

Budget 2020

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**The Economy**



  
Newfoundland  
Labrador

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unless stated otherwise.

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Burin  
Scott McClellan

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# GDP and Employment by Industry

Fishing Vessels  
Tourism, Culture, Arts and Recreation

	GDP		Employment	
	2018e		2019	
	\$ Millions	% of Total	Person Years, 000s	% of Total
Goods-Producing Sector	13,352.5	43.8	46.3	20.4
Agriculture, Forestry & Logging	166.1	0.5	2.2	1.0
Fishing, Hunting & Trapping	395.4	1.3	3.5	1.5
Mining	1,675.6	5.5	3.3	1.5
Oil Extraction	5,539.7	18.2	3.1	1.4
Support Activities for Oil and Mining	393.4	1.3	3.2	1.4
Manufacturing	1,437.5	4.7	8.9	3.9
Fish Products	425.2	1.4	2.7	1.2
Other	1,012.3	3.3	6.2	2.7
Construction	3,033.7	9.9	19.3	8.5
Utilities	711.1	2.3	2.7	1.2

GDP and Employment by Industry	GDP		Employment	
	2018e		2019	
	\$ Millions	% of Total	Person Years, 000s	% of Total
Services-Producing Sector	17,167.5	56.3	180.3	79.6
Wholesale Trade	668.4	2.2	5.2	2.3
Retail Trade	1,553.5	5.1	29.8	13.2
Transportation and Warehousing	973.6	3.2	12.0	5.3
Finance, Insurance, Real Estate & Business Support Services	4,413.2	14.5	14.5	6.4
Professional, Scientific, & Technical Services	1,007.2	3.3	9.7	4.3
Educational Services	1,797.6	5.9	16.2	7.1
Health Care & Social Assistance	2,633.9	8.6	39.6	17.5
Information, Culture & Recreation	702.0	2.3	7.5	3.3
Accommodation & Food Services	570.7	1.9	17.0	7.5
Public Administration	2,350.0	7.7	18.6	8.2
Other Services	497.5	1.6	10.2	4.5
Total, All Industries	30,520.0	100.0	226.6	100.0

e: estimate

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

Source: Statistics Canada, Department of Finance



# Highlights and Expectations

Haul trucks at the Iron Ore Company of Canada  
Iron Ore Company of Canada

## 2019 Highlights

- ▶ Real GDP rose by 4.0% due to higher oil and mineral exports and increased levels of capital investment.
- ▶ Capital investment increased by 10.3% to \$10.0 billion due to higher levels of investment on the West White Rose oil project and Vale's underground nickel mine at Voisey's Bay.
- ▶ Real exports increased by 8.6% primarily due to higher oil and iron ore shipments.
- ▶ Average weekly earnings increased by 2.1% and, at approximately \$1,060, were the second highest among provinces after Alberta.
- ▶ Household income rose by 3.8% to \$26.5 billion (up 2.7% in real terms).
- ▶ The population as of July 1, 2019 was 521,542, down 0.8% compared to July 1, 2018.
- ▶ The value of retail sales totalled \$9.0 billion, roughly on par with 2018.
- ▶ The number of new vehicles sold was 30,501, 0.8% higher than 2018.
- ▶ Consumer prices rose by 1.0% as lower prices for fuel oil and gasoline moderated the overall increase in the provincial CPI.
- ▶ Employment increased by 0.6% to average 226,600.
- ▶ The unemployment rate fell to 11.9%, a decline of 1.9 percentage points compared to 2018.
- ▶ Oil production increased by 13.7% to 95.5 million barrels as a result of increased Hebron

production. The estimated value of production grew by 6.9% to \$8.2 billion as lower prices offset some of the gains from higher production.

- ▶ The price of Brent crude oil averaged US\$64.30/barrel, down 9.9% from an average of US\$71.34/barrel in 2018.
- ▶ Development and construction of the West White Rose project continued.
- ▶ The 2019 Calls for Bids resulted in successful bids on three parcels totaling \$38.6 million.
- ▶ The 2019 oil and gas resource assessment identified an additional 3.0 billion barrels of oil and 5.8 trillion cubic feet of gas potential. The four resource assessments completed to date indicate a combined resource potential of 52.2 billion barrels of oil and 199.6 trillion cubic feet of gas in just 9% of the province's offshore area.
- ▶ The value of mineral shipments is estimated to have totalled \$3.7 billion, an increase of 29.4% from 2018. This growth was due to a rebound in iron ore production and higher iron ore and nickel prices.
- ▶ Tacora Resources continued ramping up iron ore production in Labrador West (formerly Wabush Mines) and its first seaborne vessel shipment of iron ore concentrate was in August 2019.
- ▶ Marathon Gold continued exploration at its Valentine Lake Gold project in central Newfoundland and work on a pre-feasibility study began.
- ▶ Mineral exploration expenditures rose to \$48.6 million from \$47.1 million in 2018.
- ▶ The value of manufacturing shipments totalled \$7.2 billion, an increase of 1.5% compared to 2018. This was mainly due to higher crab prices and increased shipments of non-ferrous metal (nickel).
- ▶ Total fish landings increased 6.7% to approximately 210,700 tonnes, primarily driven by higher lobster, sea cucumber, flounder and herring landings. The corresponding total landed value increased 6.1% to approximately \$816 million.
- ▶ Aquaculture production volume was approximately 17,700 tonnes, down 3% from 18,200 tonnes in 2018, due to lower production of Atlantic salmon. The corresponding market value was \$169 million, down from \$205 million in 2018.
- ▶ Provincial newsprint shipments declined by 6.2% to 219,375 tonnes and the estimated value of shipments decreased by 5.1%.
- ▶ Lumber production was 98 million board feet, up from 94.6 million in 2018. Increased output reflects capacity improvements and improved access to the U.S. market.
- ▶ Provincial farm cash receipts increased by 2.3% to \$142.0 million.
- ▶ Chicken production totalled 16.7 million kilograms, up 1.7% from 2018.
- ▶ Construction of the Muskrat Falls Project continued throughout 2019. Approximately 99% of project construction was complete at the end of the year.

- ▶ There were 945 housing starts in the province, a 13.8% decrease from 2018.
- ▶ The number of residential properties sold in the province through MLS® increased by 9.5% to 4,082 units; however, the average price fell by 3.2%.
- ▶ Tourism visitors to the province decreased by 4.8% to approximately 478,000 due to lower air visitation.
- ▶ Retail sales are expected to total \$8.5 billion, down 6.0% from 2019.
- ▶ Consumer prices are forecast to increase by 0.1%.
- ▶ The province's population is projected to decline 0.3% to 520,000.
- ▶ Oil production is expected to increase 7.8% to 102.9 million barrels with higher production at Hebron, Hibernia and White Rose offsetting declines at Terra Nova.

## 2020 Expectations

- ▶ Real GDP is expected to decline by 4.8% due to the unexpected impacts of delays and shutdowns resulting from the COVID-19 pandemic.
- ▶ Capital investment is expected to decrease by 13.6% as suspension of work on major projects in response to the pandemic dampened overall capital spending.
- ▶ Real exports are expected to decrease by 3.9% as reduced fish and refined petroleum exports offset higher offshore oil and iron ore production.
- ▶ Employment is expected to average 213,400, down 5.8% from 2019 due to the economic shutdown resulting from the COVID-19 pandemic.
- ▶ The unemployment rate is expected to increase to 13.9% due to lower employment levels.
- ▶ Household income is expected to increase by 1.8% as federal COVID-19 related transfers to persons offsets the decline in compensation of employees.
- ▶ Brent crude prices are expected to average US\$40.70 per barrel on a calendar year basis (US\$39.00 per barrel for fiscal year 2020/21).
- ▶ The 2020 Calls for Bids were announced on June 11 and close on November 4.
- ▶ Numerous long-term exploration programs submitted by industry for the Jeanne d'Arc, Flemish Pass, Orphan and Carson basins bode well for the future of the oil industry in the province.
- ▶ The value of mineral shipments is expected to rise by 17.5% as a result of production increases at the Iron Ore Company of Canada and Tacora.
- ▶ Construction on the underground mine at Voisey's Bay was suspended in March but restarted in July.
- ▶ Tacora is expected to increase iron ore production at the former Wabush Mines.
- ▶ Mineral exploration expenditures are expected to rise by 33.7% to \$65.0 million.



- ▶ The value of provincial manufacturing shipments is expected to decrease due to the shutdown at the Come by Chance refinery and lower prices for fish and newsprint.
- ▶ Cannabis production from a number of companies will create new employment opportunities.
- ▶ The seafood sector is expected to be negatively impacted by a drop in global demand for fish and seafood products due to the economic slowdown caused by the COVID-19 pandemic.
- ▶ Total fish landings are expected to decline in 2020. Continued increases in groundfish are expected to be more than offset by declines in shellfish and pelagics.
- ▶ Grieg NL and MOWI Canada East are expected to continue to advance their aquaculture projects.
- ▶ Newsprint shipments are expected to be on par with 2019.
- ▶ Newsprint prices are expected to decline to an average of US\$630/tonne in 2020.
- ▶ Provincial lumber production is anticipated to increase to approximately 102 million board feet.
- ▶ Farm cash receipts are expected to show modest growth across most traditional sectors.
- ▶ The 2020 Vegetable Transplant Program has produced 3 million transplants for distribution amongst 65 applicants and a new Provincial Asparagus Crown Program distributed 29,500 crowns to 27 applicants.
- ▶ Work will continue to advance the province's five-year, nearly \$3 billion infrastructure plan for new and existing public infrastructure.
- ▶ About \$22 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects (see page 62).
- ▶ Housing starts are forecast to decrease by 3.1% to 915 units.
- ▶ Home sales are forecast to increase by 0.5% and average sale price is expected to rise by 0.3%.
- ▶ Tourism activity in the province is expected to be lower due to travel restrictions related to COVID-19.
- ▶ Resident tourism activity is expected to increase as more people vacation at home.



# Global Economic Environment

Palace of Nations, Geneva, Switzerland  
Wikipedia

The global economy expanded by 2.9% in 2019 according to the International Monetary Fund (see table). This is the lowest annual growth rate since 2008-09 and a 0.6 percentage point downward revision from expectations at the beginning of 2019. The slowdown in growth was most pronounced in business investment and the manufacturing sector. Trade tensions throughout 2019 resulted in tariff increases between the United States and China which hurt global business confidence and, as a result, global trade contracted. Trade pressures eased at the beginning of 2020 with the signing of Phase One of the China-U.S. trade agreement.

## Real GDP Growth (%)

	2018	2019e	2020f
<b>World</b>	3.6	2.9	-4.9
China	6.7	6.1	1.0
United States	3.0	2.2	-5.2
India	6.1	4.2	-4.5
Japan	0.3	0.7	-5.8
United Kingdom	1.3	1.4	-10.2
Euro Area	1.9	1.3	-10.2
Germany	1.5	0.6	-7.8
France	1.8	1.5	-12.5
Italy	0.8	0.3	-12.8
Spain	2.4	2.0	-12.8
Canada	2.0	1.7	-6.5

e: estimate; f: forecast

Source: Various, available upon request

At the beginning of 2020, expectations were for higher economic growth in 2020 as global trade restrictions eased. However, the COVID-19 pandemic brought about widespread economic disruption. To mitigate the spread of the virus, governments, businesses, and households around the world have taken measures to limit in-person interactions. These measures include reducing social activities and travel, curtailing the activity of schools and businesses, and working from home. Consequently, there has been a pronounced contraction in economic activity throughout the world. The IMF (June 2020) is forecasting a decrease of 4.9% in world economic output in 2020, with almost all countries expected to record a decline in real GDP. This is expected to be followed by a relatively strong rebound in 2021. It should be noted that the global economic outlook remains highly uncertain as it depends on the course of the virus and related containment measures.

## Oil Markets

World oil production remained relatively constant in 2019 compared to 2018 as a significant cut in OPEC production was offset by a sizable increase in production from the United States. Nevertheless, a number of factors affected prices throughout the year. Brent crude began 2019 at about US\$54 per barrel and trended upwards for the first four months of the year, reaching a high of about US\$75 per barrel in late April. Price increases generally reflected a decline in global oil inventories during the first four months of the year and market concerns about global supply. Uncertainty about global oil demand as a result of increasingly weak global economic signals saw

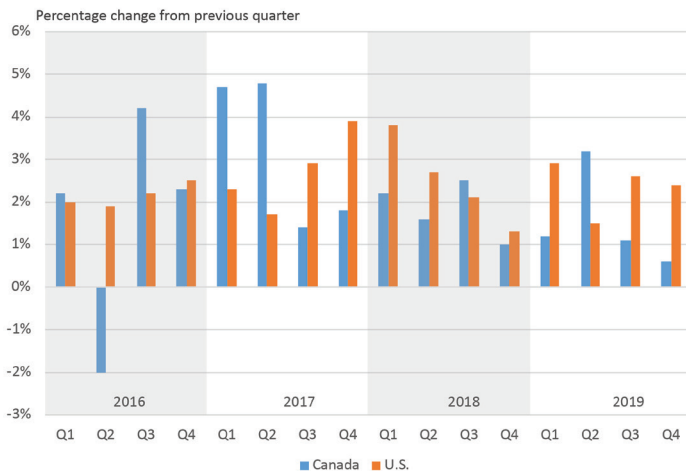
prices decline in June 2019 and then fluctuate between US\$60 and US\$65 per barrel for most of the remainder of the year. An uptick in price in December to US\$67.31 reflected market expectations that global economic conditions in 2020 would be better than previously anticipated, and the announced first phase of a trade deal between the United States and China to be signed in January 2020. Overall, Brent price averaged US\$64.30 in 2019.

The beginning of 2020 saw oil prices begin to fall, first as a result of the oil price war between Russia and Saudi Arabia and then as oil demand fell due to economic shutdowns throughout the world because of the global pandemic. Brent crude oil price reached a low of US\$9.12 per barrel on April 21. Prices have been hovering in the US\$44 to US\$45 per barrel range more recently. Most forecasters expect the Brent price to average about US\$40 in 2020.

## United States

The U.S. economy expanded moderately during 2019 supported by healthy consumer spending, a strong labour market and solid wage gains. After growing by 2.9% and 1.5% at annualized rates in the first and second quarters respectively, real GDP expanded by 2.6%, then 2.4% in the third and fourth quarters of the year (see chart). Overall, real GDP increased by 2.2% in 2019. Growth was relatively broad-based with gains in consumer spending; investment in machinery and equipment and intellectual property products; and government expenditures.

## Quarterly Annualized Real GDP Growth



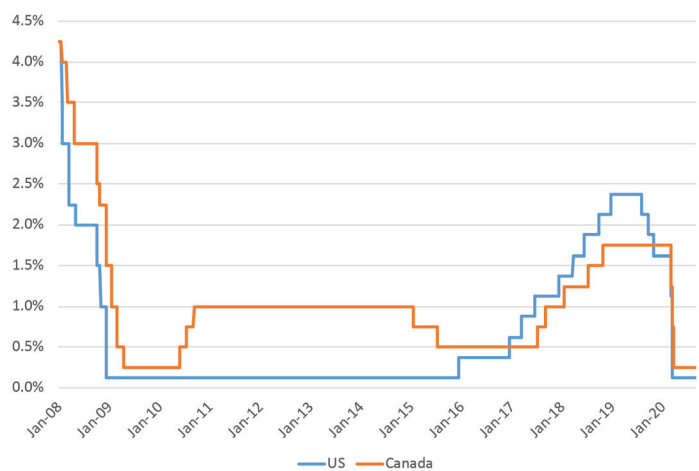
Source: U.S. Bureau of Economic Analysis; Statistics Canada

U.S. labour markets improved during 2019. The unemployment rate declined to 3.5% at the end of 2019 from 4.0% at the beginning of the year. Employment in December was 1.4% higher than at the end of 2018. Furthermore, average hourly earnings increased by 2.4% since December 2018.

Despite the strong economy, concerns over slowing future growth heightened during 2019. As a result, the Federal Reserve cut the target range for the Federal Funds Rate three times amid muted inflation pressures, weakness in global economic growth and trade developments (see chart). In October 2019, the rate was cut to 1.5-1.75 per cent. In 2020, the rate has since been cut twice in response to the global pandemic and now stands at 0.0-0.25 per cent.

It is expected that the U.S. economy will contract by 5.2% in 2020 due to the economic disruption caused by the global pandemic. Real GDP fell by 5.0% in the first quarter of 2020 and 31.7% in the second quarter. An uptick in activity is expected for the second half of the year.

## Central Bank Rates



Note: U.S. rate is an average of the upper and lower limits of the target range.  
Source: Bank of Canada; U.S. Federal Reserve

## Canada

Canadian real GDP increased by 1.7% in 2019. Growth was recorded in consumption, government spending and exports; however, investment was a drag on GDP growth last year, declining by 0.4% compared to 2018. Similar to other countries, business investment was affected by uncertainty due to global trade tensions. Residential investment also declined, dropping by 0.6% with housing starts decreasing by 2.0%.

Consumer spending grew moderately in 2019 supported by employment and wage gains. Total consumer spending in real terms rose by 1.8%. Retail sales were up 1.2% in 2019. High household indebtedness, however, continued to be a restraining factor for consumption.

Canadian employment increased by 2.1% in 2019 with job gains in all provinces. The number of full-time jobs increased by 1.8% and the number of part-time jobs increased by 3.7%. The unemployment rate averaged 5.7% last year, down from 5.8% in 2018.

The Bank of Canada kept interest rates steady throughout 2019. Early in the year, expectations were that the course of interest rate hikes initiated in 2018 would continue into 2019. However, similar to many other economies, the central bank paused its rate hikes amid fears of a slowing world economy. As the global pandemic hit in 2020, the Bank of Canada reduced interest rates twice so far this year. The target for the overnight rate now stands at 0.25% and most analysts expect that it will remain low for an extended period of time to provide stimulus to the economy.

## Real GDP Growth (%), by Province

	2019	2020f
NL	4.0	-7.7
PE	4.5	-4.5
NS	2.1	-5.4
NB	1.0	-5.1
QC	2.7	-6.6
ON	1.9	-6.5
MB	1.0	-4.7
SK	-0.8	-6.7
AB	-0.6	-8.2
BC	2.8	-5.3
CA	1.7	-6.5

f: forecast

Note: Growth rates in this table for Newfoundland and Labrador may differ from the Department of Finance forecast outlined on page 12.

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

In the latest average of forecasts by Canadian banks and the Conference Board of Canada, Canada's real GDP is expected to contract by 6.5% in 2020 (see table). All provinces are expected to record a decline in real GDP this year due to the impacts of the global pandemic. Newfoundland and Labrador and Alberta are expected to be especially hard hit due to the decline in oil demand and prices. A rebound in activity is expected in 2021.

Recent statistics point to the beginning of a recovery from the effects of the pandemic. While real GDP in Canada recorded its worst decline on record (-38.7% on an annualized basis) in the second quarter of 2020, June's estimate showed growth, indicating that the worst of the slowdown may be over.



# Provincial Economic Overview

The Arches Provincial Park  
Barrett & MacKay

The Newfoundland and Labrador economy performed well last year with most economic indicators posting positive results. Real GDP increased by 4.0% in 2019 (see table). Economic growth was due primarily to higher exports as a result of gains in mineral and oil production. Investment contributed to growth as well, as spending on major projects increased. Consumption and government spending did not significantly impact GDP growth.

Real exports rose by an estimated 8.6% last year, due mainly to higher oil and mineral shipments. Real exports of oil and mineral products grew by 13.0% and 16.1%, respectively. Higher oil production is due entirely to increased output from Hebron as that project continued to ramp up production. This increased output offset lower output from Hibernia and White Rose. Higher

mineral exports are due to increased iron ore output as production from the Iron Ore Company of Canada rebounded after a two-month labour stoppage in 2018 and Tacora Resources began operations in June 2019.

