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Fleur de Lys

2007 Tidy Towns

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Highlights and Expectations

2008 Highlights

- Real Gross Domestic Product (GDP) increased by 1.8% in 2008 as a result of increased consumer and government expenditures.
- Employment grew by 1.5% to 220,300, primarily due to gains in construction, public administration and other services industries.
- The unemployment rate declined to 13.2%, down 0.4 percentage points from 2007. This was the lowest provincial unemployment rate since the 1970s.
- Personal income grew 5.2% while disposable income increased 5.8%, aided by tax cuts.
- Retail sales expanded by 7.7% to \$7.1 billion, driven by income gains and high levels of consumer confidence.
- Newfoundland and Labrador's population stood at 507,895 as of July 1, 2008, an increase of 0.3% compared to July 1, 2007. This was the first time in 16 years that the province recorded an increase in population.
- Inflation averaged 2.9% in 2008, primarily due to higher petroleum product prices.
- Investment rose 3.3% to \$4.4 billion, largely on the strength of residential, public sector and manufacturing spending increases.
- Housing activity was robust in 2008. Residential construction investment increased 20.8% to \$1.4 billion and housing starts were up 23.1% to 3,261 units. Residential sales and house prices reached record levels.
- Offshore oil production decreased by 6.9% to 125.2 million barrels, mainly the result of natural production declines. The value of oil production increased by about 23% to \$12.7 billion, because of higher crude prices.
- The total value of manufacturing shipments was approximately \$6.6 billion, representing an increase of 26.2% over 2007, mainly due to the higher value of refined petroleum shipments.
- The volume of fish landings declined 3.2%, however, the landed value increased by 2.8%, mainly due to higher shrimp prices.
- The number of non-resident tourists visiting the province declined 2.0% to 480,100, however, the level remains near record highs. Associated expenditures rose 3.3% to \$369 million.
- Newsprint shipments declined 4.4% to 525,372 tonnes, however, shipment value increased by 12.0% due to higher transaction prices.
- The value of mineral shipments increased by 22.2% to \$4.7 billion. The growth mainly reflected higher iron ore prices.
- The volume of iron ore shipments increased by 7.5% and shipment value rose by around 90% to about \$2.2 billion, driven by substantial price increases.

■ The Voisey's Bay mine shipped over \$2 billion in nickel, copper and cobalt. Because nickel prices fell from record highs in 2007, the value of shipments declined by 9.3%.

■ Mineral exploration expenditures totalled \$138 million—6.8% lower than the record levels of 2007.

2009 Expectations

■ Real GDP is forecast to decline 7.7% in 2009 due to a decrease in real exports—in particular oil, and to a lesser extent minerals and newsprint.

■ Employment is expected to decline 1.0% to average 218,100 and the unemployment rate is forecast to increase 1.0 percentage point to 14.2%.

■ Personal income and disposable income are expected to grow by 3.0% and 3.7% respectively, aided by wage gains and tax cuts at the federal level as well as the full implementation of 2008 provincial tax reductions.

■ Retail sales are expected to increase by 1.2%, following two years of strong growth.

■ Population is expected to increase by 0.5%, marking the second consecutive year of growth.

■ Inflation is expected to be 1.0%, down 1.9 percentage points from 2008, mainly due to lower energy prices.

■ Capital investment is expected to rise 9.4%, driven by increased major project expenditures and higher provincial government infrastructure spending.

■ Vale Inco will start construction of the Long Harbour nickel processing facility.

■ Housing starts are expected to total 2,648. Although lower than 2008, this level will still be relatively high in a historical context.

■ Offshore oil production is expected to decrease to 98.5 million barrels.

■ The value of mineral shipments is expected to decrease by about 35% to \$3 billion as a result of decreases in nickel, copper and iron ore production in combination with lower mineral prices.

■ Mineral exploration expenditures are expected to decline to \$71 million.

■ Newsprint shipments are expected to decline by between 35% and 40% as a result of the closure of the Grand Falls-Windsor mill in February and production cuts at the Corner Brook mill.

■ Fish landings are expected to decline slightly, mainly because of lower shellfish catches.

■ The provincial aquaculture industry is expected to post increases in both production and value for 2009.

■ The latest outlook from the Conference Board of Canada predicts total overnight visits by tourists to the province to increase by approximately 2% in 2009.

Global Economic Environment



Moneyaccumulator.com

World

The world economy entered 2008 with considerable momentum; however, economic conditions, particularly those of advanced economies, deteriorated significantly in the second half of the year. The financial crisis, which began with sub-prime mortgages in the United States, spread to the banking sector in Europe and then to most other industrial countries. Many U.S. and European banks ended up in financial trouble and a severe credit tightening ensued. Financial market problems led to sharp declines in stock markets and house prices. This reduced household wealth and severely undermined consumer and business confidence causing households and businesses to reduce spending. Thus, worldwide demand for consumer goods and capital equipment dropped sharply, curtailing production and trade. The drop in demand caused commodity prices to fall sharply from historical highs.

