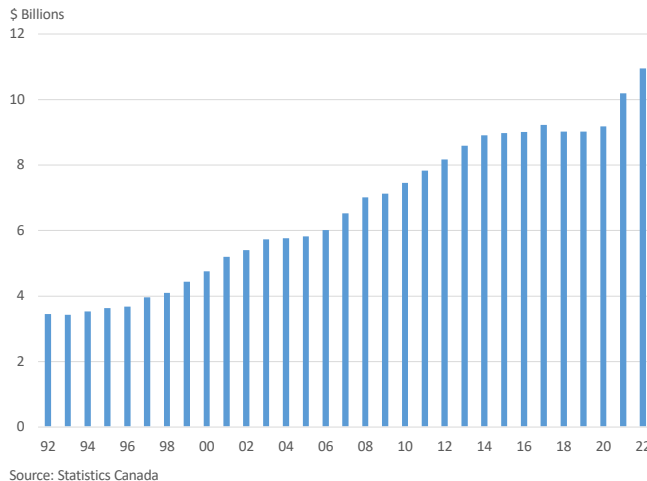


Figure 41: Population
Newfoundland and Labrador, 1992-2022

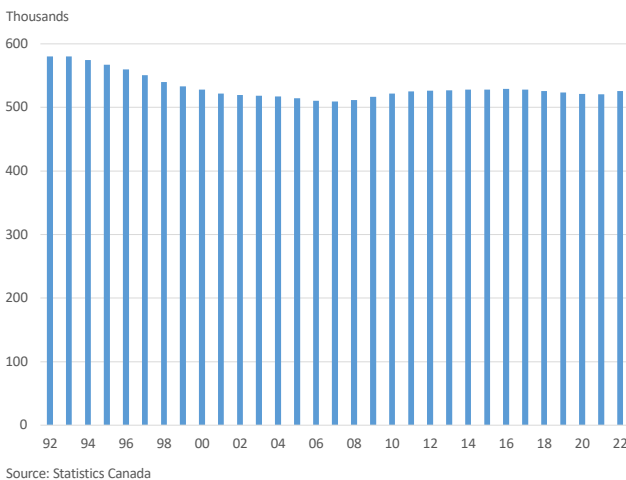


Figure 42: Labour Force
Newfoundland and Labrador, 1992-2022

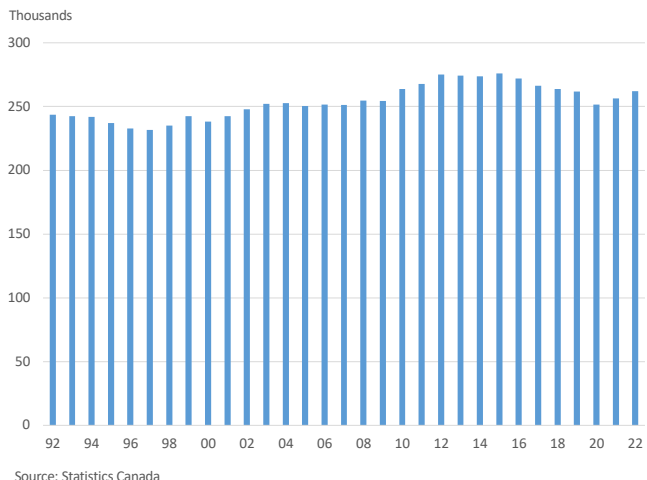


Figure 43: Employment
Newfoundland and Labrador, 1999-2022

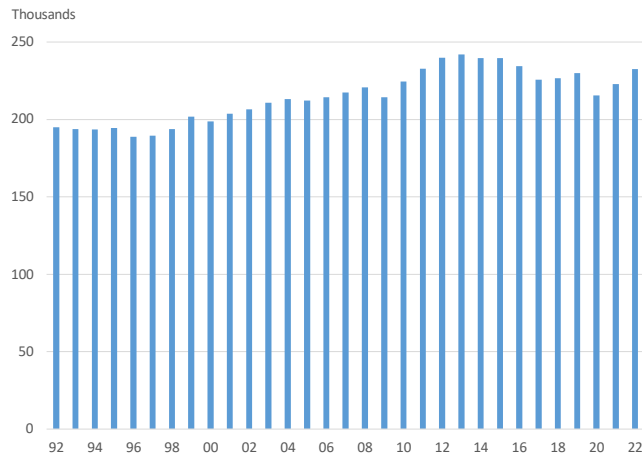


Figure 44: Unemployment Rate
Newfoundland and Labrador, 1992-2022