One area of weakness in the economy last year was consumer spending which recorded growth of just 0.6% in nominal terms. In real terms (adjusted for inflation), consumer spending declined by 0.3%. Retail sales (which account for about 55% of consumer spending) totalled \$9.0 billion last year, roughly on par with 2018. A higher value of sales at motor vehicle and parts dealers, general merchandise stores and health and personal care stores offset declines in sales value at gasoline stations and food and beverage stores. The number of new cars sold in the province in 2019 was 30,501, an increase of 0.8% compared to

## Provincial Economic Indicators

	2018	2019e	2020f
GDP at Market Prices (\$ M)	33,241	34,220	29,523
% Change	1.7	2.9	-13.7
% Change, real	-3.5	4.0	-4.8
Final Domestic Demand* (\$ M)	35,036	36,191	33,906
% Change	-1.9	3.3	-6.3
% Change, real	-3.3	1.8	-7.4
Household Income (\$ M)	25,520	26,478	26,950
% Change	-0.3	3.8	1.8
% Change, real	-1.9	2.7	1.7
Household Disposable Income (\$ M)	16,643	17,246	17,578
% Change	-1.2	3.6	1.9
% Change, real	-2.8	2.6	1.8
Retail Sales (\$ M)	9,010	9,005	8,464
% Change	-2.3	-0.1	-6.0
% Change, real	-2.7	-0.8	-5.8
Consumer Price Index (2002=100)	137.9	139.3	139.4
% Change	1.6	1.0	0.1
Capital Investment (\$ M)	9,096	10,033	8,670
% Change	-11.4	10.3	-13.6
% Change, real	-13.5	7.9	-13.3
Housing Starts	1,096	945	915
% Change	-21.7	-13.8	-3.1
Employment ('000s)	225.3	226.6	213.4
% Change	0.5	0.6	-5.8
Labour Force ('000s)	261.4	257.3	248.0
% Change	-0.6	-1.6	-3.6
Unemployment Rate (%)	13.8	11.9	13.9
Participation Rate (%)	58.9	58.4	56.4
Population ('000s)	525.6	521.5	520.0
% Change	-0.5	-0.8	-0.3

\* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.

e: estimate; f: forecast, Department of Finance, September 2020

Source: Statistics Canada; Department of Finance

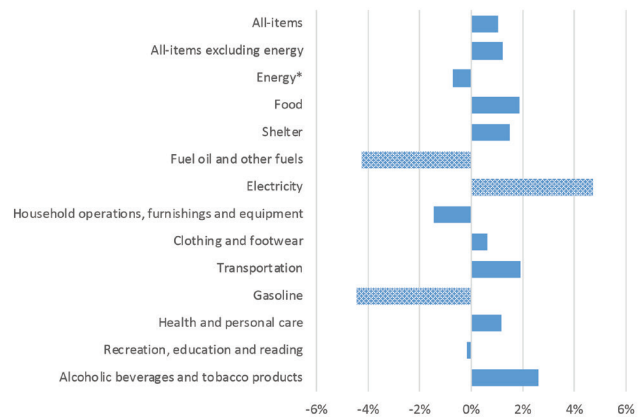
2018. The value of sales of new vehicles increased by 6.2%, reflecting an increase in average price as well as a continued trend towards the purchase of trucks, vans and SUVs. Consumer spending on services is estimated to have increased slightly (1.2%). Spending at restaurants and bars, a subset of spending on services, totalled approximately \$878 million in 2019, an increase of 2.9% compared to 2018.

Capital investment increased by 10.3% in 2019 to \$10.0 billion. Higher expenditures on non-residential spending offset a decline in residential expenditures. Non-residential spending—led by expenditures on the West White Rose and Voisey’s Bay underground mine projects—grew by an estimated 12.1%. This was offset by a decline in residential spending due to lower housing starts. Housing starts declined by 13.8% in 2019.

## Inflation

Growth in the Consumer Price Index (CPI), or inflation, averaged just 1.0% in 2019. By comparison, Canada’s inflation rate was 1.9%. Lower prices for fuel oil (down 4.2%) and gasoline (down 4.4%) moderated the overall increase in the CPI. Both fuel oil and gasoline were impacted by a decline in crude oil prices. Electricity prices were 4.7% higher on average in 2019 compared to 2018 as the Newfoundland and Labrador Board of Commissioners of Public Utilities approved an average increase in electricity rates of 6.8% effective July 1, 2018 and a further increase of 6.4% effective October 1, 2019.

## Percent Change in Consumer Price Index, 2019



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

## Labour Markets

Employment increased by 0.6% to 226,600 in 2019. Employment growth was concentrated in full-time employment. Full-time employment rose by 1.8% while part-time employment declined by 6.0%. While employment increased, the labour force declined by 1.6% last year, due to out-migration and an aging population. The combination of higher employment and a lower labour force led to a decline in the unemployment rate. The unemployment rate fell to 11.9% in 2019, a drop of 1.9 percentage points compared to 2018 and near the record low unemployment rate of 11.6% posted in 2013.

Consistent with the increase in employment, there was a decrease in the number of Employment Insurance (EI) beneficiaries last year. The average number of persons receiving regular EI benefits on a monthly basis declined by 7.3% in 2019 compared to 2018.

Wages increased at a solid pace during 2019. Average weekly earnings (including overtime) averaged \$1,060 in 2019, an increase of 2.1%



compared to 2018. Newfoundland and Labrador's wages continue to be the second highest among provinces, after Alberta. Labour income totalled \$15.6 billion in 2019, 5.2% higher than 2018. The increase in labour income reflects both higher weekly earnings and higher employment. After adjusting for inflation, labour income grew by 4.1%. Total household income (which includes labour income as well as other sources of income such as EI, Canada Pension Plan and Old Age Security) is estimated to have grown by 3.8% last year (2.7% in real terms).

## Population

Newfoundland and Labrador's population stood at 521,542 as of July 1, 2019, a decrease of 0.8% compared to July 1, 2018. Migration continued to be the primary factor influencing population change. Net out-migration totalled 2,668 persons in 2018-19—a gain of 1,833 from international migration was offset by a loss of 4,501 from interprovincial migration. Most people who left the province went to Alberta, Ontario and Nova Scotia. Natural change also reduced the population. Deaths outnumbered births, resulting in a natural population decline of 1,394.

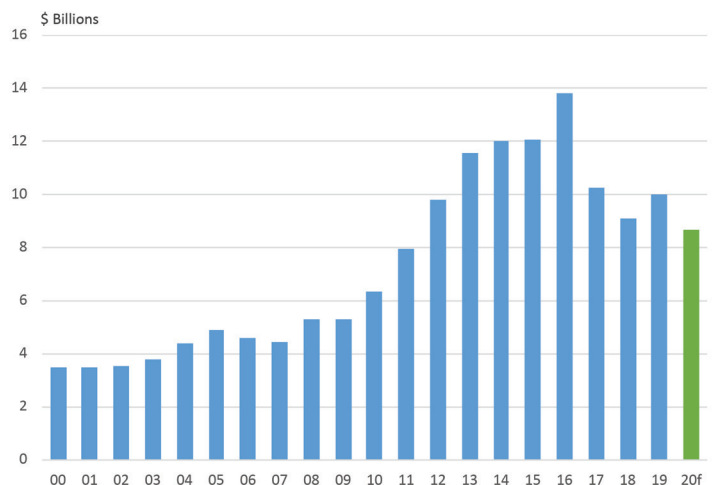
## Outlook

As is the case for most jurisdictions, there is much uncertainty regarding provincial economic performance in 2020. Prior to the COVID-19 pandemic, economic growth in Newfoundland and Labrador was expected to continue in 2020 with gains in real GDP stemming from both higher exports and increased capital investment. The current expectation is that real GDP will decrease by 4.8% as measures to contain the spread of

COVID-19 resulted in many businesses suspending operations for a period of time. Consequently, employment and wages and salaries have declined in the first half of 2020 and, while a rebound in activity is expected later in the year, on an annual basis most economic indicators are expected to post decreases this year. Employment is expected to decline by 5.8% in 2020 as the temporary shutdown of the economy resulted in a large number of individuals being temporarily laid off. Labour compensation is expected to fall by 5.2%; however, household income is forecast to increase by 1.8% as Canada Emergency Response Benefit (CERB) payments and growth in other transfer payments offset the loss in employment income. This should support consumer spending for the remainder of 2020.

Exports are forecast to decrease by 3.9% (in real terms) as higher oil and mineral production are offset by a decline in refined petroleum exports due to the suspension of production at the Come By Chance refinery and lower fish exports. Capital investment is forecast to decline by 13.6% as construction of the major projects currently under development in the province—West White Rose,

## Capital Investment



Muskkrat Falls and Voisey's Bay underground mine—was temporarily halted in response to the pandemic (see chart).

Looking forward, the economy is expected to rebound from the depressed levels of 2020. Similar to other jurisdictions, there is a greater degree of uncertainty than usual regarding the medium-term economic outlook for the province. Major project construction schedules will continue to have a significant impact on capital investment and employment. However, the timing of projects in the oil sector is especially difficult to forecast given the current challenges in that sector.

Nonetheless, there is reason for optimism in the longer term, particularly in the province's energy sector. While plans to proceed with the construction on the province's fifth oil project, Bay du Nord, are currently on hold, development is expected to begin in the medium-term. This development is expected to generate significant economic benefits for the province. Additionally, there are substantial oil and gas resources available in offshore Newfoundland and Labrador. The fourth independent resource assessment conducted on nine parcels in the Carson, Bonniton and Salar Basins, released in October 2019, identified an additional 3 billion barrels of oil and 5.8 trillion cubic feet of gas potential in Newfoundland and Labrador's offshore. The combined resource potential of the four resource estimates released to date is 52.2 billion barrels of oil and 199.6 trillion cubic feet of gas in just nine per cent of Newfoundland and Labrador's offshore basins.

In addition, several companies are proposing long-term exploration programs for various holdings in the Jeanne d'Arc, Flemish Pass, Orphan and

Carson basins. These programs could result in over 100 exploration and delineation wells over the next 12 years (see **Oil and Gas**). Exploration and development hold significant opportunities for future growth in oil production and, by extension, the provincial economy.

There are opportunities in other sectors of the economy as well. In the aquaculture industry, both Mowi Canada East and Grieg NL Ltd. continue to pursue aquaculture development opportunities that are expected lead to a considerable expansion in production over the next five years. In the mining industry, Tacora is continuing to ramp up iron ore production at its recently re-opened Scully mine in Western Labrador; Marathon Gold is progressing with its Valentine Lake gold project in central Newfoundland; and development of Vale Newfoundland and Labrador's underground nickel mine is continuing in Voisey's Bay, Labrador.



# Oil and Gas

Hebron Oil Project  
ExxonMobil Canada

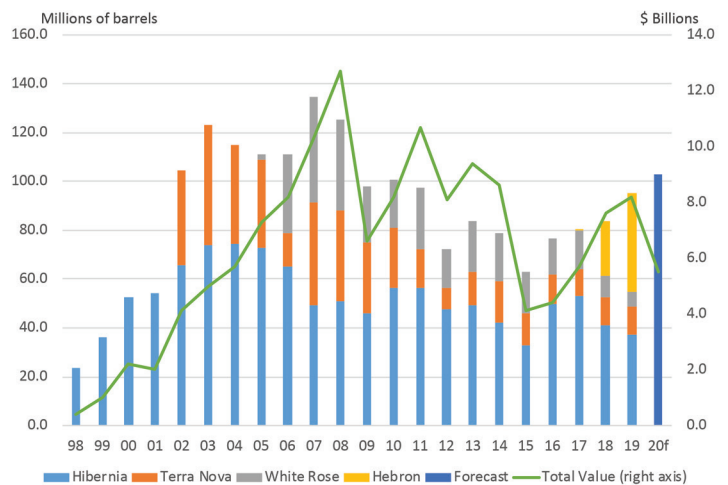
Newfoundland and Labrador's oil and gas and related services industries contributed an estimated \$5.9 billion to nominal GDP in 2018, accounting for 19.4% of the provincial total. Direct employment in the industry was approximately 6,300 person years in 2019 and represented 2.8% of total employment in the province.

There are four oil projects in the province's offshore area: Hibernia, Terra Nova, White Rose and Hebron. Oil production increased by 13.7% in 2019 to 95.5 million barrels (MMbbls) as higher output from Hebron offset declines at Hibernia and White Rose due to production shutdowns.

The estimated value of total production grew by 6.9% to \$8.2 billion. The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US\$64.30/barrel in 2019, down 9.9%

from an average of US\$71.34/barrel in 2018 (see chart). As of August 28, 2020, the price of Brent stood at US\$45.22/barrel.

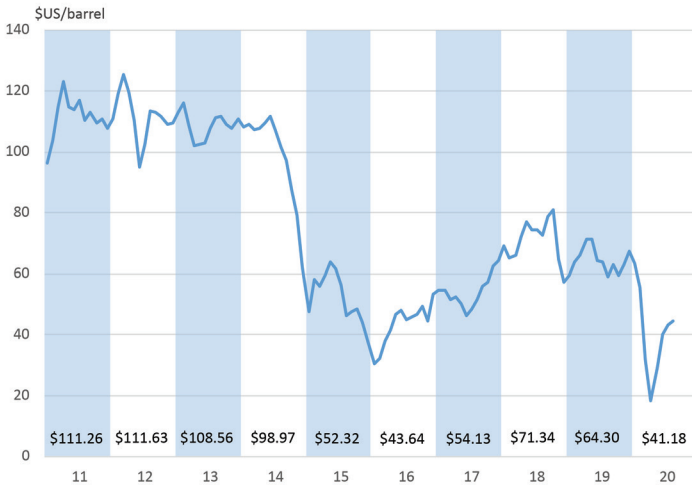
## Offshore Oil Production



f: forecast

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

## Brent Crude Oil Prices, Monthly



Note: Average annual Brent crude prices included for each year. Price for 2020 is average up to August 28.  
Source: U.S. Energy Information Administration

## Hibernia

Hibernia production totalled 37.2 MMbbls in 2019, a decrease of 9.4% or 3.9 MMbbls relative to 2018. Production in 2019 was negatively impacted by a shutdown in operations that began on July 17 because of an oil spill. There was also a discharge incident on August 17 that prolonged the shutdown. Subsequently, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) approved the restart of production on September 26. Since first oil in 1997, Hibernia production has expanded into two areas: the AA Blocks and the Hibernia Southern Extension (HSE) Unit. The Hibernia project had an estimated 511.2 MMbbls of recoverable reserves remaining at the end of 2019, and is expected to continue producing until at least 2040. In response to the COVID-19 pandemic, the Hibernia Management Development Corporation has ceased drilling operations. The drilling shutdown began in May and could continue through 2021. As of December 31, 2019, there were a total of 1,400 people working on the Hibernia project

in the province, of which 1,287 (91.9%) were Newfoundland and Labrador residents.

## Terra Nova

Terra Nova produced 11.3 MMbbls in 2019, a decrease of 1.0% or 0.1 MMbbls compared to 2018. On December 19, 2019, production of Terra Nova was suspended in response to an order by the C-NLOPB which was issued because of non-compliance with required inspections and repairs. As of the end of 2019, the remaining Terra Nova recoverable reserves were estimated at 81.0 MMbbls. There were a total of 844 people working on the Terra Nova project in the province as of December 31, 2019, of which 786 (93.1%) were Newfoundland and Labrador residents.

In May 2019, Suncor and the Terra Nova joint venture owners sanctioned the Asset Life Extension (ALE) project. It was scheduled to take place in a shipyard in southern Spain from May to September of this year; however, the shipyard was not able to accommodate the project because of the COVID-19 pandemic. The Terra Nova FPSO is currently located in Conception Bay South for installation of a new turret cover plate. Suncor stated that the FPSO will anchor there until proceeding to a Newfoundland and Labrador quayside location later this year.

## White Rose

White Rose and its satellite areas (North Amethyst, South White Rose and West White Rose) produced 6.3 MMbbls in 2019, a decrease of 30.3% or 2.7 MMbbls compared to 2018. Production in 2019 was impacted by a halt in operations that began in November 2018 due

to an oil spill stemming from a failed flowline connector. The project returned to full production on August 16, 2019, following the resumption of partial operations in January 2019. It is estimated that the recoverable reserves remaining for the entire White Rose project (including North Amethyst and extensions) were 167.7 MMbbls at the end of 2019. As of December 31, 2019, there were a total of 2,649 people working in the province on the White Rose project (including the West White Rose development), of which 2,464 (93.0%) were Newfoundland and Labrador residents.

On May 29, 2017, the province and Husky Energy announced that Husky was moving forward with the development of the West White Rose project. A pilot project for West White Rose began in September 2011 and production has continued to date. The West White Rose project is estimated to cost \$3.2 billion and will use a fixed drilling platform tied back to the SeaRose FPSO. An estimated 5,000 person years of direct employment will be generated during the construction period. In May 2018, construction of the concrete gravity structure began at the new graving dock in Argentia. The accommodations module was being constructed in Marystown and the Topsides Appurtenances (flare boom, helideck and lifeboat stations) contract was awarded to Kiewit Offshore Services (KOS) in August 2019.

Following the outbreak of the global pandemic, Husky suspended all construction activities related to the West White Rose project on March 22, 2020 to prevent the transmission of the COVID-19 virus among its employees, contractors and the community. In late April 2020, Husky suspended construction on the project for the

remainder of 2020 and confirmed that first oil will be delayed by a year to 2023. Furthermore, Husky announced a full review of scope, schedule and cost of the project on September 9, 2020. Once operational, the project is expected to produce approximately 75,000 barrels of oil per day at peak production and create an estimated 250 permanent platform jobs.

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

## Hebron

Hebron production totalled 40.7 MMbbls in 2019, an increase of 80.9% or 18.2 MMbbls relative to 2018. Production levels continued to ramp up during 2019, the second full year of production for Hebron. The project had an estimated 643.0 MMbbls of recoverable reserves remaining at the end of 2019. As of December 31, 2019, there were a total of 1,162 people working on the Hebron project in the province, of which 1,062 (91.4%) were Newfoundland and Labrador residents.

## Bay du Nord

On July 26, 2018, the Government of Newfoundland and Labrador, Equinor Canada and 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, Bay du Nord could be the first remote, deepwater project in the province's offshore area. It could also be the first project to be regulated under Newfoundland and Labrador's generic oil royalty regulations implemented in 2017. Similar to Terra Nova and White Rose, the Bay du Nord project will use an FPSO vessel. Based on current reserve estimates of 300 MMbbls of recoverable oil, the expected field life of the project is between 12 and 20 years, with potential subsea tie-back developments that could extend the project's life. However, on March 18, 2020, Equinor and Husky announced Bay du Nord was deferred to make the project more robust for low commodity prices.

Equinor submitted a project description to the Impact Assessment Agency of Canada (IAAC), formerly the Canadian Environmental Assessment Agency, in June 2018 that proposes developing the Bay du Nord field (which includes Bay du Nord, Bay de Verde, Bay de Verde East and the Baccalieu discovery). The IAAC is inviting public comments until September 30 on the potential environmental effects of the project and any proposed measures to prevent those effects, as described in Equinor's summary of the Environmental Impact Statement (EIS). This would involve drilling between 10 and 30 wells over three exploration licences and three significant discovery licences in the Flemish Pass Basin.

## Exploration

On August 28, 2019, the **Impact Assessment Act (IAA)** came into force, creating the IAAC and repealing the **Canadian Environmental Assessment Act, 2012**. As a result, environmental assessments for future exploration programs in the Newfoundland and Labrador offshore area will be completed by the IAAC in cooperation with other regulatory bodies under the guidelines in the **IAA**. The Government of Canada made these changes to the environmental assessment process in an effort to improve protection of the environment and the rights of Indigenous communities while ensuring that appropriate resource projects receive approval in a predictable review process.

Project descriptions for a number of long-term exploration drilling programs in the offshore area have been submitted to the IAAC. Proponents of these projects include: 1099494 B.C. Ltd., Anadarko Canada E&P Ltd., BHP Petroleum (New Ventures) Corporation, BP Canada Energy Group, Chevron Canada Ltd., CNOOC Petroleum North America ULC, Equinor Canada Ltd, ExxonMobil Canada Ltd., Hess Canada Oil and Gas ULC, Husky Oil Operations Ltd., Navitas Petroleum Canada Inc., Noble Energy Canada LLC, Suncor Energy, and Total E&P Canada Ltd. These projects include drilling up to 127 wells within 24 exploration licences in the Jeanne d'Arc, Flemish Pass, Orphan and Carson basins.

Environmental assessments for five exploration drilling programs were completed and approved with conditions since last year:

- ▶ Equinor's exploration drilling program in the Flemish Pass basin. The project includes

drilling up to 12 wells across two exploration licences by 2027. Equinor contracted the drill rig Transocean Barents to drill two new exploration wells in addition to conducting plug and abandonment activities on a previous exploration well.

- ▶ ExxonMobil Canada Ltd.'s exploration drilling program in the Jeanne d'Arc and Flemish Pass basins. The project includes drilling up to 18 wells across three exploration licences by 2029. ExxonMobil secured a one-well contract with the drill rig West Aquarius. The contract includes multiple options to drill other wells.
- ▶ CNOOC International's exploration drilling program in the Flemish Pass basin. The project includes drilling up to 10 wells across two exploration licences by 2028. CNOOC contracted the drillship Seadrill Stena IceMax to assist with the drilling; however, the exploration program was delayed in March 2020 because of the COVID-19 pandemic.
- ▶ BP Canada Energy Group ULC's exploration drilling program in the Orphan basin. The project includes drilling up to 20 wells across four exploration licences by 2026.
- ▶ Husky Oil Operations Ltd. and ExxonMobil Canada Ltd.'s exploration drilling program in the Jeanne d'Arc Basin. The project includes drilling up to 10 wells across four exploration licences by 2027.

Moreover, Husky's Jeanne d'Arc Delineation Exploration Drilling Program, in which up to 18 wells could be drilled, has been extended to 2020. The program has resulted in 12 wells being drilled so far.