World Real GDP Growth (%)

	2007	2008e	2009f
World	5.2	3.4	0.5
Canada	2.7	0.5	-1.5
United States	2.0	1.1	-2.1
Euro Area	2.6	1.0	-2.1
United Kingdom	3.0	0.7	-2.8
Japan	2.4	-0.3	-3.1
China	13.0	9.0	6.6
India	9.3	7.3	5.3

e: estimate; f: forecast

Source: Various

Early estimates for the fourth quarter of 2008 show GDP declining by 6.2% in the U.S., 5.8% in the European Union (EU), 12.7% in Japan, and 3.4% in Canada at annualized rates. Most of the major economies, including the U.S., Europe and Japan are all now in a deep recession—something the world has not seen since the mid-1970s. Furthermore, the developing Asian countries, particularly China and India, are experiencing a significant slowing in their rates of growth as exports decline.

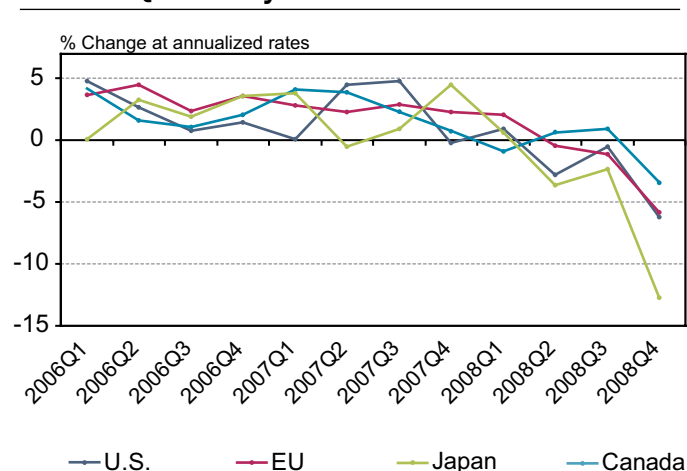
The latest International Monetary Fund (IMF) forecast for 2009 predicts world economic growth will be just 0.5%, the lowest growth post World War II. The IMF expects that low interest rates; various government stimulus packages; and efforts to ease credit tightness will lead to a gradual economic recovery in 2010.

United States

Problems in the U.S. economy began to emerge in 2008 as a result of problems with sub-prime mortgages and the bursting of a housing market bubble. The resulting problems in the financial sector severely restricted access to credit and this, combined with record high oil prices in the summer of 2008, damaged U.S. consumer confidence. As a result, consumer spending—particularly spending on durables such as automobiles—declined sharply. In the third and fourth quarters of last year, U.S. real GDP declined by 0.5% and 6.2% respectively, at annual rates. By the fourth quarter, the only sector showing an increase was government spending. All other sectors including exports, investment and consumer spending were in decline.

U.S. labour markets have been contracting since the start of last year, resulting in 14 consecutive months of employment declines. The unemployment rate has increased from 4.9% in January 2008 to 8.1% in

Quarterly Real GDP Growth



Source: OECD; Department of Finance

Major Fiscal Stimulus Packages

United States

US\$700 billion in aid for financial sector
US\$787 billion in fiscal stimulus and tax cuts

China

US\$586 billion on infrastructure spending

United Kingdom

US\$40 billion on infrastructure, tax cuts and supports to business

Canada

CAN\$30 billion on infrastructure and tax cuts

February 2009. The size of the employment losses have increased to over 600,000 per month in the last three months and a lot of uncertainty still exists around when the current recession will end.

The U.S. government and the Federal Reserve responded to the economic and financial crisis by providing massive amounts of capital to the financial sector and injecting large sums of money into credit markets to encourage lending. There has been a US\$700 billion bailout program aimed mainly at providing capital to banks and a US\$787 billion package of infrastructure spending and tax cuts. The Federal Reserve aggressively cut interest rates throughout 2008 in attempts to stimulate the economy and offset the economic downturn. The overnight target for the federal funds rate was cut from 4.25% in January 2008 to between 0% and 0.25% in December. The Federal Reserve has also taken a number of special actions designed to support financial market liquidity including short-term loans to banks; the provision of liquidity directly to borrowers and investors in key credit markets; and the purchase of longer-term securities such as government-sponsored enterprise debt and mortgage-backed securities.

In recent weeks, problems in credit markets appear to be easing, but stock markets remain in distress. The North American automobile industry is also facing challenges. The U.S. government provided emergency assistance to the ailing car industry in December. Companies have since developed restructuring plans which require further government assistance.

Most forecasters expect the recession to reach bottom sometime this year and a recovery to begin by late 2009 or early 2010. Government action to stabilize the banking sector; fiscal stimulus spending; record low interest rates; and stabilization in the U.S. housing market in the coming months should help the recovery. Both real GDP and employment are expected to decline by roughly 2% in 2009 and the unemployment rate is expected to be close to 9% by the end of the year.

Canada

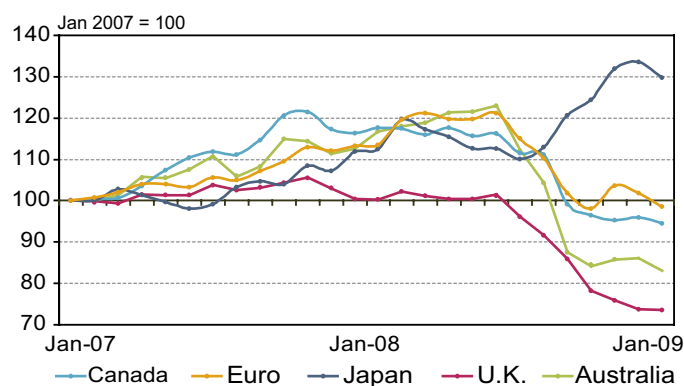
The global economic and financial crisis is also impacting the Canadian economy. Exports, particularly to the U.S., have been declining for several quarters. In the first three quarters of 2008, declining exports and residential investment were offset by growth in government and consumer spending, resulting in modest growth in GDP. By the fourth quarter, however, consumer spending had turned negative and positive government spending alone could not offset losses elsewhere. As a result, real GDP declined by 3.4% at annualized rates in the fourth quarter.

The Canadian labour market started to show some weakening in the fourth quarter of 2008. While employment grew fairly consistently in the first 10 months of the year and the unemployment rate remained near 6%, employment dropped sharply (by nearly 300,000 jobs) over the November 2008 to February 2009 period. The drop in stock markets and commodity prices as well as problems in the automobile sector have raised fears that labour markets will continue to weaken in the coming months.

Exchange Rates For Major Currencies Versus US\$

Similar to the U.S., the Canadian government and the Bank of Canada have taken measures to loosen credit and stimulate the economy, including injecting money into financial markets and cutting interest rates. The Bank's target for the overnight rate has been reduced from 4.25% at the beginning of 2008 to just 0.5% in early March 2009. While Canadian banks have benefitted from regulatory changes, they have not required direct financial bailouts from government like their counterparts in other G-7 countries.

Also, the Government of Canada has been running annual surpluses consistently for over a decade and is in a much better position to provide fiscal stimulus to the economy in the coming months.



During the first seven months of 2008, the Canadian dollar averaged a relatively robust 99.2 cents US. However, since August of last year the value of the Canadian dollar has depreciated rapidly as financial market uncertainty caused investors to switch to U.S. dollar investments. Investments such as U.S. treasury bills are viewed as a safe haven in uncertain economic times. Many other currencies suffered similar declines (see chart). The Canadian dollar also had additional downward pressure from declining commodity prices. In early March 2009, the dollar traded at about 78 cents US.

The worldwide economic slowdown, and in particular the deep recession in the U.S., is causing a recession in Canada. GDP declined in the fourth quarter of 2008 and further declines are predicted for the first half of 2009—recovery begins sometime in the second half of 2009. Low interest rates, a lower dollar and a rebounding U.S. economy are expected to revive economic growth. For the year, real GDP and employment are both expected to decline by roughly 1.5%. The unemployment rate is expected to gradually increase to above 8% by the end of the year, which if realized, would be the highest unemployment rate since 1998.

Most provinces, with the exception of Saskatchewan, saw a significant slowing in GDP growth last year as the emerging recession weakened exports and slowed consumer spending towards the end of the year. Ontario, with its heavy dependence on the U.S. market, was hardest hit in 2008 and is also expected to experience the largest GDP decline in 2009. Most other provinces are expected to record either modest growth (1% or less) or modest declines in real GDP. Economic performance of Newfoundland and Labrador is discussed in the following section.

Provincial Economic Overview



Blomidon Golf Course, Corner Brook
Dept. of Tourism, Culture and Recreation

Newfoundland and Labrador recorded a solid economic performance in 2008 with all major economic indicators recording increases over 2007. Real GDP grew by an estimated 1.8%, due to strong consumer and government spending.

Consumer spending posted impressive growth in 2008. Retail sales totalled \$7.1 billion, an increase of 7.7% compared to 2007. Car sales were an important contributor to retail sales growth last year. The number of new cars sold in the province was 31,450, 11.3% higher than 2007. Increased housing starts also led to higher sales of furniture, electronics and building supplies. Consumption growth was fuelled by three consecutive years of strong gains in disposable income, increased employment and high levels of consumer confidence.

Capital investment rose by 3.3% last year, largely on the strength of a robust housing market. Residential investment grew by 20.8% to \$1.4 billion, stemming primarily from a substantial increase in new housing. Housing starts totalled 3,261 in 2008, an increase of 23.1%. Higher capital spending was also recorded in the public sector. Public sector capital expenditures rose by 13.9% in 2008, reflecting the provincial government's capital infrastructure program. While the oil and mining industries continued to invest significantly (over \$1 billion), spending in these industries was down in 2008 compared to 2007.

Real exports in 2008 were on par with 2007 as increased mineral exports offset a decline in oil exports. Mineral production was boosted by higher iron ore production from the Iron Ore Company of Canada (IOC) and increased nickel production from Voisey's Bay. Oil production declined by 6.9%

compared to 2007 due to natural depletion of field reserves. While the real value of exports stayed about the same as 2007, the nominal value of exports increased substantially as record high commodity prices were realized throughout much of 2008. This translated into strong growth in nominal GDP last year.