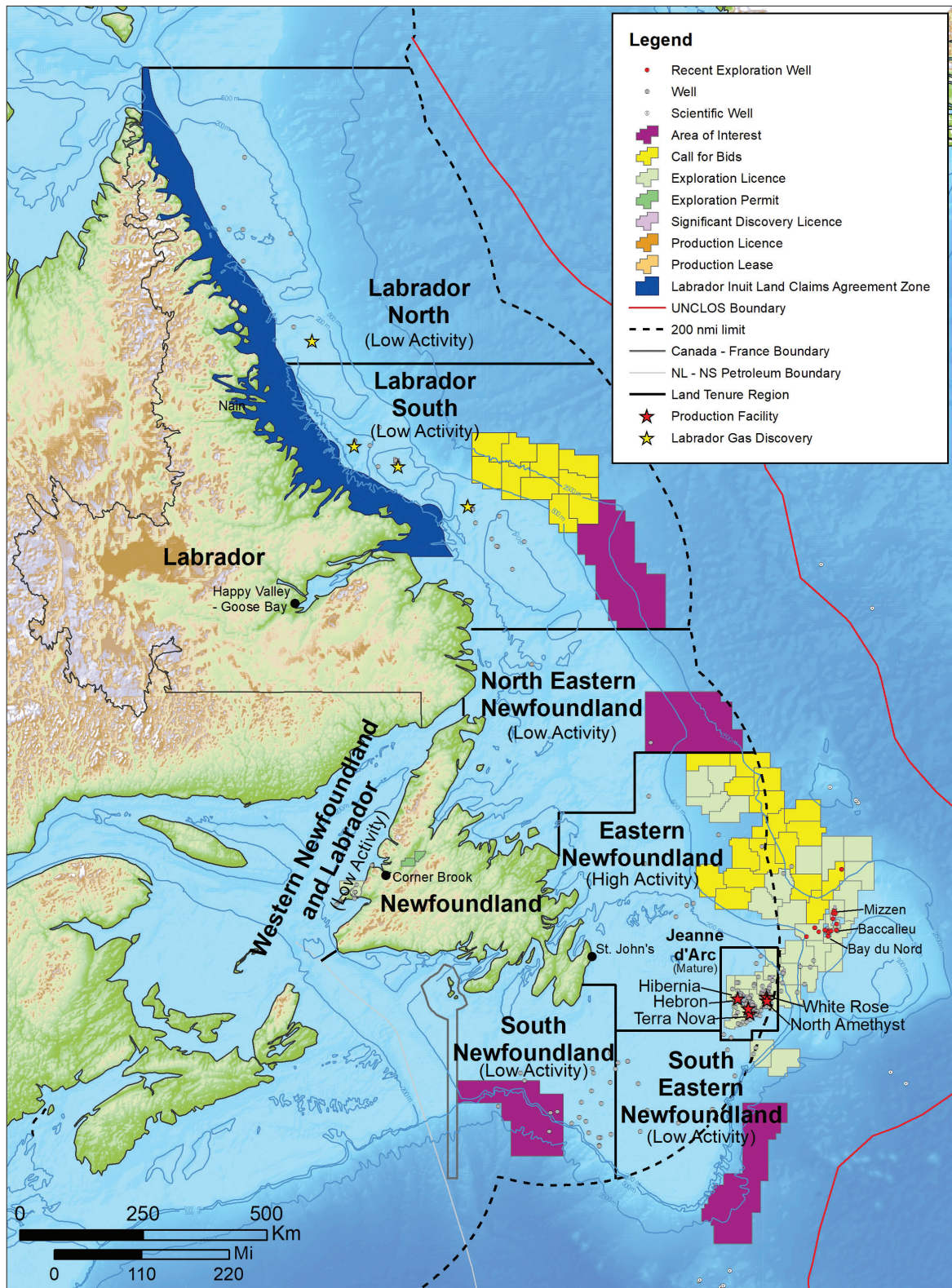
These exploration drilling programs have potential to create significant activity in the Newfoundland and Labrador offshore area and bode well for the future of the industry in the province. As of May 2020, exploration work commitments in the Newfoundland and Labrador offshore totalled about \$4 billion.

The provincial and federal governments have completed a Regional Assessment (RA) under the **IAA**, focused on the effects of existing and anticipated offshore oil and gas exploratory drilling in the offshore area east of Newfoundland and Labrador. The RA builds upon the experience and knowledge gained in assessing previous projects, reduces duplication in processes and information, and will result in more efficient project reviews for exploration projects. At the same time, the RA ensures the highest standards of environmental protection continue to be applied and maintained. The Ministerial Regulation under the RA, released on June 4, 2020, is one component of a broader federal and provincial undertaking to modernize Canada's offshore oil and gas regime to align with comparable offshore jurisdictions, strengthen environmental performance and operational safety, and improve sector competitiveness

## Offshore Exploration Initiatives

The Department of Industry, Energy and Technology and Nalcor Energy continue to collaborate and invest in the acquisition of seismic and related geoscience data. This information is used as an input to carry out independent resource assessments ahead of the closure of the bidding round in the scheduled land tenure system. This offers an opportunity for industry to learn more about the oil and gas potential of

# Newfoundland and Labrador Offshore Area



Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Industry, Energy and Technology



# Land Issuance Rounds Timeline

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



2019 Jeanne d'Arc (Mature, 1-yr cycle)



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



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



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



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



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



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



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



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



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



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



- 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

the blocks on offer and allows for a full evaluation of all the offshore basins. The data collected are available for licencing by industry. Data acquired during the 2019 season totalled 13,873 km<sup>2</sup> of 3D seismic; 24,881 km of 2D seismic; 25,895 km of gravity and magnetic data; 12.4 km of environmental surveys; 39 km of geotechnical surveys; and 15.5 km of ROV survey.

On October 3, 2019, Nalcor Energy – Oil and Gas and Beicip-Franlab, in partnership with the Government of Newfoundland and Labrador, released the 2019 oil and gas resource assessment results for nine parcels within the 2019 South Eastern Newfoundland Calls for Bids. This was the fourth independent resource assessment to be completed in the offshore area and it identified an additional 3.0 billion barrels of oil and 5.8 trillion cubic feet of gas potential. The four resource assessments completed to date indicate a combined resource potential of 52.2 billion barrels of oil and 199.6 trillion cubic feet of gas in just nine per cent of the offshore area.

## Calls for Nominations

The C-NLOPB issued a Call for Nominations (Areas of Interest – AOI) in the Eastern Newfoundland region on January 9, 2020. This assisted the Board in selecting a sector for introduction into the scheduled land tenure system. The sector identification was announced on June 11, 2020.

Calls for Nominations (Parcels) for the Eastern Newfoundland and Jeanne d'Arc regions opened on August 29, 2019 and closed on November 13, 2019 (see timeline). These Calls for Nominations assisted the C-NLOPB in selecting parcels to be included in the subsequent 2020 Calls for Bids.

## Calls for Bids and Results

Following the closing of the 2018 Calls for Bids, the Board issued five exploration licences on January 15, 2019 with successful bids totalling \$1,386,273,936, including a record single successful bid amount of \$621,021,200 by BHP Petroleum (New Ventures) Corporation.

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

On April 3, 2019, the C-NLOPB announced Calls for Bids for exploration licences for nine parcels in the South Eastern Newfoundland region and four parcels in the Jeanne d'Arc region. Bids on these parcels closed on November 6, 2019 and successful bids totalling \$38,608,344 were received on three of the parcels.

## 2020 Outlook

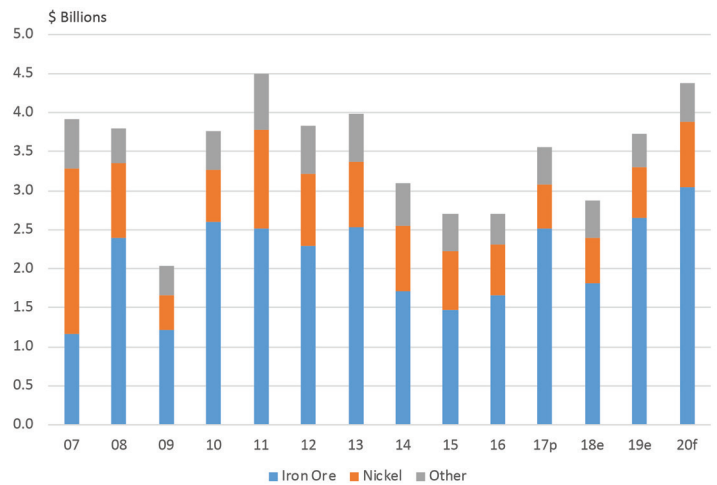
- ▶ Oil production is expected to increase 7.8% to 102.9 MMbbls with higher production at Hebron, Hibernia and White Rose offsetting losses at Terra Nova.
- ▶ The SeaRose FPSO began and completed a 15-day maintenance turnaround in the third quarter.
- ▶ All construction activities related to the West White Rose project are suspended for the rest of 2020.
- ▶ The Department of Finance expects Brent crude prices to average US\$40.70 per barrel on a calendar year basis (US\$39.00 per barrel for fiscal year 2020/21).
- ▶ The 2020 Calls for Bids were announced on June 11 and close on November 4.
- ▶ Numerous long-term exploration programs—submitted by industry for the Jeanne d’Arc, Flemish Pass, Orphan and Carson basins—bode well for the future of the oil industry in the province.



Scully Mine  
Tacora Resources Inc.

The value of Newfoundland and Labrador mineral shipments totalled \$3.7 billion in 2019, an increase of 29.4% from 2018 (see chart). This significant growth was due to a rebound in iron ore production as the Iron Ore Company of Canada (IOC) returned to full production following a shutdown in 2018 stemming from a labour dispute. As well, Tacora Resources Inc. started producing iron ore from its Wabush mine in 2019. Total mining related employment (including employment associated with activities at Vale’s Long Harbour nickel processing facility and construction of the underground mine) grew by around 9% to approximately 6,000 person years in 2019. This growth mainly reflects the start of production at the Beaver Brook Antimony Mine and Tacora Resources.

### Value of Mineral Shipments



p: preliminary, e: estimate, f: forecast  
Source: Department of Industry, Energy and Technology; Natural Resources Canada

## Market Conditions

Market conditions for the provincial mining industry were largely positive in 2019. Iron ore prices rose significantly through the first half of the year, reaching a peak of US\$118/tonne in July. This price growth was driven by supply disruptions in Australia and a tailings dam disaster in Brazil. However, prices declined over the remainder of the year due to uncertainty over global demand. Overall, iron ore prices averaged US\$90/tonne in 2019, up 36.3% from the 2018 average of US\$66/tonne.

Nickel prices rose dramatically over the first nine months of 2019, reaching US\$8.23/lb in September, a level not seen since 2014. The rapid price growth was a result of concerns about the supply of nickel as Indonesia, a major producer of nickel ore, released plans to ban unprocessed exports as of January 2020. Prices declined over the remainder of the year as the United States and China escalated trade tensions. Overall, nickel prices averaged US\$6.32/lb in 2019, up 6.3% from 2018.

## Mineral Price Indices



Source: Bloomberg

## Iron Ore Company of Canada

IOC, located near Labrador City, is one of Canada's largest iron ore mines. The mine currently generates approximately 2,000 person years of employment. IOC produced 19.0 million tonnes of concentrate in 2019, 21% higher than the 2018 total of 15.7 million tonnes. The increase was a result of the mine returning to more normal levels of production—production in the first half of 2018 was significantly reduced by a two-month work stoppage. However, concentrate production in the fourth quarter of 2019 was negatively impacted by a train derailment and unscheduled repairs. Capital expenditures at the mine were \$294 million in 2019 compared to \$205 million in 2018.

## Tata Steel Minerals Canada

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

Until recently TSMC had been operating as a direct shipping ore (DSO) project, but is transitioning to the production of high grade concentrate to take advantage of market premiums. TSMC is in the final stages of completing the commissioning of its \$700 million wet processing plant that was put on hold in 2016 due to low commodity prices. Once fully operational, the plant will produce both concentrate and DSO. TSMC had been a seasonal operation, however, with the activation of the wet processing plant, TSMC will operate year round.

The project generated approximately 250 person years of employment in the province in 2019.

In August 2019, the provincial and federal governments announced funding to construct a new terminal station and a 27 kilometre transmission line connecting the TSMC site with the Menihek Hydroelectric Generating Station's existing line. This project will enable the company to reduce the mine's diesel consumption by up to 40%.

## Tacora

Tacora Resources reactivated the Scully Mine in June 2018. The company acquired the mine and associated assets in 2017 and began working on restarting the mine. On August 30, 2019, the company marked a significant achievement, with its first shipment of iron ore concentrate to a customer in Europe.

Monthly production has grown steadily since the start of operations. It is expected to continue to ramp up until it reaches approximately 6 million tonnes per year (500,000 tonnes per month on average) in 2021. From January to August of 2019, the company spent \$165.1 million on the mine, \$55 million of which was spent in Newfoundland and Labrador. The mine is expected to have a life of at least 26 years and provide long-term employment opportunities for almost 300 persons.

## Vale

Vale Newfoundland and Labrador (VNL) operates the Voisey's Bay open pit nickel mine on the northeast coast of Labrador and the nickel processing facility in Long Harbour on the island

portion of the province. Currently, all nickel mined at Voisey's Bay is shipped to Long Harbour for processing. The value of nickel shipped by VNL rose by 12.8% in 2019 as a result of higher nickel prices. The volume of nickel production was on par with the previous year.

In 2019, Vale continued work on its mine expansion project which began in late 2018. In August 2019, the company announced that the project, which will include two separate deposits (Reid Brook and Eastern Deeps), had reached 10% completion. Once completed, the mine expansion is expected to produce 45,000 to 50,000 tonnes of nickel-in-concentrate annually that will be processed into finished nickel at the Long Harbour processing plant. Mining operations will gradually transition from open pit to underground beginning in 2020. Access to the underground ore is expected to extend the mine life to 2034.

Employment for all aspects of the Voisey's Bay project—current operations at the Voisey's Bay mine, the Long Harbour nickel processing facility and construction of the underground mine—averaged about 2,100 in 2019.

Vale announced it was halting development and production at the mine on March 16, 2020 in response to the public health emergency declared as a result of the COVID-19 virus. The Long Harbour nickel processing facility has continued to operate using stockpiled nickel concentrate and the mine resumed production in July.

## Other Mines

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

began a mining process improvement program in 2018 aimed at improving production and increasing the average grade of ore produced in an effort to boost saleable production. In 2019, RMM reaped the rewards of this program as production of copper and gold increased by 27% and 17%, respectively. Other key milestones achieved in 2019 include the approval of a new tailings facility and the recommissioning of a Dense Media Separation plant to process lower grade ore. The mine currently generates around 200 person years of employment annually.

Anaconda Mining Inc. began gold production at its Point Rouse project near Baie Verte in 2008. In early 2018, production shifted from the Pine Cove pit to the Stog'er Tight deposit which is now the main feed source for the Pine Cove mill. Anaconda has continued an aggressive drilling program to further delineate the resource estimates for a number of gold prospects in the area. One of these prospects, the Argyle deposit, was expected to begin development in 2019. However, the company has since focused its efforts on the continued expansion of Pine Cove after a successful drilling program there. Anaconda produced 15,211 ounces of gold in 2019, a decrease of around 25% from 2018. The operation currently generates around 100 person years of employment annually.

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

per year with a current assumed mine life of 10 years. CFI generated around 300 person years of employment in 2019.

Beaver Brook Antimony Mine restarted operations in March 2019 after attracting new investment from the Chinese state-owned China Minmetals Rare Earth Group. The first shipment from the mine took place on June 19. The mine is expected to produce approximately 160,000 tonnes of antimony per year over a three and a half year mine life. Employment on the project was around 100 person years in 2019.

The province's construction aggregate industry (i.e. producers of gravel, sand, crushed stone, or other mineral material that is used in the construction industry) shipped approximately 5.5 million metric tonnes of aggregate, sand and gravel valued at \$28.9 million in 2019. The sector generated around 550 person years of employment.

## Development

Marathon Gold is progressing with its Valentine Lake Gold project in central Newfoundland. An updated mineral resource estimate, released January 2020, indicated that the project's likely resource potential now stands at over 3 million ounces and work on a pre-feasibility study is underway. A preliminary economic assessment of the project indicated that there is a potential for production of 225,000 ounces of gold per year with a mine life of 12 years. Should the project proceed, it is anticipated to begin development in 2021.

## Exploration

Mineral exploration activity has continued to recover after bottoming out in 2016. Despite a difficult investment climate in recent years, in which junior exploration companies have had difficulty raising capital, there is optimism that the situation is improving. Exploration expenditures rose to \$48.6 million in 2019 from \$47.1 million in 2018 (see chart). The growth was driven by activity in Newfoundland which offset declining activity in Labrador. In addition, a number of promising exploration developments have progressed in the past year.

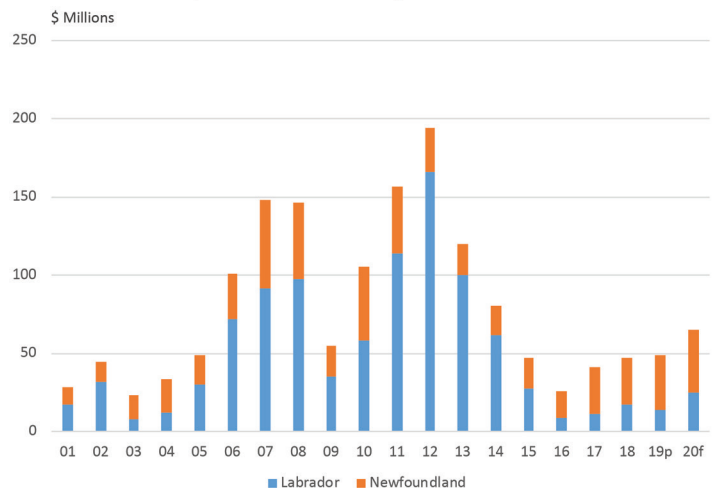
Matador Mining is pursuing a gold exploration program at the Cape Ray Gold Project in the Isle aux Morts area. The company took over the project from Nordmin Resources and Industrial Engineering Ltd. in 2018 with the goal of developing a mine and mill processing operation. The project is currently under environmental assessment with plans to finish its environmental impact statement documentation before the end of 2020. An updated resource estimate was released in February 2020.

Maritime Resources is pursuing the development of a gold mine at the site of the former Hammerdown Mine located near Springdale. The Hammerdown Mine was developed by Richmond Mines and operated from 2000 to 2004. In February 2020, Maritime Resources released a Preliminary Economic Assessment for the project estimating a mine life of nine years and average production of 57,900 ounces per year. The company is working on completing a feasibility study and is currently undergoing environmental assessment. Recent exploration results at the

Whisker Valley Project, located approximately six kilometers northwest of Hammerdown, have been promising and could lead to potential development in the area.

Search Minerals Inc. has continued to conduct an exploration program in the area of its proposed Foxtrot and Deep Fox rare element mine in southeastern Labrador. The project has been registered for environmental assessment and Search released a preliminary resource assessment for Deep Fox on October 1, 2019.

## Mineral Exploration Expenditures



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



## 2020 Outlook

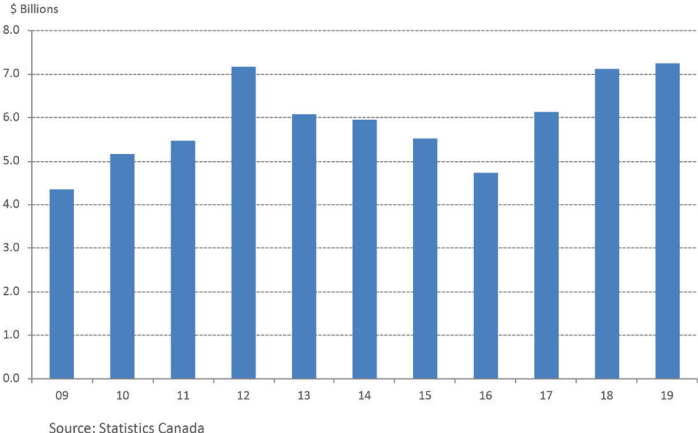
- ▶ Mineral prices have been volatile so far in 2020 as a result of demand uncertainty created by COVID-19. Prices generally declined in the spring, but have since rebounded with the easing of restrictions. Prices for the remainder of the year remain vulnerable to the threat of COVID-19 related shutdowns and uncertainty regarding the pace of the worldwide economic recovery.
  - Nickel prices averaged around US\$5.83/lb in the first eight months of 2020.
  - Iron ore prices averaged around US\$93.61/tonne in the first eight months of 2020.
  - The demand for gold, considered a “safe asset”, has surged due to the economic uncertainty created by COVID-19 with prices rising above US\$2,000 per troy ounce in early August.
- ▶ The pandemic had a mixed impact on mineral production with some mines continuing to operate as normal and others relying on existing stockpiles, reducing production levels or going into care and maintenance.
  - Mine operations and the expansion project at Voisey’s Bay were paused in March due to the pandemic, but restarted again in July.
  - Operations at IOC continued throughout the pandemic with the company implementing a number of measures to enhance worker safety.
- ▶ The value of mineral shipments is expected rise by 17.5% as a result of production increases at IOC and Tacora.
- ▶ Estimates from February indicated that exploration expenditures were expected to rise by 33.7% to \$65.0 million. However, these estimates were compiled prior to COVID-19 and are subject to revision.



Newfoundland and Labrador’s manufacturing industry contributed \$1.4 billion to nominal GDP in 2018, representing 4.7% of total provincial GDP. In 2019, manufacturing employment was approximately 8,900 person years and accounted for 3.9% of total employment in the province.

The provincial manufacturing industry produces a wide variety of products, but the majority of manufacturing output is concentrated in refined petroleum, food processing (primarily fish), fabricated metal manufacturing, non-ferrous metal production and processing, and newsprint. The value of manufacturing shipments totalled \$7.2 billion in 2019, an increase of 1.5% compared to 2018 (see chart). This growth was mainly due to higher crab prices, which increased the value of crab exports and higher shipments of non-ferrous metal (nickel).

### Manufacturing Shipments

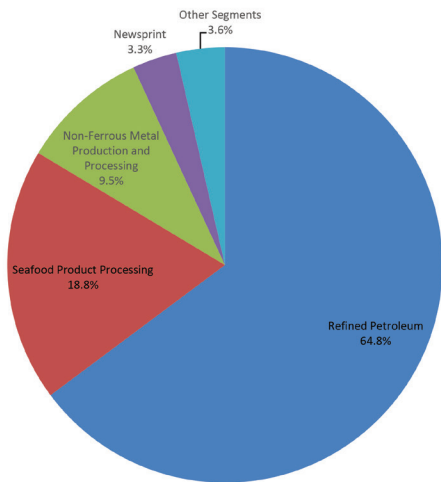


Employment in the manufacturing industry averaged approximately 8,900 in 2019, down 1.1% from the previous year. Small employment gains in non-durable goods manufacturing were offset by small losses in durable goods manufacturing. Total wages and salaries paid in the manufacturing

industry increased 10.6% in 2019 compared to 2018, despite the drop in employment. Compensation gains reflect wage increases as the average weekly wage, including overtime, was up 4.4% compared to 2018.

Locally manufactured products are shipped throughout the province, elsewhere in Canada and to international markets. The value of international manufacturing exports from Newfoundland and Labrador was approximately \$4.7 billion in 2019, a 3.6% decline compared to 2018. The decrease was primarily due to lower shipment values for refined petroleum products and processed shrimp. The United States remains the largest export market for Newfoundland and Labrador manufacturers, representing 78.3% of international exports during 2019.

### Distribution of International Manufacturing Exports by Industry, 2019



Source: Innovation, Science and Economic Development Canada

Refined petroleum products account for the largest portion of the province’s manufacturing output. The North Atlantic Refinery in Come by Chance is strategically located along Atlantic crude oil shipping routes. As such, the refinery has access to petroleum markets in Europe and the

eastern U.S. seaboard. The value of international petroleum exports from Newfoundland and Labrador totalled \$3.1 billion in 2019, representing a decrease of 4.4% compared to 2018. This decrease in value can be attributed to lower year-over-year prices for petroleum products. The company usually employs approximately 400 full-time employees although total employment fluctuates, including the use of contract and temporary workers, especially during turnarounds. On March 30, 2020, as part of its response to COVID-19, North Atlantic Refining Limited (NARL) temporarily stopped production to protect employees and further prevent the spread of the virus. At the time of writing, production had not resumed at the refinery. In addition, on May 28, 2020, Irving Oil announced a purchase and sale agreement to acquire NARL. The finalization of the deal is subject to regulatory approvals and to conditions of sale being met.

Fish processing also plays a significant role in Newfoundland and Labrador’s manufacturing industry. The highest value products include crab, shrimp and lobster. The value of international seafood product exports totalled approximately \$931 million in 2019, down 0.6% from 2018 as higher values for crab were more than offset by lower values for shrimp. The United States and China accounted for about 72% of export value for the province’s seafood products (see **Fishery and Aquaculture**).

In recent years, fabricated metal manufacturing activity has fluctuated with major project construction activity. In 2019, fabricated metal manufacturing employment averaged 500 person years, on par with 2018.

Vale Newfoundland and Labrador (VNL) owns and operates the nickel processing plant in Long Harbour. The facility processes nickel concentrate that is sourced exclusively from the Voisey's Bay mine in Labrador. While the plant primarily outputs nickel, it also produces cobalt and copper as by-products. In June 2018, Vale announced that it had secured a deal to sell 75% of its future production of cobalt. An upfront payment of US\$690 million was made, plus expected additional payments of 20%, on average, of cobalt prices upon delivery. Payments from this deal are being used to help finance the development of the Voisey's Bay Mine Expansion Project (see **Mining**). The value of nickel shipped from the Long Harbour plant rose by 12.8% in 2019 as a result of higher nickel prices. The nickel processing facility currently generates approximately 900 person years of employment annually.

Lumber production in Newfoundland and Labrador reached an estimated 98 million board feet in 2019, up from 94.6 million board feet in 2018. The increase reflects capacity improvements and improved access to the U.S. market. The volume of newsprint shipped from Corner Brook Pulp and Paper Limited decreased by 6.2% in 2019 and the estimated value of shipments decreased by 5.1% (see **Forestry**).

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

- ▶ Construction of the concrete gravity structure for the West White Rose project is taking place at the new graving dock in Argentia, with work expected to continue into 2023. The accommodations module is being constructed in Marystown and the Topsides Appurtenances (flare boom, helideck and lifeboat stations) contract was awarded to Kiewit Offshore

Services in August 2019. On March 22, 2020, Husky suspended all construction activities related to the West White Rose project to prevent the transmission of the COVID-19 virus, and in late April 2020, Husky suspended construction on the project for the rest of the year. Furthermore, Husky announced a full review of scope, schedule and cost of the project on September 9, 2020.

- ▶ In July 2019, it was announced that C&W Industrial Fabrication and Marine Limited in Bay Bulls was sub-contracted to build and install its newly designed fish processing production unit for groundfish onboard Ocean Choice International's new Arctic class vessel. The Government of Canada is providing a repayable contribution of \$3.5 million, matching Ocean Choice's investment of \$3.5 million. The new production unit will enable Ocean Choice to process its key groundfish stocks at sea using innovative, clean technology to maximize yield and quantity and deliver products ready for market. The energy efficiency components and technology being incorporated into the design and build of the production line unit and vessel are expected to lead to a clean class designation, or Green Ship. This will be a first for a Canadian groundfish vessel.
- ▶ Dynamic Air Shelters engineers and manufactures lightweight, rapidly deployable textile shelters and constructions to protect people and equipment from extreme hazards in harsh environments. The manufacturing facility is located in Grand Bank, on the Burin Peninsula, employing a full time staff of 55 persons. The company has become the "go-to" manufacturer of blast-resistant shelters that

meet the stringent safety needs of industries such as oil and gas, military, first response and more. On November 1, 2019 Dynamic Air Shelters was acquired by the Starn Group, which owns the Safehouse Habitats and Sabre Safety Services businesses headquartered in Dundee, Scotland. The purchase gives the parent company a foothold in North American markets and allows Dynamic access to Starn's vast operations in Europe, Asia and Indonesia. Dynamic will continue with all of its manufacturing operations in Newfoundland. Plans for 2019-2020 include a 4,000 square foot expansion of their manufacturing facility via the installation of a testing facility in Grand Bank in order to meet demand and create internal efficiencies. On April 29, 2020, in support of the Government of Canada's response to the COVID-19 pandemic, Dynamic was awarded a contract to design, manufacture, deliver and install nine shelters for a field hospital in Pukatawagan, a First Nations community in Northern Manitoba.

- ▶ The emerging cannabis industry presents growth opportunities for the province. Five Newfoundland and Labrador firms currently hold Health Canada licences to cultivate and/or process cannabis in the province, while other firms are late-stage applicants and expect to receive an initial licence by the end of 2020.

As of June 2020, the provincial government had three production and supply agreements in place for local cannabis production. The agreements with Canopy Growth Corporation, Atlantic Cultivation Limited and its partner Auxly Cannabis Group Inc., and Oceanic Releaf Inc. with its partner Delta 9 Cannabis Inc. will secure a total supply of at least 32,000 kilograms per year of cannabis and cannabis-

related products by 2025 for the province. Direct employment associated with the three agreements is expected to reach 285 person years. Discussions continue with other firms who are pursuing cannabis production and processing.

BeeHigh Vital Elements Inc. (BeeHighVE) of Corner Brook became the first local company to receive a cultivation licence from Health Canada to produce cannabis. Subsequently, in June 2020, BeeHighVE received approval from the Newfoundland Labrador Liquor Corporation to sell cannabis in the province, becoming the first local Newfoundland company authorized to grow, process and sell its own cannabis in the province.

## 2020 Outlook

- ▶ The value of provincial manufacturing shipments is expected to decrease mainly due to the shutdown at the Come by Chance refinery and lower prices for fish and newsprint.
- ▶ Provincial newsprint shipments are expected to remain at similar levels to 2019.
- ▶ Cannabis production should create sustainable employment and new revenue.
- ▶ Fabricated metal manufacturing will be negatively impacted by the suspension of construction activity on the West White Rose project.



## Fishery and Aquaculture

Newfoundland Mussels  
Newfoundland Aquaculture Industry Association

The total value of fish and seafood production in the province exceeded one billion dollars for the fifth consecutive year in 2019. The fish and seafood sector continues to be a major source of employment, particularly for residents in rural areas of the province. In 2019, there were approximately 15,800 people employed within the industry from over 400 communities throughout the province.

### Wild Fisheries

The wild fishery refers to the harvesting of naturally occurring fish in marine environments. Recent stock assessments indicate that some of the province's groundfish stocks continue to show signs of growth, which appears to be largely driven by warmer water temperatures. While

the northern cod stock has not fully recovered, recent stock assessments indicate that the stock is above levels observed during the 2000s. Other groundfish stocks, particularly redfish, also continue to grow in areas around Newfoundland and Labrador.

Warmer water temperatures seem to be more favourable for groundfish; however, this appears to be having a negative impact on the abundance of some key shellfish resources. Recent assessments indicate that the snow crab resource continues to be low around Newfoundland and Labrador, but has shown some encouraging signs of growth. Additionally, northern shrimp stocks have declined off the east coast of the island and southern Labrador over the past decade, and in areas to the north more recently.

## Landings and Landed Value by Species

Species	2018		2019 Revised		2018/2019 Comparison	
	Volume (tonnes)	Value (\$000s)	Volume (tonnes)	Value (\$000s)	% Volume	% Value
Shrimp	43,402	212,516	38,464	189,694	-11.4%	-10.7%
Snow Crab	28,083	298,347	26,896	308,684	-4.2%	3.5%
Other Shellfish	34,077	120,917	44,265	161,646	29.9%	33.7%
<b>SHELLFISH</b>	<b>105,562</b>	<b>631,780</b>	<b>109,625</b>	<b>660,024</b>	<b>3.8%</b>	<b>4.5%</b>
Turbot	10,457	56,871	10,396	59,369	-0.6%	4.4%
Cod	16,260	23,311	14,449	23,500	-11.1%	0.8%
Flounders	8,602	12,325	12,699	18,539	47.6%	50.4%
Redfish	5,983	11,773	5,875	10,538	-1.8%	-10.5%
Other Groundfish	2,716	12,947	2,590	13,519	-4.6%	4.4%
<b>GROUNDFISH</b>	<b>44,018</b>	<b>117,227</b>	<b>46,009</b>	<b>125,465</b>	<b>4.5%</b>	<b>7.0%</b>
Capelin	27,978	10,475	28,003	16,551	0.1%	58.0%
Herring	14,167	4,788	22,157	10,502	56.4%	119.3%
Mackerel	5,625	3,672	4,814	2,536	-14.4%	-30.9%
Other Pelagics	138	824	99	678	-28.3%	-17.7%
<b>PELAGICS</b>	<b>47,908</b>	<b>19,759</b>	<b>55,073</b>	<b>30,267</b>	<b>15.0%</b>	<b>53.2%</b>
Harp Seals (Number)	59,554	1,498	32,073	862	-46.1%	-42.5%
<b>TOTAL</b>	<b>197,488</b>	<b>768,766</b>	<b>210,707</b>	<b>815,756</b>	<b>6.7%</b>	<b>6.1%</b>

Source: Fisheries and Oceans Canada and Fisheries, Forestry and Agriculture

Date: July 2020

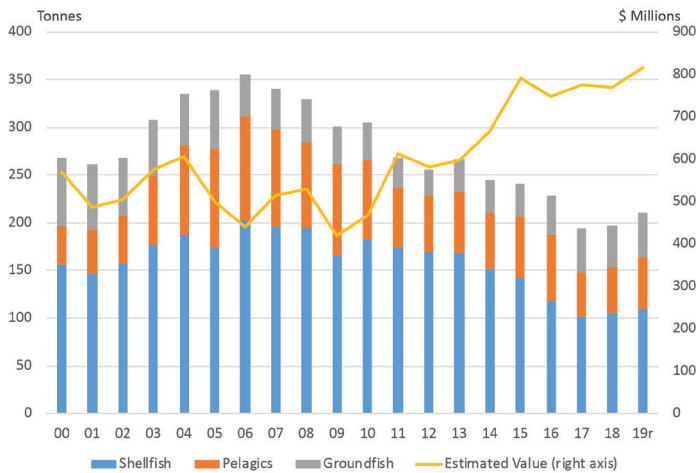
Notes:

- Species components may not sum due to independent rounding
- Total volume and value does not include the number of seals
- The values of flounders may be understated as they may not be representative of port prices
- Other Shellfish: Clams, sea cucumber, other crustaceans, other molluscs
- Other Groundfish: Monkfish, lumpfish roe and other miscellaneous groundfish
- Other Pelagics: Tuna, eels, and other miscellaneous pelagics

Total fish landings increased 6.7% to approximately 210,700 tonnes in 2019, primarily driven by higher lobster, sea cucumber, flounder and herring landings. The corresponding total landed value

increased 6.1% to approximately \$816 million, mainly the result of strong market prices for a number of species, particularly snow crab and capelin (see chart and table).

## Wild Fishery Landings



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

## Shellfish

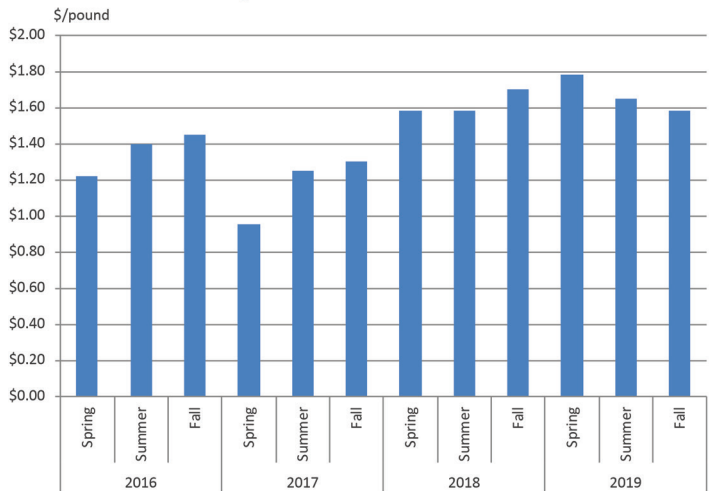
Shellfish accounted for the majority of fish landings (52%) and landed value (81%) in the commercial fishery in 2019. Lower landings of shrimp and snow crab were offset by higher landings of other shellfish (which includes lobster, clams, sea cucumber, other crustaceans, and other molluscs). The corresponding landed value for shellfish increased 4.5% to \$660 million due to higher prices for snow crab and other shellfish.

Snow crab landings declined 4.2% to just under 27,000 tonnes in 2019 due to further quota cuts. The Total Allowable Catch (TAC) for the Newfoundland and Labrador region in 2019 was 9% lower than 2018. The corresponding landed value of snow crab, however, increased 3.5% to \$309 million due to higher raw material prices.

Shrimp landings decreased 11.4% to approximately 38,500 tonnes in comparison to 2018, mainly due to further reductions in the TAC. The value of shrimp landings decreased by 10.7% to \$190 million. The minimum landed price paid to

harvesters for inshore shrimp in the 2019 spring and summer fisheries were both up from the previous year to \$1.78/pound and \$1.65/pound, respectively. Fall prices were down last year (see chart).

## Minimum Landed Price Paid to Harvesters Inshore Shrimp



Source: Fish Food & Allied Workers Union

## Groundfish

Groundfish accounted for around 22% of total fish landings and over 15% of total landed value in the province last year. Total groundfish landings increased 4.5% to 46,000 tonnes as higher flounder catches offset lower cod catches. Other groundfish species remained relatively on par with 2018. The corresponding landed value increased 4.5% to \$125 million.

## Pelagics

Pelagics accounted for 26% of total fish landings and 3.7% of total value in 2019. Pelagic landings increased by 15%, primarily driven by higher herring catches. Capelin landings remained on par

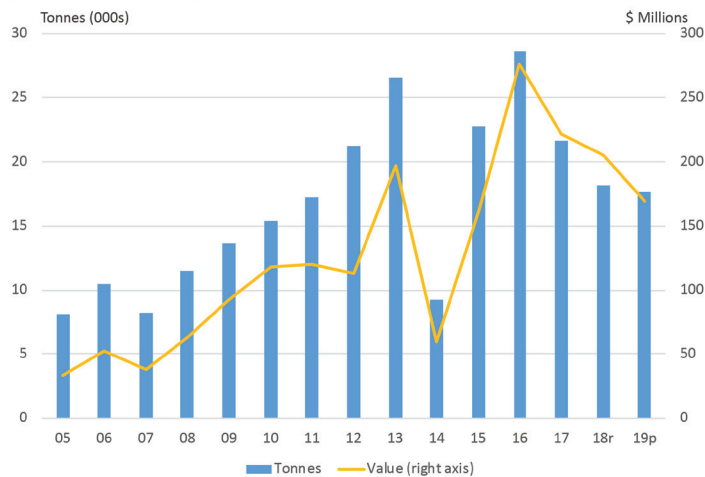


with the previous year, while mackerel landings were down over 14%. The corresponding landed value for pelagics increased over 50% due to the higher volume of herring and significantly higher raw material prices for capelin.

## Aquaculture

Aquaculture production in the province is comprised of salmonids (Atlantic salmon and steelhead trout) and shellfish (blue mussels). Production volume was approximately 17,700 tonnes in 2019, down 3% from 18,200 tonnes in 2018, due to lower production of Atlantic salmon. The decrease was partially offset by an increase in blue mussel production. The corresponding market value was \$169 million, down from \$205 million the previous year (see chart). Direct employment from aquaculture hatchery and grow-out activities was estimated at 550 persons in 2019.

### Aquaculture Production and Value (All Species)



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

Salmonid production levels fluctuated in 2019 due to natural mortality events and the transitioning of sites from one company to another through the acquisition process. Preliminary data indicates that salmonid production was just under 14,200 tonnes in 2019, down 6% from the previous year. This production was valued at just over \$154 million, down from \$204 million the previous year. The average market price in 2019 for 8-10 pound wholefish Atlantic salmon was \$4.33/pound, down 9% in comparison to the average price in 2018.

Newfoundland and Labrador aquaculture shellfish production is primarily blue mussels; however, limited commercial production of oysters began in December 2019. Shellfish production in 2019 was 3,500 tonnes with a production value of \$14.8 million, increases of 15% and 17%, respectively, from the previous year. Mussel prices remained relatively stable in 2019, with small fluctuations due to changes in exchange rates. The average price last year was \$1.94/pound compared to \$1.86/pound in 2018.

In terms of aquaculture development in the province, MOWI Canada East and Grieg NL Ltd. both continue to pursue aquaculture development opportunities in Newfoundland and Labrador. MOWI operations include the former Northern Harvest Sea Farms sites on the south coast and a new marine site in the Bays West area of this region. Further expansion is expected to generate an increase in employment and opportunities for the supply and service sector, processing and marine site work. The construction phase of Grieg NL's land-based recirculating hatchery on the Burin Peninsula is well underway and is expected to be operational in 2020. Operation of the hatchery will generate increases in both production and

the supply and service sector for Newfoundland and Labrador. In 2019, four new licences were approved for the company—three marine sites and a land-based facility.