Labour Markets

Throughout most of the year labour market conditions in the province were strong, however, some evidence of weakness began to emerge late in the year. Employment trended upward over the first 10 months of 2008. However, in November employment was flat and job losses were recorded in December. Nevertheless, labour market performance in 2008 was positive. Employment averaged 220,300, an increase of 1.5% compared to 2007. Job gains were concentrated in full-time employment and occurred mainly in the construction and public administration industries. In addition to employment gains, growth was recorded in the labour force as good job prospects enticed more people to look for work. The unemployment rate declined to 13.2% in 2008—the lowest unemployment rate in the province since the 1970s.

Wages continued to increase at a solid pace last year. Average weekly earnings (including overtime) rose by 3.8% to \$741. Gains in weekly wages, combined with employment growth, resulted in a 6.4% increase in labour income. After adjusting for inflation, labour income grew by 3.5%. Personal income is estimated to have grown by 5.2% last year (2.3% in real terms). Personal disposable income growth was stronger (5.8%) due to tax cuts at both the provincial and federal levels.

Economic Indicators

	2008e	2009f	2010f	2011f	2012f
GDP at Market Prices (\$M)	32,481	23,140	26,526	30,429	30,284
% Change	13.8	-28.8	14.6	14.7	-0.5
% Change, real	1.8	-7.7	1.7	1.3	0.2
% Change, real adjusted*	3.2	-1.3	3.5	2.6	-0.1
Personal Income (\$M)	15,499	15,963	16,643	17,341	17,828
% Change	5.2	3.0	4.3	4.2	2.8
% Change, real	2.3	2.0	2.2	2.3	1.1
Personal Disposable Income (\$M)	12,341	12,798	13,274	13,824	14,213
% Change	5.8	3.7	3.7	4.1	2.8
% Change, real	2.9	2.7	1.7	2.3	1.1
Retail Sales (\$M)	7,073	7,158	7,419	7,645	7,796
% Change	7.7	1.2	3.6	3.1	2.0
% Change, real	5.5	-0.2	2.4	2.1	1.0
Consumer Price Index (2002=100)	114.3	115.4	117.7	119.8	121.9
% Change	2.9	1.0	2.0	1.8	1.7
Capital Investment (\$M)	4,357	4,768	6,036	5,744	5,306
% Change	3.3	9.4	26.6	-4.8	-7.6
% Change, real	-1.8	6.8	22.3	-3.4	-8.7
Housing Starts (Units)	3,261	2,648	2,570	2,502	2,423
% Change	23.1	-18.8	-2.9	-2.6	-3.2
Employment (000s)	220.3	218.1	221.3	225.2	225.4
% Change	1.5	-1.0	1.4	1.8	0.1
Labour Force (000s)	253.8	254.1	256.5	258.9	258.2
% Change	1.0	0.1	0.9	0.9	-0.3
Unemployment Rate (%)	13.2	14.2	13.7	13.0	12.7
Population (000s)	507.9	510.2	511.6	512.3	512.5
% Change	0.3	0.5	0.3	0.1	0.1

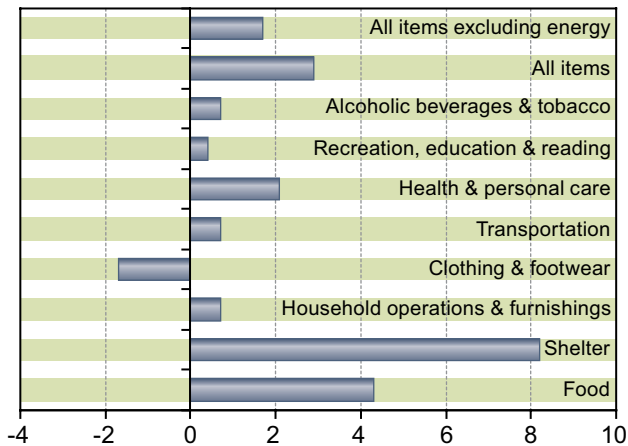
* Adjusted GDP excludes production related income earned by the non-resident owners of provincial mega-projects (oil projects and Voisey's Bay) to better reflect growth in economic activity that generates income for residents.

Note: 2008 stated growth rates for GDP, personal income and personal disposable income have been calculated on adjusted 2007 figures. The 2007 data for these indicators were adjusted to remove the provincial government's special payments to public sector plans.

e: estimate; f: forecast, Department of Finance, March 2009

Source: Statistics Canada; Department of Finance

Percent Change in CPI by Component, 2008



Source: Statistics Canada; Department of Finance

Prices

Consumer prices increased by 2.9% in 2008. The increase in the Consumer Price Index (CPI) was caused primarily by a major increase in the price of energy, as evidenced by the large hike in the CPI for shelter (impacted by home heating fuel costs). Higher food prices also boosted inflation last year. While overall energy prices were much higher last year, prices began to decline late in the year as the price of crude oil fell.

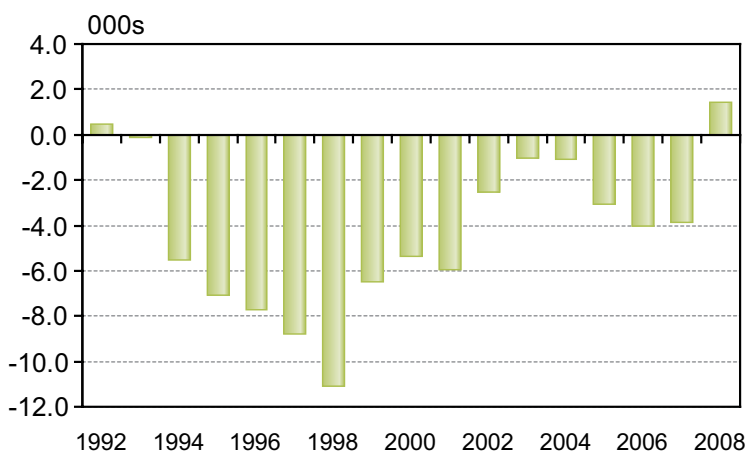
Population

Newfoundland and Labrador's population stood at 507,895 as of July 1, 2008, an increase of 0.3% compared to July 1, 2007. This was the first time in 16 years that the province recorded an increase in population.

Population growth was the result of positive net-migration of about 1,700 which offset a natural decline in population (i.e., more deaths than births) of almost 280. Last year marked the first significant net in-migration to the province in 25 years (there was a very small net gain of 13 in 1990-91). Several years of strong economic growth have provided support for in-migration to the province.

Natural population change has been negative for the last two years. Because of the province's relatively low fertility rate and aging population, it is unlikely that natural population change will contribute significantly to population growth. Given this, population growth in the future will most likely depend on migration to the province.

Population Change



Source: Statistics Canada; Department of Finance

Outlook for 2009

2009 will be a challenging year for most industrialized economies and Newfoundland and Labrador will be no exception. The global economic slowdown has already impacted some sectors in the province. Several mining companies have announced plans to reduce production, take temporary shutdowns and/or layoff employees. The newsprint industry has been hit by the closure of AbitibiBowater's Grand Falls-Windsor mill and a production cut at Kruger's Corner Brook mill. While the fishery is now only gearing up for the season, the possibility of lower demand may impact prices in this industry.

Overall, real GDP is expected to decline by 7.7% in 2009. This drop is largely the result of a decline in exports, particularly oil, minerals and newsprint. Decreases in mineral and newsprint exports are directly related to the world economic downturn, however, the decline in oil production is due primarily to the natural depletion of reserves.

While the decline in GDP is notable, other economic indicators are expected to either post modest increases or only slight declines. Employment is expected to fall by 1.0% as layoffs in the resource sector trickle through the economy. Despite the decline in employment, the labour force is expected to increase slightly and this will cause the unemployment rate to rise to 14.2%. Notwithstanding employment losses, personal income is expected to rise by 3.0% as retroactive pay increases for a large segment of the public sector are paid and negotiated wage increases take place. In addition, the minimum wage increased to \$8.50 per hour on January 1, 2009 and is set to increase to \$9.00 per hour on July 1, 2009. Growth in retail sales is expected to slow from the rapid pace of the last two years but is still expected to be positive at 1.2%. Housing starts are forecast to be 2,648, down 18.8% over 2008 but still high in a historical context.

Capital investment growth is expected to be strong in 2009. Investment is expected to increase by 9.4%, due to increased major project investment (mainly on the nickel processing facility at Long Harbour and the White Rose expansion) and increased provincial government infrastructure spending.

Beyond 2009

The global economic recession is expected to reach bottom in 2009 and recovery should begin late this year and continue in 2010. Real GDP is forecast to increase by 1.7% in 2010 as a rebound in mineral production and increased construction activity on the nickel processing facility more than offset a slight decline in oil production. Employment is expected to grow by 1.4% in 2010 as major project construction ramps up and the service sector continues to expand. Personal and disposable income are forecast to grow by 4.3% and 3.7%, respectively, as a result of continued wage gains and employment growth. Capital investment is expected to hit a record high in 2010 due to increased expenditures on the Vale Inco nickel facility.

Over the 2011-2012 period, real GDP is projected to show modest growth and other economic indicators such as employment and personal income

are expected to post solid growth as activity related to the Hebron development begins to ramp up.

Economic Performance in 2009 Some Considerations

Real GDP is expected to decline by 7.7% in 2009 as a result of a reduction in exports. Yet, many other economic indicators for the province such as employment and income are expected to show only modest declines or slight increases. This underscores the importance of considering several key indicators when gauging the province's economic performance as opposed to focussing solely on GDP.

GDP is the value of goods and services produced within the province. It is the sum of consumption, investment, government expenditures, and net exports (exports minus imports). Exports are the single largest component of GDP in this province and have been the largest contributor to recent GDP growth. It is estimated that around 65% of GDP growth over the past decade has been due to exports. Export growth has been largely driven by oil since production started in 1997, and as a result, large swings in oil production from one year to the next can produce significant swings in exports and, consequently, GDP.