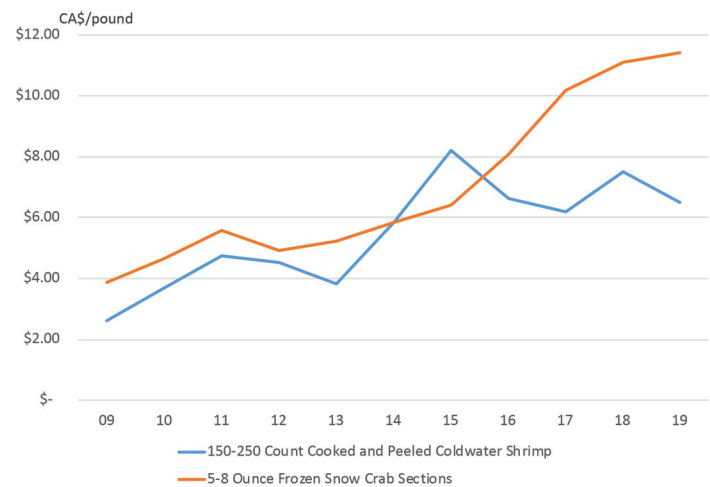
## Processing and Marketing

In 2019, there were 90 active fish processing plants, compared to 88 in the previous year. Of these facilities, 69 are primary, three are secondary, five are aquaculture and 13 are in-province retail establishments. Total seafood production in 2019 remained on par with the previous year at around 115,000 tonnes.

In 2019, the U.S. and China accounted for 72% of the international export value of the province’s seafood products. The U.S. remained the largest market and represented 51% of total export value (on par with 2018), while China accounted for 20.7% (down from 26.6% in 2018). Other major markets include Denmark (4.8%), Japan (3.7%) and the United Kingdom (3.2%). Last year, Newfoundland and Labrador’s international seafood product exports were valued at approximately \$931 million.

Higher market prices continued to benefit snow crab processors in 2019. Similar to the past few years, a lower global supply of snow crab put upward pressure on market prices. The average market price for 5-8 ounce snow crab sections was 2.5% higher than in 2018. Market prices for inshore shrimp, however, decreased throughout 2019. The price of cooked and peeled inshore shrimp averaged \$6.51/pound, down 13.1% from \$7.50/pound in 2018 due to an increase in global supply (see chart).

## Shrimp and Snow Crab Average Market Prices



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

There are a number of initiatives in place intended to help transform and drive innovation in the fish and seafood sector, including the Atlantic Fisheries Fund (AFF). The AFF is cost-shared between the Government of Canada and the Atlantic provinces. This fund spans a seven-year time frame and will support innovation in the fish and seafood sector in Atlantic Canada. The fund is already providing substantial economic benefits for the province’s fish harvesters, fish processors and aquaculture companies. Since the program began in 2018, 130 projects have been announced with investments of over \$29 million from both levels of government.

## 2020 Outlook

- ▶ The Newfoundland and Labrador fishing and aquaculture industries are expected to be negatively affected by COVID-19 public health measures and decreased consumer confidence nationally and internationally.
- ▶ Total fish landings are expected to decline in 2020. Continued increases in groundfish are expected to be more than offset by declines in shellfish and pelagics.
- ▶ There is a risk that quotas for shrimp and snow crab may be further reduced due to low biomass levels.
- ▶ The new Canada-United States-Mexico Agreement (CUSMA) will provide clarity for trade for all sectors including the seafood industry.
- ▶ Grieg NL and MOWI Canada East are expected to continue to advance their aquaculture projects.

# Special Feature



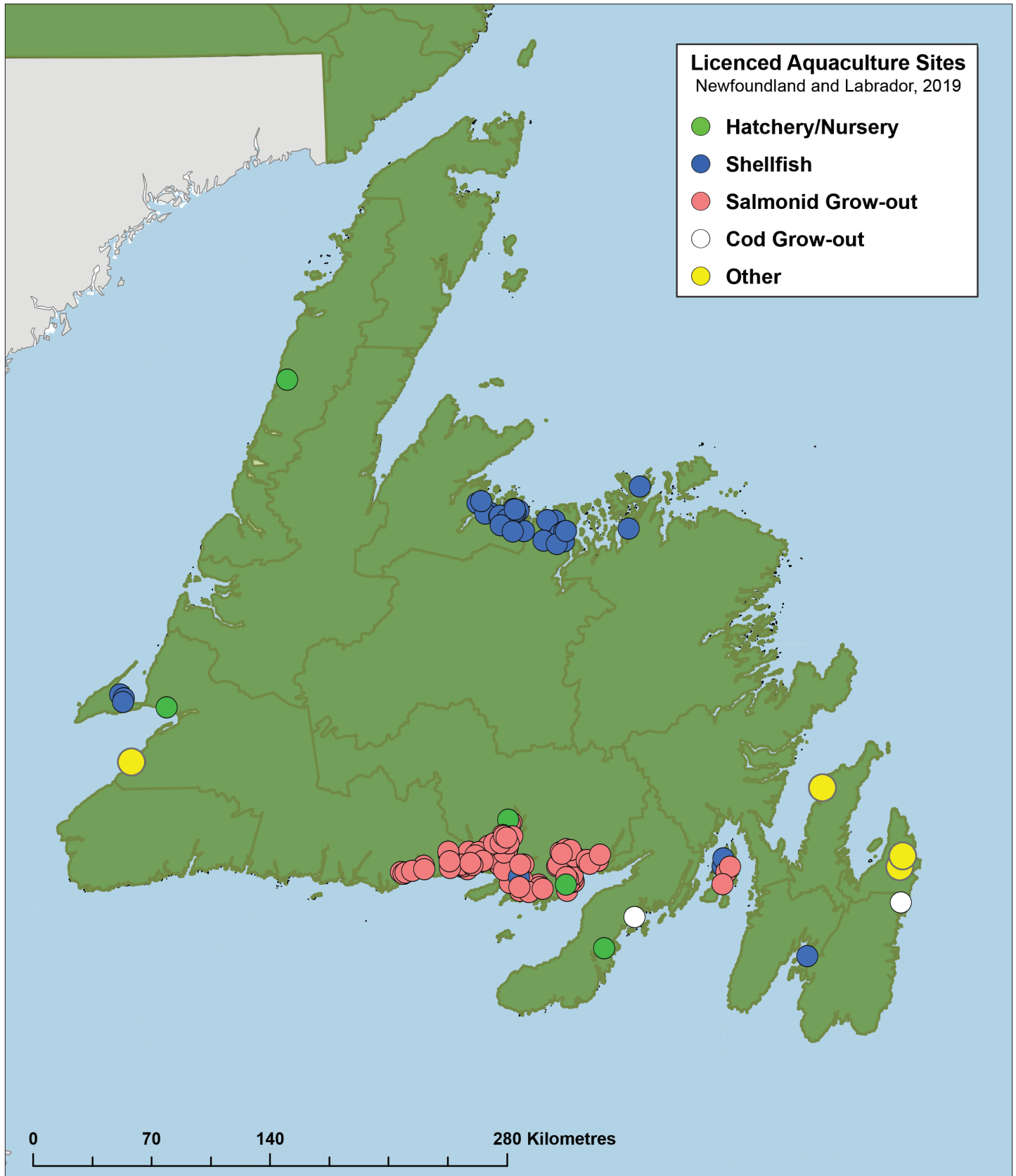
## The Aquaculture Industry in Newfoundland and Labrador

St. Alban's  
Fisheries, Forestry and Agriculture

Aquaculture in Newfoundland and Labrador is an expanding industry that is becoming an increasingly important economic contributor to rural regions of the province. Aquaculture has grown from a pre-commercial industry worth approximately \$3 million in 1995 to a commercial industry worth \$169 million in 2019. There are currently 150 licenced aquaculture operations located in the southern, northeastern, and western regions of the province (see map). Today, the aquaculture industry is comprised of two main sectors: salmonid and shellfish, with salmonid production accounting for over 80 per cent of total production volume and over 90 per cent of total production value.

Salmonid production is predominantly located along the province's south coast with hatcheries and marine cage sites being utilized for Atlantic salmon production, while steelhead trout are imported into the province and raised in marine cage sites. As a result of the significant investment in the salmonid sector over the past few years, opportunities have arisen for the provincial aquaculture supply and service sector as outlined in the joint government-industry Aquaculture Sector Work Plan. A priority supply and service opportunity being pursued is the production of cleaner fish to support expansion of the salmonid sector. In addition, companies from outside the province have either established new operations

# Licensed Aquaculture Sites



Source: Fisheries, Forestry and Agriculture

or invested into existing provincial aquaculture supply and service sector companies.

Shellfish production is comprised of mostly blue mussels, although limited commercial production of oysters began in late 2019. There are currently 43 shellfish operations in the province, located primarily along the northeast coast. Newfoundland blue mussels are the first certified organic blue mussels in North America, and are grown and harvested in the wild North Atlantic Ocean. There are eight major shellfish companies operating in the province.

Total aquaculture production in the province rose steadily from 2003 to 2013, increasing from 3,900 tonnes to 26,550. Salmon ISA events caused production levels to fall in 2014; however, levels rebounded in the following two years and reached a peak of over 28,600 tonnes in 2016 before dropping slightly again in 2017 and 2018. Total production was approximately 17,700 tonnes in 2019.

With the substantial increase in production over the past two decades came significant economic and social impacts for residents, businesses, and communities. Total GDP impacts produced by the aquaculture industry (including direct and spin-off) were \$80.8 million in 2018, while total employment impacts (including direct and spin-off) were 641 person years. In terms of labour income, direct and spin-off impacts were estimated at \$30.2 million in 2018 (see table).

## 2018 Aquaculture Impacts

	GDP (\$ Millions)	Employment (Person Years)	Labour Income (\$ Millions)
Direct	36.6	299	11.7
Spin-off	44.1	342	18.5
<b>Total</b>	<b>80.8</b>	<b>641</b>	<b>30.2</b>

Source: Finance

The outlook for the provincial aquaculture industry is positive as demand for high quality fish protein increases to supply an increasing global population. Plans are in place to increase total aquaculture production to over 50,000 tonnes by 2024. This is supported by the continued development of salmon aquaculture operations by Grieg NL Ltd. and MOWI Canada East. This continued expansion will provide economic benefits for the province for years to come.



## Newsprint

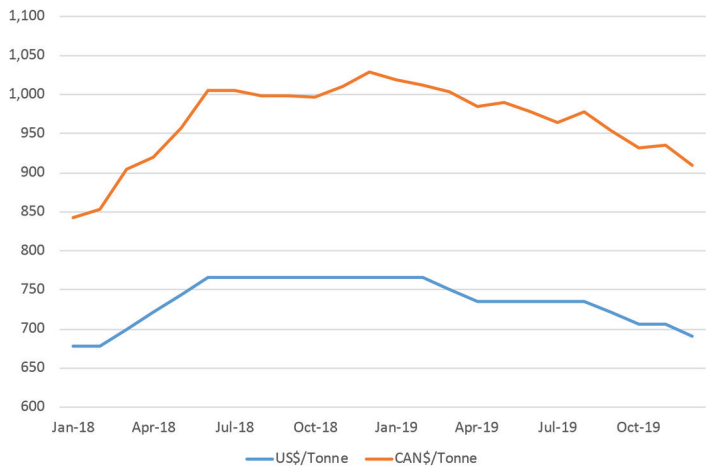
### Market Conditions

North American newsprint producers continued to deal with challenging market conditions in 2019. Demand has dropped by two-thirds since 2000, reflecting the growing popularity of digital media. The price of newsprint averaged US\$732/tonne in 2019, down from US\$740 in 2018 (see chart).

### Provincial Industry

Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Inc., owns and operates the newsprint mill in Corner Brook. CBPPL employs close to 455 full-time and casual workers among the paper mill, power plants and forest operations. Provincial newsprint shipments declined by 6.2% to 219,375 tonnes in 2019 and the estimated

### North American Newsprint Prices



Source: PPI Pulp and Paper Week

value of shipments decreased by 5.1%. CBPPL initiated a shutdown from December 24, 2019 to January 6, 2020 to reduce inventory and bring production in line with orders.

CBPPL announced the replacement of a penstock at Deer Lake Power. This is in addition to ongoing infrastructure improvements, including the installation of two weigh scales, a transition to mass scaling and improvements to pulp chip screening and handling systems.

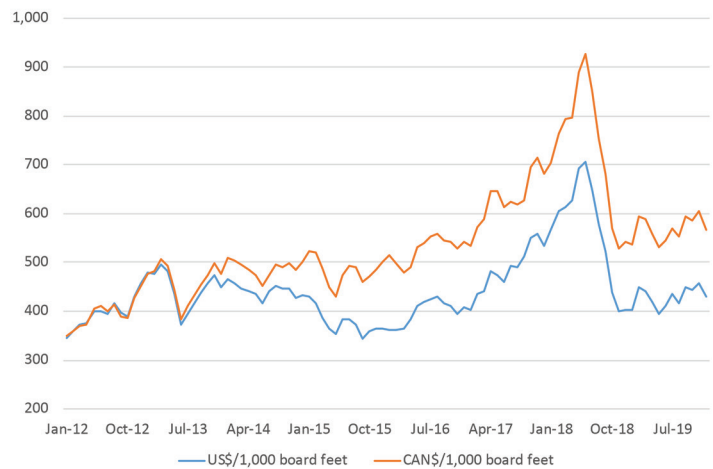
On August 30, 2019, the federal government announced an investment of \$5.5 million into the Port of Corner Brook, along with \$2.3 million from the Corner Brook Port Corporation, \$1.7 million from Logistec, \$850,000 from the Government of Newfoundland and Labrador, and \$625,000 from CBPPL. Plans include a new crane for loading and unloading container ships, and eventually a new warehouse to store goods. This will improve access to international markets for businesses in the region. The investment will also benefit CBPPL by reducing its dependence on ground transportation and lowering transportation costs to international markets.

Newfoundland and Labrador international newsprint exports were down 5.6% in 2019. Exports to the United States—which account for about half of newsprint exports—increased by 4.4%, while exports to India (second largest export market) declined by 32.9%. Exports to India more than tripled in 2018 as CBPPL sought to diversify its markets, but subsequently decreased as a result of a 10% tariff placed on imported newsprint by India.

## Lumber

Lumber prices declined substantially last year, falling from an average of US\$567 per thousand board feet in 2018 to US\$429 in 2019 (see chart). The decline occurred despite curtailed lumber production in North America over the same period. On the demand side, residential construction is a major driver for this sector. The increase in housing starts in the U.S. slowed in recent years—up 3.2% in 2019. Housing starts in Canada in 2019 were down 2.0%.

### Lumber Prices



Note: Price is for Kiln Dried Eastern Spruce-Pine-Fir # 1&2 2x4 R/L - Delivered Great Lakes  
Source: Random Lengths Weekly Pricing; Department of Industry, Energy and Technology; Bank of Canada; Department of Finance

Newfoundland and Labrador lumber production reached an estimated 98 million board feet in 2019, up from 94.6 million board feet in 2018. Increased output reflects capacity improvements and improved access to the U.S. market.

The Canada-U.S. softwood lumber trade dispute remains a source of concern for Canadian lumber exporters. However, Newfoundland and Labrador sawmills continue to benefit from the “Atlantic Exclusion.” The U.S. Department of Commerce



announced in November 2017 that lumber produced and originating from Nova Scotia, Prince Edward Island and Newfoundland and Labrador would be excluded from countervailing and anti-dumping duties. This decision has been positive for the provincial sawmill industry. Approximately \$18.2 million in lumber was exported from the province to the U.S. in 2019.

## 2020 Outlook

- ▶ North American newsprint demand is anticipated to continue to decline. Newsprint prices are expected to decrease to an average of US\$630/tonne in 2020.
- ▶ Newsprint shipments from Newfoundland and Labrador are expected to remain at similar levels to 2019. Shipments for the first half of 2020 are similar to the first half of 2019 and fall in line with market adjustments.
- ▶ North American lumber prices are expected to recover from their recent decline, with a forecast of an average US\$495 per thousand board feet in 2020. A recent surge in renovation activity and U.S. housing starts combined with production shutdowns earlier in the year has created lumber shortages and an uptick in prices.
- ▶ Burton's Cove Logging and Lumber Ltd. plans on additional investments to increase production in the next 2-3 years.
- ▶ Provincial lumber production is anticipated to increase to approximately 102 million board feet. Operations in the forest industry in the province have been mostly unaffected during the COVID-19 pandemic.
- ▶ The province announced a forestry development fund of \$9.6 million in June 2020. The purpose of the fund is to support the creation of jobs and forestry products, as well as access new markets.



# Agriculture

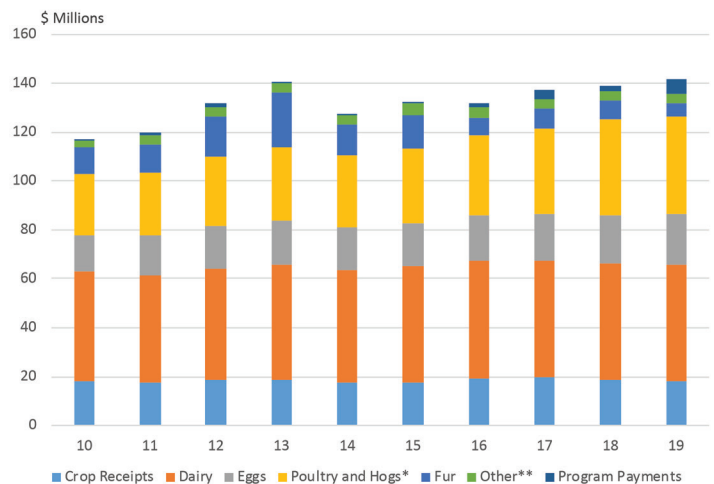
Potato Field  
Fisheries, Forestry and Agriculture

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—which includes products such as dairy, eggs, fur, poultry, hogs, cattle and sheep—account for approximately 83% of the total value of farm products. The remainder comes from crops and direct payments, such as crop insurance.

Provincial farm cash receipts, or sales of farm products, were up for the third straight year in 2019. Total receipts increased 2.3% to \$142.0 million. Livestock and livestock product receipts were down by \$1.1 million as a \$0.7 million (or 3.7%) gain in the value of egg production and a \$0.6 million (1.6%) gain in poultry and hog production could not offset a decline of \$2.1

million in fur production. Crop receipts were down by \$0.5 million (see chart). However, program payments to farmers increased by \$4.7 million.

## Farm Cash Receipts



\* Value includes chicken for meat, chicks, turkey and hogs.  
 \*\* Includes cattle, calves, sheep, lambs and misc. livestock.  
 Source: Statistics Canada; Department of Finance

Significant drops in both the volume and price of mink were responsible for most of the decline in the value of fur sales in 2019. International fur markets have been in a state of oversupply for the last several years, putting downward pressure on prices and the number of pelts purchased. However, industry insiders believe the level of global production has reached a point where demand is beginning to exceed supply, and as a result prices will gradually increase.

Most of the infrastructure owned by current Newfoundland and Labrador mink producers is relatively new and meets all animal welfare and environmental standards. This, combined with a very competitive cost of production compared to other jurisdictions, means the province's mink industry is well positioned for growth.

The volume of chicken produced in the province in 2019 was up 1.7% compared to 2018. The farm product price index for Newfoundland and Labrador poultry shows prices were basically on par with 2018 in 2019, indicating that production volume gains and farm cash receipts gains should be similar.

Monthly data on milk production indicates that the volume of milk sold by farms declined by 0.9% during 2019 compared to 2018. However, the value of milk remained stable as lower production appears to have been offset by higher prices.

The two largest components of program payments to farmers increased in 2019. AgriStability, which is a voluntary program that provides support when farmers experience large margin declines, increased to \$4.1 million. The "Other Payments" component increased to \$2.1 million. This category contains the Dairy Direct Payments Program,

which is a new federal program to support dairy producers in response to market access commitments made under recent international trade agreements, namely the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

## Vegetable Transplant Program

The Provincial Vegetable Transplant Program was initiated in an effort to diversify the province's crop profile, expand vegetable production areas and demonstrate the enhanced productivity that could be realized by utilizing transplants. This program is being facilitated through the production of high quality vegetables for transplant at the Centre for Agriculture and Forestry Production in Wooddale. The 2019 Vegetable Transplant Program fulfilled orders for 54 vegetable producers, distributing 1.7 million transplants, and generating increased production and farm gate value. The 2020 Vegetable Transplant Program produced three million transplants for distribution amongst 65 applicants. In addition to this, a new Provincial Asparagus Crown Program was introduced this year, which distributed 29,500 crowns to 27 applicants.

## Trade Agreements

Last year marked the first year of the CPTPP, which came into effect on December 30, 2018. Under this new trade agreement, Canada granted CPTPP countries access to protected Canadian markets for dairy, poultry, turkey and egg products, in the form of import quotas. The

import quotas, if fully utilized, would be roughly 2.4% of current Canadian egg production, 2.3% of current turkey production, 2.1% of current chicken production and 3.25% of dairy production. The CPTPP quotas will be phased in over 11 to 19 years, depending on the quota. The increase in program payments to Newfoundland and Labrador farmers under the new Dairy Direct Payments Program referenced previously was in response to the CPTPP coming into effect.