However, in Newfoundland and Labrador's economy, changes in GDP each year do not necessarily translate into similar changes in other economic indicators such as employment and income. This is partly due to the fact that employment in the oil industry is not nearly as volatile as oil production. Furthermore, the most significant impact that the oil industry has on the domestic economy is through the employment and labour income generated by production. This was evident in 2004 when oil production and real GDP decreased while employment in oil production remained stable and total employment in the province actually increased by about 1% (see table). In 2007, oil production increased by 21.3% which led to 9.1% growth in real GDP. Again however, employment on the oil projects remained stable and total employment in the province increased by only 0.6%—a smaller increase than 2004 when real GDP actually declined. These are important results to remember when looking at 2009 forecast data.

In the current forecast, real GDP is expected to contract by 7.7% in 2009 because of lower commodity production including oil. However, employment in the oil industry is expected to remain stable and only a modest (1.0%) decline is expected in total employment in the province. Labour income is forecast to rise by 3.2% due to recent wage settlements and increases in the minimum wage. In summary, many indicators currently point to a better economic performance this year than suggested by the GDP forecast.

Annual % Change in Selected Economic Indicators

	2004	2007	2009
Oil production	-6.7%	21.3%	-21.4%
Real GDP	-1.2%	9.1%	-7.7%
Employment	0.9%	0.6%	-1.0%
Personal income	3.4%	5.9%	3.0%

The Newfoundland and Labrador fishery faced several challenges in 2008, including continued competition from low-cost producers, as well as high fuel costs and unfavourable exchange rates for most of the fishing season. Preliminary estimates place total fish landings at 329,700 tonnes last year, down 3.2% from 2007. Nevertheless, higher landings of some species and price increases resulted in an almost 3% rise in the value of landings.

Employment in the fishing industry declined in 2008 to average 12,000¹, down from 13,200 in 2007. Declines occurred on both the harvesting and processing sides of the industry.

Harvesting

Shellfish landings in 2008 were stable as higher crab landings offset a drop in the volume of shrimp. Crab landings increased by approximately 5% to 52,800 tonnes. Shrimp landings declined by 2.6% to 112,300 tonnes. The decline originated in the offshore fishery, as inshore landings grew on the strength of a 9,000 tonne increase in the inshore shrimp quota.

Groundfish catches increased by 8.8% last year to 45,400 tonnes. This gain was mainly due to higher yellowtail flounder landings. Cod landings in 2008 were slightly lower than in 2007.

Pelagic landings dropped considerably last year—landings were about 89,600 tonnes compared with 103,400 tonnes in 2007. Lower mackerel catches were the main factor behind the decline. The capelin fishery, with landings of about 37,200 tonnes, was up slightly over 2007.

¹ This figure is from the 2008 Statistics Canada Labour Force Survey and is the average of the 12 months. The actual number of people that work in the fishery at some point in the year is between 23,000 and 24,000.



Snow Crab

Professional Fish Harvesters Certification Board

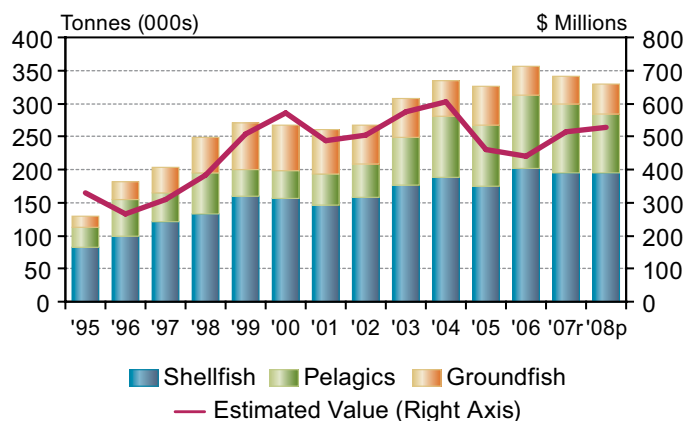
Fish Landings

	2007r	2008p	Actual Change	% Change
Landings (000s Tonnes)				
Shellfish	195.4	194.7	-0.7	-0.3%
Groundfish	41.7	45.4	3.7	8.8%
Pelagics	103.4	89.6	-13.9	-13.4%
Total	340.5	329.7	-10.8	-3.2%
Seals (# 000s)	205.5	207.5	2.0	1.0%
Value (\$ Millions)				
Shellfish	410.0	435.9	25.8	6.3%
Groundfish	64.9	64.5	-0.4	-0.6%
Pelagics	28.0	21.7	-6.3	-22.6%
Seals	11.4	6.7	-4.7	-41.6%
Total	514.3	528.7	14.4	2.8%

r: revised; p: preliminary; totals as well as actual and percent changes calculated on unrounded figures.

Source: Department of Fisheries and Aquaculture

Volume and Value of Fish Landings



r: revised; p: preliminary

Source: Department of Fisheries and Aquaculture

The estimated number of seals harvested last year was 207,500, slightly higher than the previous season. However, a drop in pelt prices paid to sealers from \$55 in 2007 to \$32 in 2008 caused the value to decline considerably. The value of seals harvested was \$6.7 million, compared with \$11.4 million in 2007.