The new Canada-United States-Mexico Agreement (CUSMA) trade agreement has a number of implications for the Canadian dairy, egg and poultry sectors. Under the new agreement, U.S. dairy farmers will be granted access to just under 3.6% of Canada's protected dairy market. The dairy tariff rate quotas will be phased in over 19 years and the federal government has indicated that it will compensate Canadian dairy farmers who will be negatively impacted by the agreement. The CUSMA also granted some access to poultry and egg markets, including new tariff rate quotas that will be phased in over 16 years. The federal government will also compensate poultry and egg producers if they are negatively impacted. The CUSMA has been ratified by the United States, Mexico and Canada and the agreed enter into force date was July 1, 2020.

## New Government Support

So far in 2020, the Government of Newfoundland and Labrador has announced nearly \$18 million in funding to create jobs in the agriculture sector and assist farmers and producers. The funding is part of a plan to support employment in rural communities and help open new markets and

products for renewable resource-based businesses during the COVID-19 global pandemic.

Initiatives announced include:

- ▶ \$5 million announced on July 31 to support secondary processing in the dairy sector;
- ▶ \$3.5 million to increase local beef production and determine support for local secondary beef processing facilities;
- ▶ \$2.75 million for land development to increase large-scale potato production;
- ▶ \$1.5 million for regional equipment banks to assist new farming entrants;
- ▶ \$1.4 million for road construction to improve access to agricultural Areas of Interest;
- ▶ \$1.25 million to support proposals for regional vegetable cold storage facilities;
- ▶ \$1 million to construct a greenhouse complex at the Western Agriculture Centre Research Station at Pynn's Brook;
- ▶ \$1.01 million for critical equipment at the Centre for Agriculture and Forestry Development at Wooddale to expand activities to support the agriculture sector;
- ▶ \$300,000 for training and supports for the beekeeping industry; and
- ▶ \$100,000 to support agricultural virtual market opportunities.

## 2020 Outlook

- ▶ Farm cash receipts are expected to show modest growth across most traditional sectors.
- ▶ Cannabis production should boost crop receipts.
- ▶ The 2020 Vegetable Transplant Program aims to increase transplant production by about 18% this year.
- ▶ The increase in Crown land available for agricultural development bodes well for the future of the industry.



# Construction

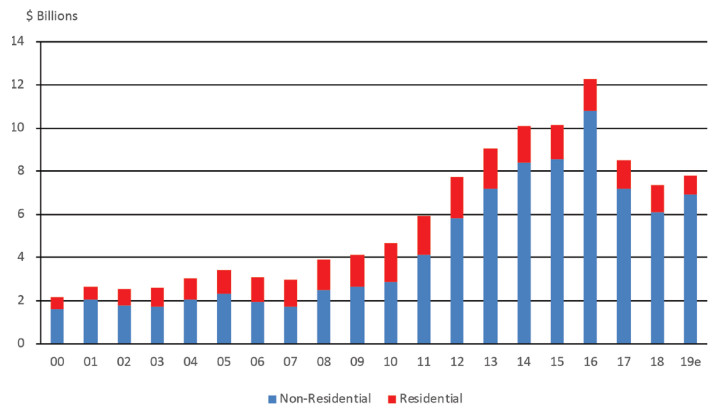
Culvert Replacement, Avondale  
Transportation and Infrastructure

Activity in the construction industry, particularly the non-residential sector, in Newfoundland and Labrador is closely tied to major project development. As such, activity can fluctuate significantly from year to year depending on major project timelines. In 2018, the construction industry contributed \$3.0 billion to nominal GDP, accounting for 9.9% of the provincial total. Employment in the industry was 19,300 in 2019, representing 8.5% of total provincial employment.

## Construction Related Investment

Construction related investment spending in the province was estimated to be about \$7.8 billion in 2019, up 5.7% from the previous year (see chart). An increase in non-residential expenditures more than offset a decrease in residential expenditures.

## Construction Related Investment



e: estimate  
Source: Statistics Canada; Department of Finance

Investment in non-residential construction, which accounts for the vast majority of construction related investment in the province, totalled an estimated \$6.9 billion in 2019, an increase of

13.5% compared to 2018 levels. This increase was mainly due to higher expenditures on the development of the West White Rose project and the underground mine at Voisey's Bay.

Investment in residential construction declined by 31.6% in 2019. Expenditures on new dwellings dropped 22.1%, while expenditures on renovations fell by 36.9%. The decrease in expenditures for new dwellings is consistent with the drop in housing starts in 2019 (see **Real Estate**).

The construction industry continues to benefit from the five-year, \$3 billion plan for new and existing public infrastructure (e.g. roads, healthcare facilities, schools, affordable housing) that was announced in March 2017. This plan is expected to generate an average of \$580 million in GDP and 5,100 person years of employment annually.

Some examples of announcements under this plan include:

- ▶ A five-year provincial road plan;
- ▶ New schools in Bay Roberts, Gander, Paradise and St. Alban's;
- ▶ Two new 60-bed long term care homes in Gander and Grand Falls-Windsor;
- ▶ A 20-bed expansion to the protective care unit for the Dr. Hugh Twomey Health Centre in Botwood; and
- ▶ A new 164-bed hospital to replace Western Memorial Regional Hospital in Corner Brook.

Procurement has also begun on a new correctional facility to replace Her Majesty's Penitentiary and a new adult mental health and addictions facility in St. John's.

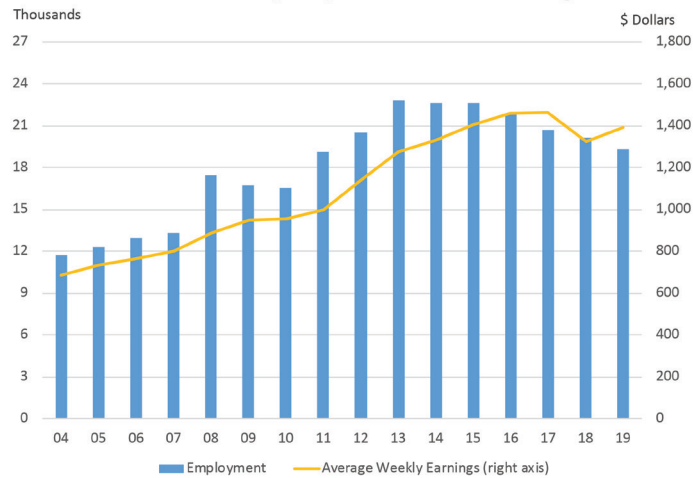
Developments in the oil and gas industry are also supporting construction activity in Newfoundland and Labrador. Development of Husky Energy's \$3.2 billion West White Rose project began in late 2017. Construction of the concrete gravity structure began at the new graving dock in Argentia in May 2018. The accommodations module is being fabricated at Kiewit Offshore Services (KOS) in Marystown and is nearing completion. In addition, the Topsides Appurtenances (flare boom, helideck and lifeboat stations) will also be fabricated in Marystown. However, on March 22, 2020, Husky suspended all construction activities related to the West White Rose project to prevent the transmission of the COVID-19 virus, and in late April 2020, Husky suspended construction on the project for the rest of this year. As of December 31, 2019, there were 1,561 people working in the province on the West White Rose project, of which 1,515 (97.1%) were Newfoundland and Labrador residents. This declined to 348 persons (326 residents) by the end of June.

The construction industry is also benefiting from development work in the mining industry. In particular, from Vale Newfoundland and Labrador's (VNL's) development of the underground mine at Voisey's Bay. Work has been ongoing since VNL announced its plans to proceed with construction on June 11, 2018. Capital investment in the project is expected to be almost \$2 billion and approximately 650 jobs will be created during peak construction. Vale suspended construction on the underground mine on March 17, 2020, in response to the COVID-19 public health emergency; however, work resumed in mid-June.

## Employment and Wages

Construction employment and wages have more than doubled over the past 15 years and remain at high levels (see chart). Although employment has declined from its peak of almost 23,000 over the 2013 to 2015 period, it still averaged 19,300 in 2019 compared to 13,300 in 2007. The trend of declining construction employment coincides with lower construction investment and reflects the winding down of some major projects. Average weekly earnings for those working in the industry remain high despite the decline in employment. Average weekly earnings (including overtime) in the construction industry in 2019 were \$1,390, up 5.0% from 2018.

### Construction Employment and Wages



Source: Statistics Canada; Department of Finance

## 2020 Outlook

- ▶ Total construction related capital spending is expected to decrease by 14.0% to \$6.7 billion.
- ▶ The construction industry will be negatively impacted by the suspension of activity on the West White Rose project due to the COVID-19 pandemic.
- ▶ In June 2020, the provincial government announced a \$30 million Residential Construction Rebate Program to stimulate the economy and boost employment in the province's construction industry. Under the program, homeowners can receive a 25% rebate on renovation projects for principal residences (up to a maximum of \$10,000). The program also offers a rebate of \$10,000 on new home construction for homes valued up to \$350,000.
- ▶ The province's five-year, \$3 billion infrastructure plan will be an important contributor to the industry.
- ▶ About \$22 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects (see page 62).





# Real Estate

New Home Construction, St. John's Finance

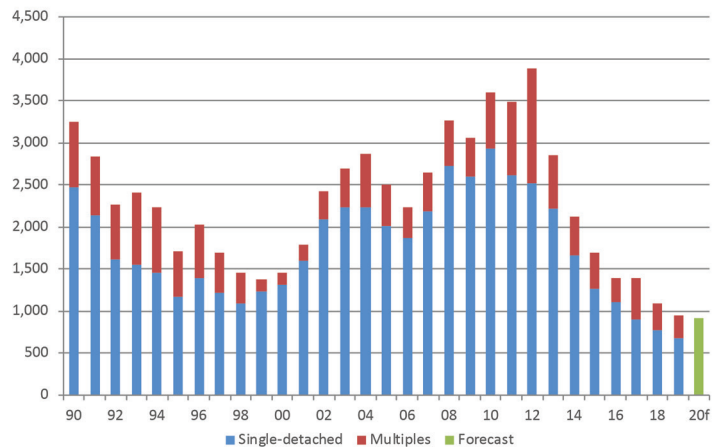
Provincial real estate activity remained subdued in 2019. While the number of residential properties sold increased compared to 2018, housing starts and the average housing price declined. In the commercial sector, office vacancy rates fell in 2019, reflecting an increase in supply and stagnant demand.

## Housing Starts

There were 945 housing starts in the province in 2019, a decrease of 13.8% compared to 2018. Single-detached housing starts (which typically account for the vast majority of total starts in the province) declined by 11.9% from 779 to 686 units, while multiple starts (which include denser housing types such as row, semi-detached homes,

apartments and condominiums) decreased by 18.3%, from 317 units in 2018 to 259 units in 2019 (see chart).

## Housing Starts



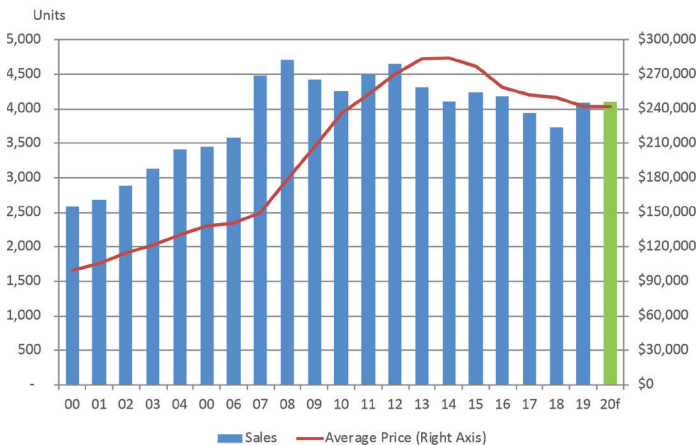
Source: Canada Mortgage and Housing Corporation; Department of Finance

Housing starts in rural areas of the province increased by 3.7% in 2019, from 297 to 308 units. Urban housing starts, however, declined by 20.5% in 2019, from 801 to 637 units. In the St. John's Census Metropolitan Area (CMA), the largest market in the province, housing starts fell from 632 units in 2018 to 480 units in 2019. Single-detached housing starts declined from 409 to 339 units, while multiple starts decreased from 223 to 141 units.

## Residential Sales and Prices

The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) increased by 9.5% to 4,082 units in 2019. This was the first increase in sales after three years of declines (see chart). The average MLS® residential price in the province was \$241,282 in 2019, a decrease of 3.2% compared to 2018.

### Residential MLS® Sales and Average Price



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

The number of residential properties sold in the St. John's CMA increased by 11.4% to 2,280 units in 2019, while the average MLS® residential price decreased by 2.0% to \$289,651.

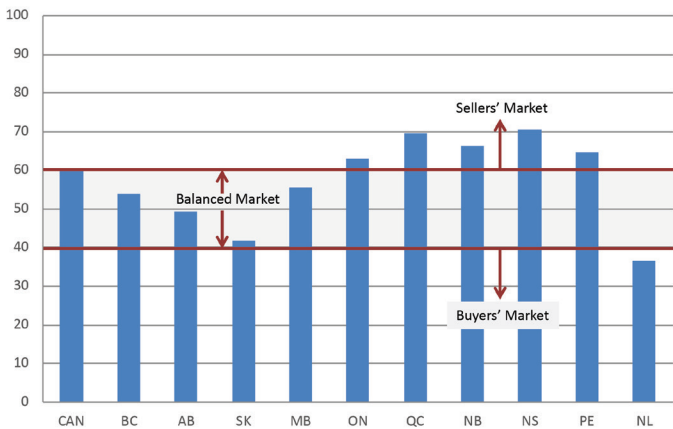
The declining average sale price in the province is partly due to a decline in the average resale price of existing homes and partly due to the shifting composition of the new home market as homebuilders have targeted buyers who are looking for smaller, more affordable and energy-efficient homes. As a result, affordability has improved, with the affordability ratio (the average price of a home divided by the average household income) steadily declining since 2012. In 2012, the average cost of a home in Newfoundland and Labrador was 4.6 times the average household income; in 2019, the average cost had fallen to 3.5 times the average household income. This was higher than the affordability ratio of New Brunswick (2.7), but less than that of all other provinces in Canada. In comparison, the average cost of a home was 7.2 times average household income in Ontario and 8.7 times household income in British Columbia.

Declining home prices in the province may also be attributable to a supply/demand imbalance in the market as evidenced by months of inventory.<sup>1</sup> There were 15 months of inventory in the residential market in the province at the end of December 2019, compared to the national average of 4.8 months of inventory. This abundant supply of homes for sale is also reflected in the sales-to-new listings ratio. The sales-to-new listings ratio, which is the ratio of the number of homes sold and the number of new listings entering the market, is commonly used as an indicator of housing market conditions. A housing market is generally considered balanced when the sales-to-new listing ratio ranges from 40% to 60%. A ratio below 40% indicates a buyers' market,

1. The number of months of inventory is the number of months it would take to sell current inventories at the current rate of sales activity.

while a ratio above 60% indicates a sellers' market. In 2019, the sales-to-new listings ratio in the province averaged 36.6%, higher than the 2018 ratio of 32.9%, but still indicating a buyers' market. Among the provinces, Newfoundland and Labrador had the lowest sales-to-new listings ratio last year and was the only province with a ratio indicating a buyers' market (see chart).

## Home Sales-to-New Listings Ratio, 2019



Source: Canadian Real Estate Association

## Rental Market

According to the Canada Mortgage and Housing Corporation's most recent Rental Market Survey in October 2019, the overall urban residential vacancy rate in Newfoundland and Labrador was 7.0%, up 1.0 percentage point (ppt) from the same survey in 2018.<sup>2</sup> The vacancy rate in the St. John's CMA was 6.9%, an increase of 0.6 ppt from 2018. The average monthly rent for a two-bedroom apartment in St. John's increased from \$961 in 2018 to \$966 in 2019. As for the other urban areas of the province, the residential vacancy rate was 3.7% in Corner Brook in 2019 (down 0.4 ppt

2. 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.

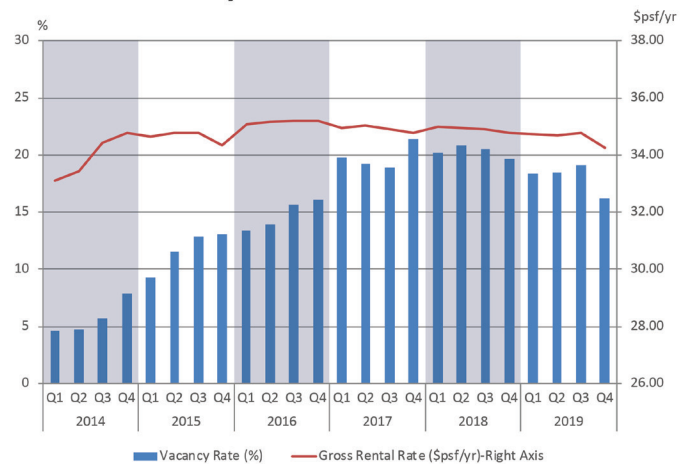
from October 2018), 9.1% in Gander (up 2.5 ppt), and 9.0% in Grand Falls-Windsor (up 4.1 ppt).

The average monthly rent for a two-bedroom apartment in the province in October 2019 was \$880, up from \$870 in October 2018. By comparison, the average rent for a two-bedroom apartment was higher in Nova Scotia (\$1,133) and Prince Edward Island (\$921), but lower in New Brunswick (\$842).

## Commercial

The office vacancy rate for St. John's was 16.2% in the fourth quarter of 2019, a drop of 2.9 ppt compared to the third quarter and the lowest vacancy rate since the fourth quarter of 2016 (see chart). Overall, the office vacancy rate averaged 18.1% in 2019, a drop of 2.2 ppt from 2018. The recent decline follows several years of significant increases that saw the vacancy rate rise from less than 5.0% in 2014 to over 20.0% in 2018. The increase in the vacancy rate is the result of an increase in the supply of office space in the St. John's region.

## Office Vacancy and Rental Rates, St. John's



psf: per square foot  
Source: Cushman & Wakefield Atlantic

The vacancy rate was highest in the downtown area of St. John's where it stood at 22.3% in the fourth quarter of 2019. This higher rate was partly due to the departure of several major tenants from the downtown area to newly constructed office space in suburban areas.

The average gross rental rate for office space fell slightly to \$34.62 per square foot per year in 2019, compared to \$34.90 during 2018. The average rental rate remains high as an increasing share of office space is in new "Class A" buildings, which generally commands a higher price than older buildings.

## 2020 Outlook

- ▶ Housing starts and home sales are expected to be negatively impacted by measures to help limit the spread of COVID-19 and economic uncertainty due to the coronavirus outbreak.
- ▶ Housing starts in 2020 are forecast at 915 units; this would represent a 3.1% decrease from 2019.
- ▶ While the pandemic prompted a slow-down in residential home sales in the second quarter of 2020, low mortgage rates and pent-up demand should produce a rebound in home sales and average prices during the second half of the year as the economy reopens. Overall, home sales are forecast to increase by 0.5% and the average sale price is expected to rise by 0.3% compared to 2019.
- ▶ New office development is expected to continue in both the downtown and the suburban markets of St. John's. This additional supply of office space will likely dampen growth in rental rates.
- ▶ On June 4, 2020, in an effort to limit the growth of high-risk mortgages during the COVID-19 pandemic, the Canada Mortgage and Housing Corporation announced changes to its coverage criteria for insured mortgages. Under the new rules, which came into effect on July 1, 2020, the maximum debt service ratios have been lowered, the minimum required credit score has been raised, and borrowed down payments will no longer be allowed.



The tourism sector in Newfoundland and Labrador generates economic wealth throughout the province, making it an important contributor to the provincial economy. Tourism encompasses both residents engaging in tourist activities within the province and non-residents visiting the province. Visitors to the province arrive by airline, automobile and cruise ship. In 2019, tourism expenditures in the province (both resident and non-resident) totalled \$1.02 billion.

Tourism activity in the province slowed in 2019 relative to 2018 due to increased travel costs, lower consumer confidence levels, and constraints in airline seat capacity largely due to the grounding of the Boeing 737 Max 8 aircraft. As a result, non-resident automobile and air visitors to the province in 2019 are estimated at 478,096, a decrease

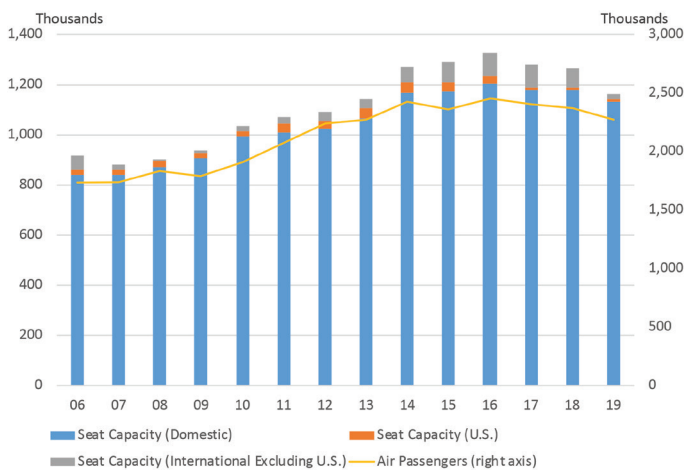
of 4.8%. Expenditures by non-resident visitors totalled an estimated \$545.4 million last year, down 3.9% from 2018.