Total landed value in the fishery increased from \$514.3 million in 2007 to \$528.7 million in 2008. This performance was largely driven by higher shrimp prices, although higher cod prices and the increases in crab and yellowtail flounder volumes also played a role. Shrimp prices were up between 25% and 27% last year depending on the type of shrimp fishery referenced (i.e., inshore/Gulf or offshore). Crab prices were down slightly in 2008—the average price paid to harvesters was around \$1.54 per pound compared with \$1.60 in 2007.

Processing and Marketing

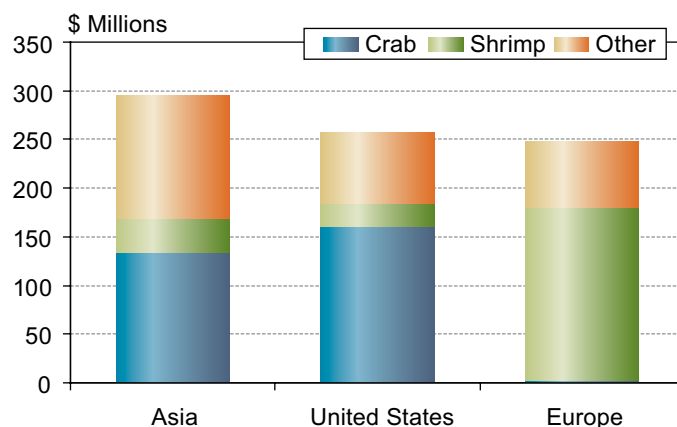
There were 115 primary processing facilities operating in the province in 2008. Fish production for the year was about 181,700 tonnes, down about 5% from 2007.

Most of the industry's product is sold in international markets. In 2008, about 37% of international fish exports went to Asia, 32% to the U.S. and 31% to Europe. Crab and shrimp accounted for the majority of exports with the product mix varying considerably by market as indicated in the chart. The vast majority of shrimp was sold in Europe, in particular to Denmark, Russia and the United Kingdom. The U.S. and Asia accounted for most of the crab sales—the U.S. accounted for 54% of the value of crab exports and Asia (mostly China and Japan) accounted for 45%.

Within the U.S. market, overall snow crab prices were down in 2008. Prices for 5-8 ounce crab sections averaged US\$4.27 per pound, down 4.0% from 2007. The high value of the Canadian dollar in the first three quarters of the year further reduced what producers received for their product—the price of the product in Canadian dollars declined by 4.6% in 2008.

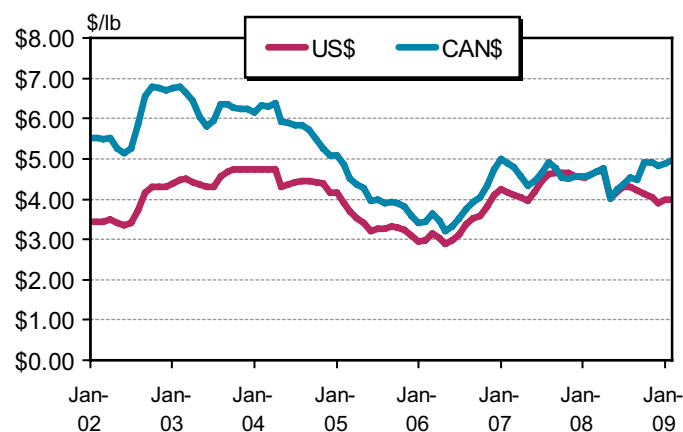
In recent months, the depreciation of the Canadian dollar has helped the industry. Prices in the U.S. crab market have been declining since last summer and this trend has continued into 2009. However, the depreciation of the Canadian dollar over the period helped mitigate the drop in market price. For example, over the last six months, the year-over-year U.S. price for crab has declined about 12% on average. At the same time, the price to producers in Canadian dollars has risen about 5% on average as indicated in the chart. There may be continued downward pressure on crab prices in 2009 as the U.S. market weakens.

International Fish Exports



Source: Industry Canada; Department of Finance

Prices for Frozen Crab Sections Sold in the U.S. (5-8 ounce)



Note: Price data were not available from Urner Barry Publications for several months. These data were estimated by the Department of Finance.

Source: Urner Barry Publications Inc.; Bank of Canada; Department of Fisheries and Aquaculture; Department of Finance



Crab fishing
Professional Fish Harvesters Certification Board



Hermitage Bay salmon site

Chris Hendry

The European Union (EU) continues to be a major market for cooked and peeled coldwater shrimp. However, some of the product is subject to substantial punitive tariffs which put Canadian exporters at a competitive disadvantage. Some improvement in this situation has occurred in recent years with the amount of Canadian shrimp that can be sold to the EU under the lower 6% tariff increasing from 7,000 to 20,000 tonnes. Canadian shrimp sold above the quota are subject to a 20% tariff while many foreign competitors have *preferred market access* (e.g., zero tariffs for a portion or all of their shrimp sales).

Marketing efforts of the shrimp fishery received another boost in August last year with international certification of the Canadian northern shrimp trawl fishery from the Marine Stewardship Council. This certification indicates that the industry meets environmental standards for being well-managed and sustainable in the capture of wild fish. This move bodes well for the sustained competitiveness of the province's shrimp fishery as retailers in Europe and the U.S. have become increasingly concerned about the environmental sustainability of their seafood products.