### Air Visitors

Air travel makes up the largest segment of provincial non-resident tourism, accounting for 72% of visitors (air, auto, cruise) and 80% of non-resident (air, auto, cruise) tourism spending in 2019. An estimated 384,278 tourists arrived by airplane in 2019, down 6% over the previous year. This is mainly due to constraints in airline seat capacity. Expenditures by non-resident air visitors reached \$438.6 million in 2019, down 5% from the previous year.

Boarding and deplaning traffic at the province's seven major airports reached an estimated 2.26 million passengers in 2019, down 4.7% compared to the same period in 2018. Although air passenger traffic has decreased over the past three years, levels have risen by more than 19% over the last decade and have averaged 2.4 million for the last five years (see chart).

## Air Passengers and Seat Capacity Newfoundland and Labrador



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

Inbound non-stop seat capacity decreased 8.0% in 2019. This also represents the third year of declines following nine years of consecutive growth in capacity that started in 2008 and peaked in 2016. A small decrease in inbound seat capacity was expected in the province for 2019; however, the grounding of Boeing's 737 Max 8 airplanes and the suspension of Air Canada's direct service from St. John's to London Heathrow since April 2019 amplified the decrease, affecting all major tourism source markets. Domestic seat capacity was down 3.9% in 2019, while international seat capacity (excluding the U.S.) decreased 75.7%. Meanwhile, seat capacity for

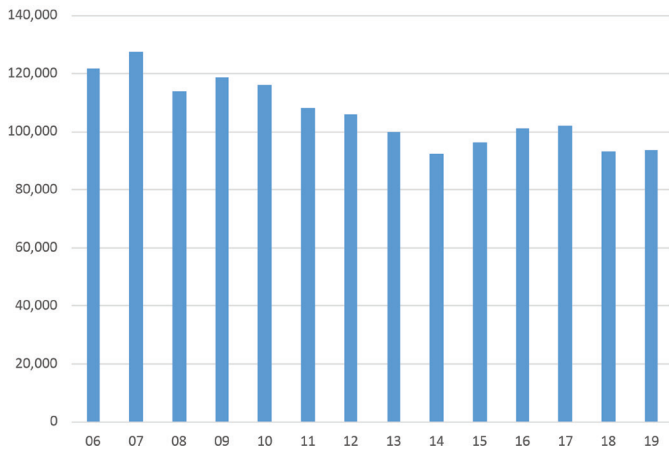
flights from the United States was up 34.1% in 2019.

The St. John's International Airport is the largest airport in the province and is the main gateway for non-resident visitors, with 1.45 million passenger movements recorded in 2019. Improvements at the airport continue, with a two-phase expansion of the terminal building. The first phase of the expansion, completed in July 2018, included an additional 145,000 square feet and triple the seating capacity in the departures area of the terminal building, a four-fold increase in pre-board screening space, 40% more check-in space and new concessions. The second phase began in July 2019 and is due to be completed in 2021, adding a further 100,000 square feet to the arrivals area. The total area of the airport terminal building will have doubled in size when complete and the airport will be capable of accommodating two million passengers annually, a milestone that was, prior to COVID-19, expected to be achieved by 2021.

## Automobile Visitors

The number of non-resident automobile visitors on the Marine Atlantic ferries between North Sydney and the island of Newfoundland was 93,818, an increase of 0.6% compared to 2018 (see chart). Slightly lower gasoline prices in 2019, combined with Marine Atlantic's steady fares and discount pricing campaigns supported sustained levels of automobile visitors. Expenditures by non-resident auto visitors reached \$106.8 million, up 2% from 2018.

## Non-Resident Automobile Visitors Newfoundland and Labrador



Source: Department of Tourism, Culture, Arts and Recreation

## Cruise Ship Visitors

For the 2019 cruise season, there were 98 registered port calls to 22 different ports. This was up from 2018 which saw 87 port calls to 21 different ports. Approximately 52,371 unique passenger visits were recorded, up 68% over 2018.

## Attractions

Provincial and federal attractions continued to show historically high levels of visitation last year. Visits to Provincial Historic Sites reached over 103,882 for the 2019 operating season, an increase of 2.8% compared to 2018 and the best year on record. Provincial museums, including The Rooms—the province’s most extensive collection of historical artifacts and records—received 64,542 visitors during the peak season of May to October 2019, an increase of 1.7% from the previous year.

## Accommodations

The provincial accommodation occupancy rate in 2019 was 46.2%, up 0.6 percentage points from the previous year. The average daily room rate decreased 1.7% in 2019 to \$138. Considerable investments continue to be made in the accommodation industry with a number of hotels under construction or expected to open in 2020, predominantly on the Avalon Peninsula.

## Connecting with Travellers

The province has promoted tourism and engaged travellers through many channels, including award-winning marketing campaigns, advanced technologies and social media (e.g., Facebook, Twitter, YouTube) and Visitor Information Centres (VICs) located in all regions of the province. Visitation to the province’s VICs decreased 3% to 118,979 for the 2019 operating season. Nonetheless, Newfoundland and Labrador Tourism’s multimedia campaign efforts continue to yield positive results, with a solid increase in total digital activity by prospective travellers and residents in 2019 compared to 2018 (3.7 million sessions, up 6%). Increased mobile usage of the province’s web properties as well as individual channels such as [newfoundlandlabrador.com](http://newfoundlandlabrador.com), [icebergfinder.com](http://icebergfinder.com) and campaign pages all contributed to this success. Over 2.5 million sessions on [newfoundlandlabrador.com](http://newfoundlandlabrador.com) (up 7.9%) as well as over 570,000 referrals to tourism operators in 2019 are evidence that interest in Newfoundland and Labrador as a travel destination remains high.

## 2020 Outlook

- ▶ Tourism activity in the province has been severely impacted by the COVID-19 pandemic. The spread of the pandemic in early 2020 led to a virtual stop of all travel activity globally, with non-essential travel strongly discouraged or prohibited in some cases, with many jurisdictions closing their borders to visitors.
- ▶ With domestic and international travel restrictions still in place, the province is experiencing the peak travel season, which accounts for 75% of non-resident visitation, without visitors from the majority of its source markets.
- ▶ On June 24, 2020, Newfoundland and Labrador Tourism launched the Stay Home Year tourism campaign to encourage residents to travel throughout the province during the summer and fall seasons.
- ▶ The Atlantic Canada “travel bubble” was announced on June 25, 2020, allowing residents within the four Atlantic Canadian provinces to visit each province without the requirement to self-isolate.





The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at \$1 million or more.<sup>3</sup> The list includes both public and private projects that are either continuing or beginning in the current year.<sup>4</sup> In many cases, the capital spending figure quoted includes spending

3. Note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and, in some cases, protecting the requested confidentiality of information has prohibited the publishing of projects. Weather events and the COVID-19 pandemic shutdown also affected the collection of data in this year's inventory. Readers should not base investment or business decisions on the information provided.
4. In some project descriptions, government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval.

from previous 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 2020, before the COVID-19 pandemic related economic shutdown. The economic disruption caused by the pandemic has had an impact on the construction and development of some major projects such as West White Rose. Additionally, investment decisions for businesses may have changed since the beginning of the pandemic and this may not be fully reflected in the inventory.

According to this year's inventory, about \$22.1 billion in major capital spending is planned or underway in the province. The Utilities category tops the list at \$10.4 billion (see table). The Muskrat Falls project is the single largest item in the category with a total estimated cost of \$10.1 billion. Mining, Oil and Gas is the second largest category in the listing. However, construction of the largest project in this category, West White Rose, is currently suspended.

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

An asterisk (\*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2020/2020 refers to the project starting and ending in fiscal year 2020-21; start/end denoted as 2020/2021 refers to the project starting in fiscal year 2020-21 and ending in fiscal year 2021-22). All other years are reported on a calendar year basis.

The inventory of major projects is also available on the Economic and Project Analysis Division's website [www.gov.nl.ca/fin/economics](http://www.gov.nl.ca/fin/economics).

## Major Projects (\$ Millions)

Utilities	10,394.3
Mining and Oil & Gas	5,018.7
Municipal Infrastructure	2,798.2
Health Care/Personal Care	1,220.4
Transportation	820.1
Residential	637.8
Education	473.8
Commercial	431.1
Industrial/Manufacturing	125.9
Other Investment	82.9
Tourism/Culture/Recreation	35.0
Agriculture/Fishery/Forestry	21.8
<b>Total</b>	<b>22,060.0</b>

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

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
<b>Agriculture/Fishery/Forestry</b>				
Forest Access Capital Roads Program*	3.7	2020/2020	Various	Construction and maintenance of access roads on Crown land in support of forest harvesting operations. Provincial funds. (Various)
Harbour Development*	14.6	2020/2020	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of the repair, maintenance and development of active fishing harbours. Federal funds. (Various)
Plant Expansion	3.5	2020/2020	8	Barry Group Inc. - expansion of fish processing facility in Curling. (Curling)
<b>Commercial</b>				
Business Park Development	1.6	2020/2020	14	Gander International Airport Authority - site development and servicing for Gander International Airport's business park. (Gander)
Car Dealership	14.9	2019/2021	19	Discovery Holdings Limited - construction of a new Nissan Dealership and associated earth work. (Mount Pearl)
Commercial Development	3.5	2016/2020	19	Pasadena Equipment Services - construction of a 5,500 sq. ft. office building and concrete batch plant on Hops Street in Chamberlains. (Conception Bay South)
Commercial Town Centre	80.0	2017/2022	19	Karwood Contracting Ltd. & Karwood Estates Inc. - development of "Karwood Market", a commercial town centre. To be developed over three phases. (Paradise)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Commercial/ Apartment Development	25.0	2019/2021	19	KMK Properties Inc. - construction of a six-storey, approximately 150,000 sq. ft. apartment building with first floor retail space and underground parking. (St. John's)
Industrial Park	15.0	2016/2021	19	DewCor - construction of phase I of the "Glencrest Business Centre", consisting of 35 acres of industrial building lots. (St. John's)
Mall Redevelopment	100.0	2017/2020	19	Crombie REIT - capital investment program for the Avalon Mall. To date, construction of a new 875-stall parkade, a new realigned main mall access and partial demolition of the former Sears space have been completed. Remaining work on mall common areas (including improvements to the food court area) and an expansion at the front of the mall on Kenmount Road are underway or planned. (St. John's)
Office Building	35.0	2017/2020	19	55732 Newfoundland and Labrador Inc. - construction of a four-storey, approximately 100,000 sq. ft. office/retail building and two-level parking structure on Hebron Way. (St. John's)
Office Building	1.5	2019/2020	19	Fort Amherst Properties Inc. - renovation of the former Booth Memorial school into an office building. (St. John's)
Office Building	28.0	2019/2021	19	55732 Newfoundland and Labrador Inc. - construction of a four-storey, approximately 80,000 sq. ft. office building and two-level parking structure on Sea Rose Avenue. (St. John's)
Retail Development	2.6	2019/2020	19	DewCor - construction of a 10,000 sq. ft. retail building in "The Shoppes at Galway". (St. John's)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Retail Development	124.0	2017/2021	19	DewCor/Plaza REIT - construction of an additional 590,000 sq. ft. of retail buildings in "The Shoppes at Galway". (St. John's)
<b>Education</b>				
Animal Resource Centre*	37.8	2016/2020	19	Memorial University of Newfoundland - replacement of two animal research care facilities. This will improve biomedical research by providing state-of-the-art facilities supporting co-location of health sciences and biomedical researchers to enhance interdisciplinary collaboration. Total anticipated expenditures of \$6.2 million for the 2020/21 fiscal year. Partial federal funds. (St. John's)
Campus Maintenance*	4.2	2020/2020	8, 19	Memorial University of Newfoundland - completion of priority repairs to infrastructure at Memorial University campuses. (Corner Brook, St. John's)
Core Science Facility*	325.0	2013/2020	19	Memorial University of Newfoundland - construction of the new Core Science Facility at the St. John's Campus. Total anticipated expenditures of \$83.8 million for the 2020/21 fiscal year based on current scheduling and forecasts. (St. John's)
Energy Conservation Project*	28.7	2017/2021	19, 8	Memorial University of Newfoundland - upgrading of lighting, transformers, controls and replacement of select air handling units. (St. John's, Corner Brook)
Engineering Building High Bay Expansion*	10.0	2014/2022	19	Memorial University of Newfoundland - extension to the Engineering Building to facilitate increased research in ocean technology, energy and Arctic resources. (St. John's)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Redevelopment of Buildings*	TBD	2020/2026	19	Memorial University of Newfoundland - redevelopment of the Science, Chemistry-Physics and Biotech buildings as a result of the move of several departments to the new Core Science Building. (St. John's)
Regional Research & Innovation Hub*	2.9	2019/2021	8	Memorial University of Newfoundland - redevelopment of a building owned by Corner Brook Pulp and Paper Ltd. to house an innovation centre for western Newfoundland, including applied research in the forestry sector, entrepreneurship support and commercialization, and training for mill employees. (Corner Brook)
School Construction and Renovations*	65.2	2020/2020	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
<b>Health Care/Personal Care</b>				
Electrical Substation*	13.3	2013/2020	19	Construction of a new electrical substation at the Health Sciences Centre/Memorial University site. Provincial funds. (St. John's)
Health Care Facilities*	45.0	2020/2020	Various	Expenditures for renovations and upgrades to existing health facilities. Includes \$22.0 million for equipment purchases. Provincial funds. (Various)
Health Centre*	19.7	2011/2020	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Hospice Facility	4.0	2020/2021	12	Lionel Kelland Hospice - construction of a 10-bed community based residential hospice facility at the Presentation Centre in Grand Falls-Windsor. Partial provincial funds. (Grand Falls-Windsor)
Hospital*	650.0	2013/2023	8	Construction of a new acute care regional hospital through a design-build-finance-maintain arrangement with the private sector. (Corner Brook)
Hospital Redevelopment*	9.6	2018/2021	12	Redevelopment of the laboratory spaces at the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Hospital Redevelopment*	6.2	2019/2020	17	Development of a new ambulatory care space at the Carbonear General Hospital. Provincial funds. (Carbonear)
Hospital Redevelopment*	25.0	2019/2024	19	Redevelopment of the Emergency Department at the Health Sciences Centre. Provincial funds. (St. John's)
Integrated Operating Rooms*	5.0	2014/2020	19	Upgrading of the operating room suites at the Health Sciences Centre and St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Long-Term Care Capacity*	8.5	2018/2020	12	Construction of a 20-bed expansion to the protective care unit at the Dr. Hugh Twomey Health Centre. Provincial funds. (Botwood)
Long-Term Care Homes*	75.0	2016/2021	14, 12	Construction of two new 60-bed long-term care facilities through a design-build-finance-maintain arrangement with the private sector. (Gander, Grand Falls-Windsor)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Medical Facility	10.0	2018/2020	19	Fort Amherst Properties Inc. - restoration of the former Macpherson Elementary school on Newtown Road. The building will operate as a medical facility that will house various disciplines of medicine. (St. John's)
Mental Health Infrastructure*	6.1	2019/2021	3	Construction of a 6-bed mental health unit at the Labrador Health Centre. Provincial funds. (Happy Valley-Goose Bay)
Mental Health Infrastructure*	330.0	2013/2023	19	Construction of a new adult mental health and addictions facility through a design-build-finance-maintain arrangement with the private sector. (St. John's)
Seniors Care Complex	13.0	2018/2020	19	Fort Amherst Properties Inc. - redevelopment of the former Bishops College school into a seniors healthcare campus known as Bishops Gardens. Includes an 82-suite personal care home, 19 independent seniors living apartments, an adult day club and an outpatient geriatric clinic. (St. John's)
<b>Industrial/Manufacturing</b>				
Cannabis Facility	4.0	2018/2020	16	Oceanic Releaf Inc. - repurposing of the former fish plant in Burin for use as a medical cannabis cultivation facility. (Burin)
Cannabis Production Facility	47.8	2019/2020	19	Atlantic Cultivation Ltd. - construction of a 110,000 sq. ft. state-of-the-art cannabis production facility. (St. John's)
Capital Expenditures	50.0 - 60.0	2020/2020	15	NARL Refining, LP - maintenance capital as well as capital for the crude flexibility project, tanks and other projects. (Come By Chance)



Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Capital Improvements	2.8	2020/2020	8	Corner Brook Pulp and Paper Limited - replacement of penstocks and other projects at Deer Lake Power as part of the sustainability plan. (Deer Lake)
Facility Upgrades	3.0	2019/2020	17	Harbour Grace Ocean Enterprises Inc. - infrastructure improvements to current buildings in addition to the construction of a new building. (Harbour Grace)
Harvesting and Processing Enhancements	8.0	2020/2020	Various	Ocean Choice International - vessel and plant expenditures. (Various)
Paper Mill Expenditures	5.3	2020/2020	8	Corner Brook Pulp and Paper Limited - routine capital expenditures. (Corner Brook)
<b>Mining and Oil &amp; Gas</b>				
Mine Development/Expansion	1.7	2020/2020	11	Anaconda Mining Inc. - estimated capital expenditures to develop the site of the Argyle project. (Baie Verte Peninsula)
Mine Development/Expansion	52.1	2018/2022	11	Rambler Metals and Mining Canada Limited - five year capital plan for the Ming Mine Project. Includes development of the Lower Footwall Zone, which has a projected 20 year mine life. (Baie Verte Peninsula)
Mineral Exploration	64.9	2020/2020	Various	Forecasted expenditure prepared by Industry, Energy and Technology for mineral exploration and deposit appraisal. Regional breakdown: \$25.2 million in Labrador and \$39.7 million for the island. (Various)
Underground Mine	US\$1,700.0	2018/2023	1	Vale Newfoundland and Labrador Limited - underground mine development at Voisey's Bay. (Voisey's Bay)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
West White Rose	3,200.0	2013/2022	Offshore	Husky Energy and its co-venturers, Suncor Energy and Nalcor Energy, formally sanctioned the West White Rose project in Q2 2017. The project is being developed using a fixed drilling platform tied back to existing infrastructure at the White Rose field, including the SeaRose FPSO vessel. First oil production is expected in 2023. (Offshore)

### Municipal Infrastructure

Federal Gas Tax Program*	559.0	2006/2023	Various	Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that support the national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various)
Fire Station Upgrade	2.0	2018/2020	19	City of St. John's - upgrade of the existing Kenmount Fire Station to improve building envelope and function. (St. John's)
Investing In Canada Plan*	1,279.7	2019/2027	Various	Program to provide funding to create long-term economic growth, build inclusive communities, and support a low carbon, green economy. Federal, provincial and municipal funds. (Various)
Multi-Year Municipal Capital Works*	258.5	2011/2027	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Municipal Capital Works Program*	108.0	2011/2027	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
New Building Canada Fund - Small Communities Fund / Provincial-Territorial Infrastructure Component*	260.0	2016/2024	Various	Funding for communities with fewer than 100,000 residents, ensuring that small communities can benefit from significant funding, supporting economic prosperity. The Provincial-Territorial Infrastructure Component provides funding for projects that are nationally and regionally significant and are predominantly medium and large scale in nature. Federal, provincial and municipal funds. (Various)
Road Extension	4.0	2020/2020	19	City of St. John's - connection of Hebron Way to Major's Path. Municipal funds. (St. John's)
Solid Waste Management Strategy*	315.0	2007/2025	Various	Program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various)
Water Treatment Facility Upgrade	12.0	2017/2020	19	City of St. John's - various improvements to the Bay Bulls Big Pond water treatment facility including the installation of a new ultraviolet system. Municipal funds. (St. John's)
<b>Residential</b>				
Community Development	200.0	2016/2025	19	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, quadrplexes and apartment buildings. (St. John's)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Condominium Development	3.0	2020/2022	19	DewCor - residential development in the Westfield community near the centre of St. John's that will focus on affordable homes. (St. John's)
Condominium/ Apartment Development	120.0	2020/2023	19	KMK Capital Inc. - development of "Tiffany Towers", two 16-storey buildings consisting of a total of 240 residential units as well as a three-level underground parking garage. (St. John's)
Housing Development	65.0	2017/2022	19	Clovelly Development Partnership Limited - construction of a housing development named "Estates at Clovelly", located off Stavanger Drive. Approximately 100 homes to be constructed between 2017 and 2022. (St. John's)
Modernization & Improvements*	3.1	2020/2020	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Provincial Home Repair and Modification Programs*	8.8	2020/2020	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs and modifications. Federal/provincial funds. (Various)
Residential Development	18.0	2013/2022	19	Reardon Construction and Development Ltd. - development of 54 condominium/ townhouse style units off Ruby Line. (St. John's)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Residential Development	12.0	2012/2020	19	Wrightland Development Corporation - development of "Mclea Park" off Shaw Street. Will include construction of four townhouses and eight executive building lots. (St. John's)
Residential Development	6.5	2018/2020	19	79899 Newfoundland and Labrador Corp. - redevelopment of the former I. J. Sampson school property into "Beaumont Gardens". Includes 20 executive townhomes and 58 adult condominium units. (St. John's)
Residential Development	3.5	2020/2020	19	Mac Mar Developments Ltd. - development of the "Villas at Riverdale" retirement community in Kelligrews. 10 units to be constructed this year. (Conception Bay South)
Residential Development	17.0	2019/2021	19	Fairview Investments Limited - construction of a 53-lot residential subdivision consisting of single family homes and townhomes. (St. John's)
Subdivision Development	25.0	2009/2021	19	Bristol Development Inc. - development of the "Bristolwood" subdivision off Kenmount Road. Approximately five homes will be developed this year at a cost of \$1.0 million. (St. John's)
Subdivision Development	65.0	2013/2020	19	Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South)
Subdivision Development	15.0	2012/2025	14	Cecon Development Corporation - land and servicing development for the "Eastgate" subdivision located off Cooper Boulevard. (Gander)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Subdivision Development	25.0	1997/2021	19	Paradise Properties Limited - land and servicing for the "Elizabeth Park" subdivision. (Paradise)
Subdivision Development	32.4	2012/2024	19	CASA Holdings - construction of 108 homes in the "Mount Batten Estates" subdivision. Currently in the second of three phases. (Conception Bay South)
Subdivision Development	10.0	2015/2035	19	Octagon Development Corporation - land and servicing for the "Picco Ridge" subdivision on St. Thomas Line. (Paradise)
Subdivision Development	8.5	2005/2025	19	Octagon Development Corporation - land and servicing for the "Adam's Pond" subdivision. (Paradise)
<b>Tourism/Culture/Recreation</b>				
Brewery Expansion	1.8	2019/2020	15	Port Rexton Brewing Company Ltd. - expansion of a microbrewery. Includes the construction of a new facility, the purchase of new, larger, brewing equipment and a new, faster, more automated canning line. Partial provincial and federal funds. (Port Rexton)
Building Restoration*	22.2	2009/2021	19	Restoration of the Colonial Building and grounds for use as a museum of Newfoundland and Labrador political history. Four of the five construction phases have been completed. Phase 5 commenced in Fall 2018 and will continue until Spring 2021. Work includes interior surface repairs, architectural woodwork finishes, historic finishes restoration, final painting and final systems commissioning. Federal/provincial cost-shared. (St. John's)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Theatre Complex	9.9	2018/2020	7	Theatre Newfoundland Labrador - construction of a new theatre complex for the Gros Morne Theatre Festival. Includes a 180-seat theatre venue, rehearsal hall/studio space and space for production fabrication and storage. Partial provincial/federal funds. (Cow Head)
Trail Upgrades	1.1	2019/2020	Various	East Coast Trail - upgrade of the East Coast Trail from CBS to Portugal Cove in addition to the fabrication and installation of signage throughout the full trail system. Partial provincial and federal funds. (Various)
<b>Transportation</b>				
Airport Improvements	1.6	2020/2020	14	Gander International Airport Authority - redevelopment of Gander International Airport's International Lounge. Partial provincial and federal funds. (Gander)
Airport Improvements and Expansion	186.0	2019/2028	19	St. John's International Airport Authority - includes completion of the Airport Terminal Building Expansion, additional passenger loading bridges, expanded baggage handling systems, additional aircraft apron space, new airfield taxiways, as well as infrastructure life cycle upgrades and replacements. Expansion of the west end of the Air Terminal Building (Phase II) began in mid-2019 and is expected to be completed in late 2022. (St. John's)
Building Renovation	3.0	2020/2021	6	Transport Canada - renovations to the Combined Services Building at the St. Anthony Airport. Includes complete upgrades to the second floor, upgrades to mechanical and electrical systems, and replacement of the exterior envelope and roof. Federal funds. (St. Anthony)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Marine Infrastructure*	5.0	2020/2020	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
Port Upgrades*	11.0	2019/2022	8	Corner Brook Port Corporation - project to increase operational efficiency at the Port of Corner Brook. Includes the acquisition of new loading and unloading equipment and the construction of a warehouse to increase storage capacity for export goods. Partial provincial and federal funds. (Corner Brook)
Provincial Roads Improvement Program*	131.9	2020/2020	Various	Includes secondary road/bridge improvement projects in various parts of the province. Federal/provincial cost-shared. (Various)
Trans Labrador Highway Widening and Hard Surfacing*	452.6	2013/2020	3, 4, 5	Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. \$39.8 million to be spent in 2020/21. Federal/provincial cost-shared. (Various)
Vessel Refits*	10.0	2020/2020	Various	Refits of the existing fleet of nine government-owned vessels. Provincial funds. (Various)
Vessel Upgrades	15.0	2019/2020	19	Canadian Coast Guard - vessel life extension project of the Canadian Coast Guard Ship Hudson at the St. John's Dockyard. (St. John's)
Wharf Development	4.0	2020/2020	16	Fortune Port Corporation - construction of a new wharf and expansion of secure uplands area to allow for the loading and offloading of vehicular traffic associated with the Saint-Pierre and Miquelon ferry service. Partial provincial and federal funds. (Fortune)



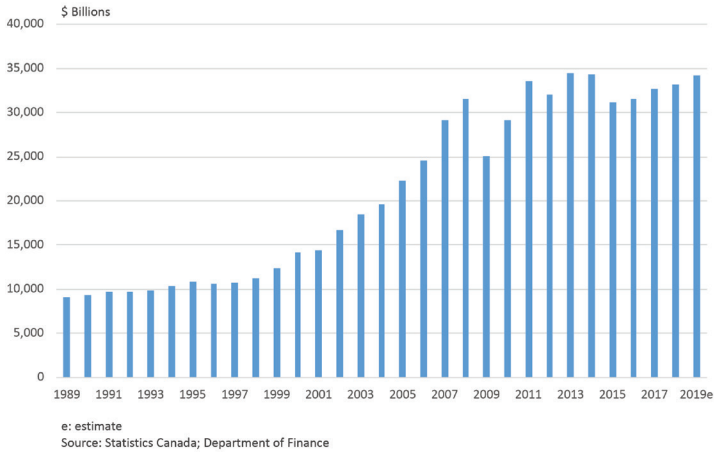
Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
<b>Utilities</b>				
Electric Utility Capital Expenditures	66.1	2020/2020	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	126.5	2020/2020	Various	Newfoundland and Labrador Hydro - annual capital program (including carryovers from the previous year) aimed at upgrading the provincial power grid and meeting electricity demand. Includes several projects focused on improving reliability and upgrading and replacing aging infrastructure. (Various)
Electric Utility Capital Program	96.6	2020/2020	Various	Newfoundland Power Inc. - capital expenditures to refurbish and serve growth on the electricity system. (Various)
Electric Vehicle Fast- Charging Network	2.1	2020/2020	Various	Newfoundland and Labrador Hydro - construction and installation of an electric vehicle fast-charging network, including the installation of Level 3 direct current fast chargers and Level 2 chargers at 14 locations across the island. Partial provincial and federal funds. (Various)

Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Lower Churchill Project - Phase I (Muskrat Falls)	10,103.0	2012/2020	Various	Nalcor Energy - development of the Muskrat Falls Hydroelectric Generation Facility, the Labrador-Island Link (LIL), and the associated transmission assets in Newfoundland and Labrador between Muskrat Falls and Churchill Falls and Muskrat Falls and Soldiers Pond. The Newfoundland and Labrador portion of the project entails construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls in Labrador and over 1,600 kilometres of associated transmission lines and related infrastructure. It is expected that power will flow from Muskrat Falls over LIL to island customers by the end of 2020. Emera Inc. of Nova Scotia built the Maritime Link connecting the island of Newfoundland to Nova Scotia. The capital cost of Emera's Maritime Link is an additional \$1.57 billion. (Various)
<b>Other Investment</b>				
Broadband Internet Infrastructure	33.6	2018/2020	Various	Bell Aliant - investment to improve or expand broadband internet service to 71 communities throughout Newfoundland and Labrador. Partial federal and provincial funding. (Various)
Capital Program*	9.8	2020/2020	Various	Royal Canadian Mounted Police - replacement, repairs and retrofitting of detachments and living quarters. Provincial/federal cost-shared on a 70/30 basis. (Various)
Cellular Service Infrastructure	6.0	2018/2020	Various	Bell Aliant - investment to deliver or expand cellular phone service to several areas throughout Newfoundland and Labrador. Partial provincial funding. (Various)

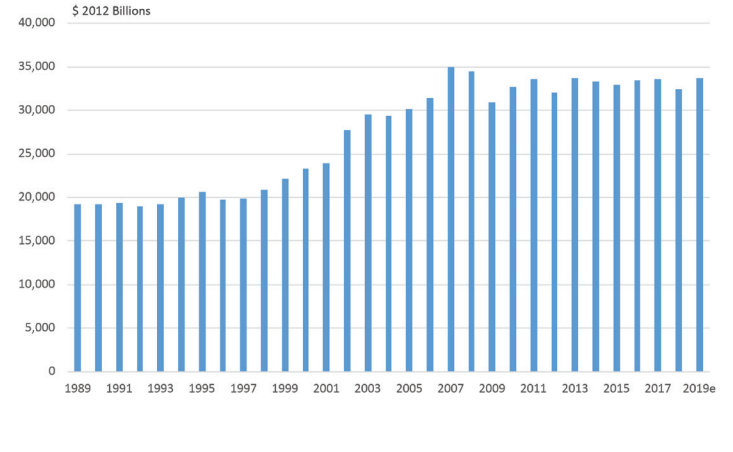
Project	Capital Cost \$ M	Start/End	Economic Zone	Comments (Location)
Marine Base Expansion - Phase 2A	15.0	2016/2021	19	Fisheries and Marine Institute, Memorial University of Newfoundland - expansion of the current Marine Institute facilities on the western shoreline of South Arm, Holyrood Bay. Construction of a breakwater and marginal wharf, and some elements of the water lot development are complete. Further development of the water lot and the construction of a storage facility and laydown area will continue in 2020/21. Partial federal funds. (Holyrood)
Public Buildings*	18.5	2020/2020	Various	Maintenance and development of public buildings, includes \$12.7 million for low carbon economy upgrades. Provincial funds. (Various)

# Statistical Indicators

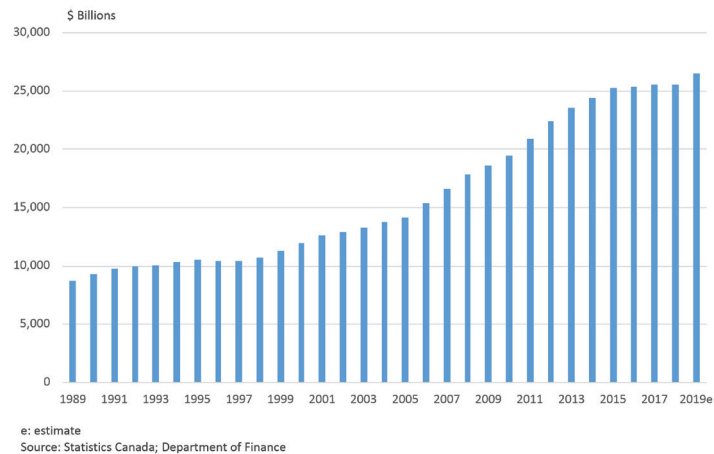
## Nominal Gross Domestic Product



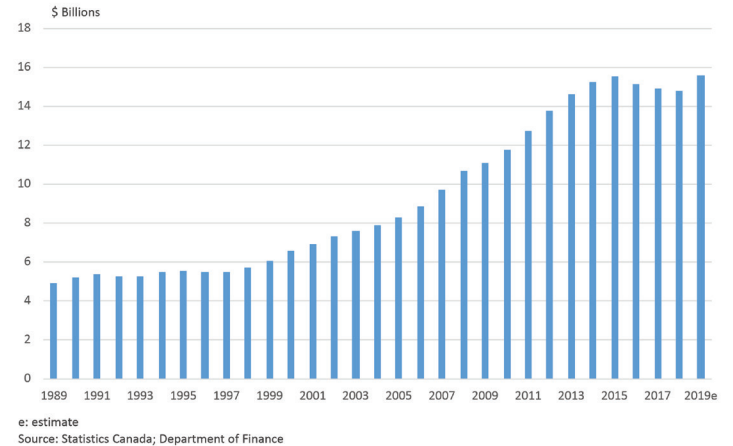
## Real Gross Domestic Product



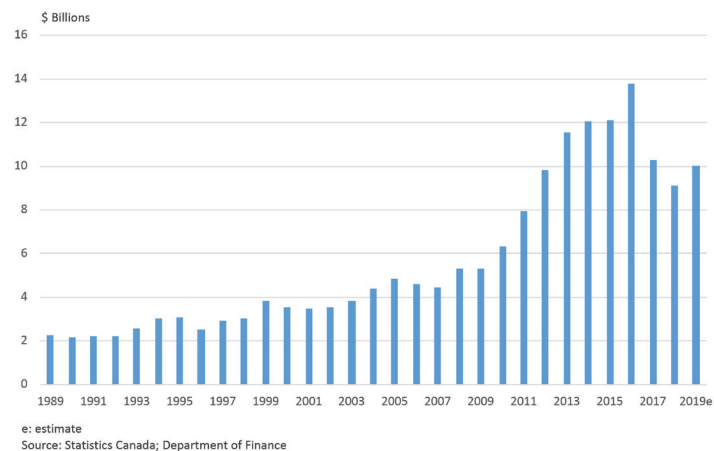
## Household Income



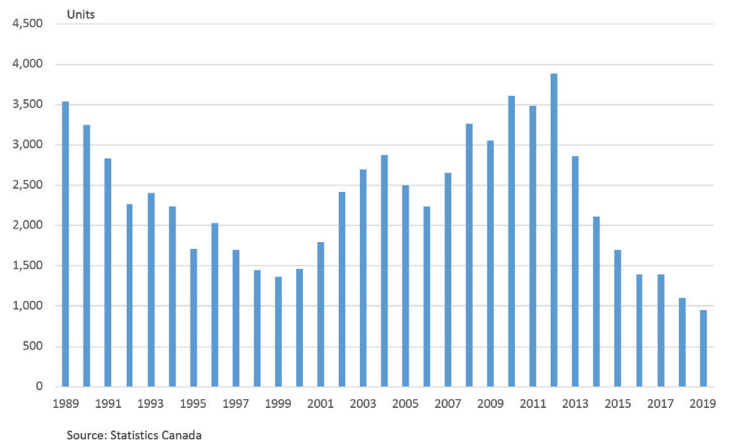
## Compensation of Employees



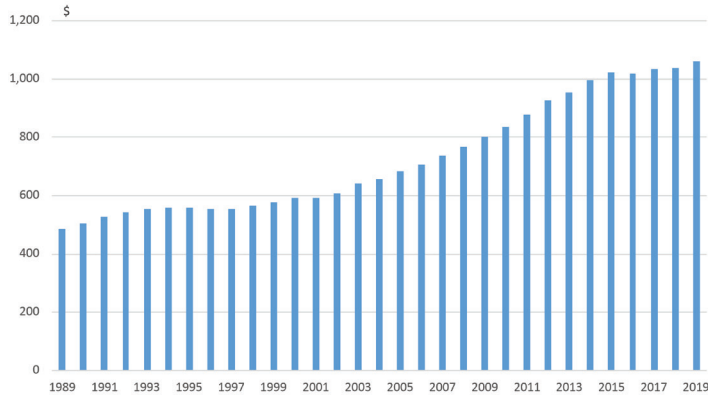
## Capital Investment



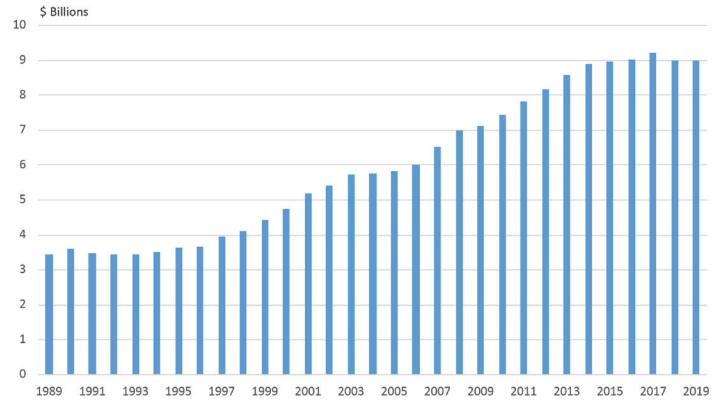
## Housing Starts



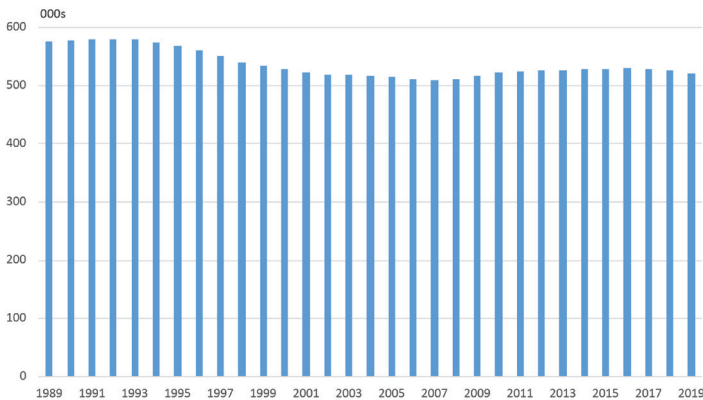
## Average Weekly Earnings



## Retail Sales

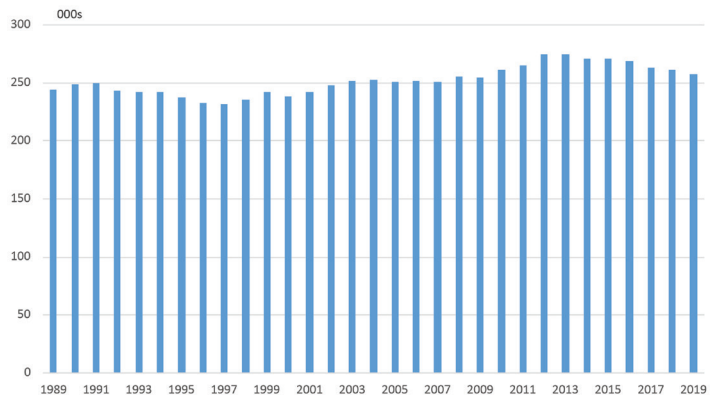


## Population



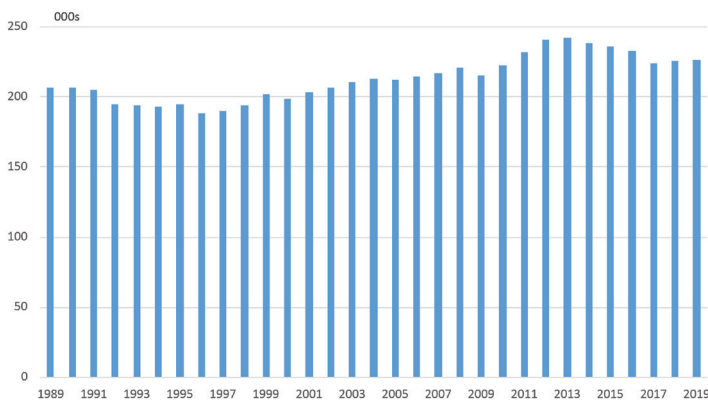
Source: Statistics Canada

## Labour Force



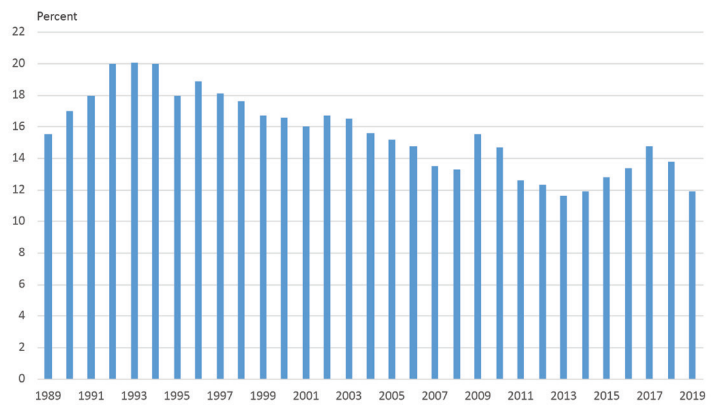
Source: Statistics Canada

## Employment



Source: Statistics Canada

## Unemployment Rate



Source: Statistics Canada