Aquaculture

Aquaculture production and value rose to record levels in 2008. Production rose from 8,300 tonnes in 2007 to an estimated 11,545 tonnes in 2008. Similarly, value increased from \$40 million in 2007 to over \$63 million in 2008. This growth largely reflected the harvesting and processing of salmon on the South Coast and is the result of significant investments over the last several years.

Another significant aquaculture investment was announced last June. Gray Aqua Group Limited of New Brunswick will establish a \$16 million, four-site salmon aquaculture operation in the Bay d'Espoir region.

Gray Aqua Group is a subsidiary of Gray Aquaculture Limited which has been an active participant in the salmon industry in New Brunswick for 18 years. The company owns a salmon hatchery operation and has been supplying smolt to Newfoundland and Labrador for many years. The provincial headquarters for the company is located in Conne River and its new farming sites are located in the Bay d'Espoir region near Conne River.

Outlook 2009

Fish landings are expected to decline slightly in 2009 due to lower shellfish catches.

Landings of some species, such as yellowtail flounder and American Plaice are expected to rise.

The current global recession is introducing considerable uncertainty into the industry outlook for 2009. Some downward pressure on fish prices is expected, however, uncertainty over the extent of this pressure presents downside risks to the outlook.

The appreciation of the Canadian currency vis-à-vis the British pound could dampen exports to the United Kingdom in 2009. Conversely, the depreciation of the currency compared with the U.S. dollar and the Japanese Yen may yield an enhanced return on seafood sold in those markets.

The sealing industry could be impacted if the EU proceeds with legislation to prohibit the importation and transshipment of seal products.

The provincial aquaculture industry is expected to post increases in both production and value for 2009. This is based upon recent investment into expanding the salmonid sector of the industry, sustained market demand for aquaculture products and a positive outlook for salmon pricing.

Oil and Gas



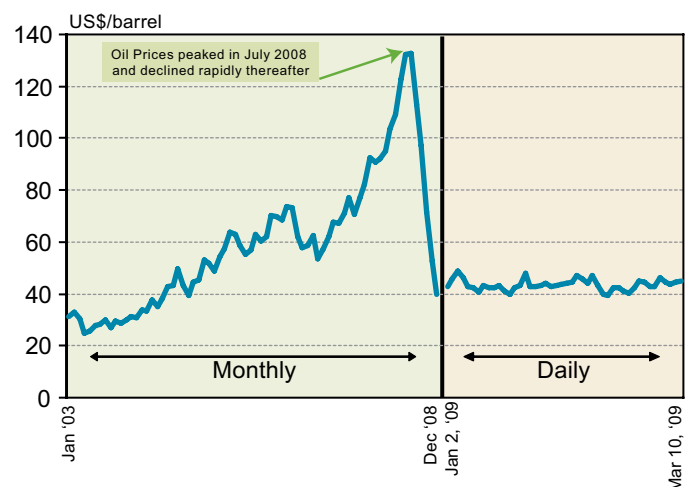
Terra Nova FPSO

Dept. of Natural Resources

The province's three producing offshore fields—Hibernia, Terra Nova and White Rose—reached a major milestone on January 23, 2009, producing the province's one billionth barrel of oil. The oil and gas industry accounts for approximately 36% of the province's nominal GDP and 2% of employment. The province currently produces about 40% of Canada's conventional light crude oil.

Provincial offshore oil production totalled 125.2 million barrels in 2008, a decrease of 9.2 million barrels (or 6.9%) relative to 2007. Crude oil prices were tremendously volatile in 2008—reaching a peak of US\$144 per barrel in early July and steadily declining thereafter to US\$34 per barrel by late December. For the year as a whole, the price of Brent crude oil averaged US\$96.94 per barrel compared to US\$72.44 in 2007, an increase of 34%. As a result of higher crude prices, the gross value of oil production is estimated to have increased by approximately 23% in 2008 to \$12.7 billion.

Brent Crude Oil Prices



Source: U.S. Energy Information Administration; Department of Finance

Hibernia

Hibernia produced 50.7 million barrels of oil in 2008, an increase of 1.5 million barrels or 3.1% over 2007. The operation benefitted from a highly successful well work-over program and improved performance from the gas flood area.

Terra Nova

Terra Nova produced 37.6 million barrels in 2008, a decrease of 4.9 million barrels or 11.5% over 2007. Production was below the previous year's level as a result of natural production declines and ongoing maintenance to the facility.

Temporary repairs to a damaged water injection swivel on *Terra Nova FPSO*, discovered during an inspection in December 2006, have proven to be robust and have allowed normal production to continue. Replacement of the swivel may be required at some point in the future.

White Rose

The White Rose field produced 37.0 million barrels in 2008, down 5.9 million barrels or 13.7% from 2007. The decrease was the result of natural production declines.

The White Rose project has proposed satellite developments comprised of three distinct areas: North Amethyst, South White Rose Extension and West White Rose. The province, through its energy corporation (Nalcor Energy), has a 5% equity stake in the White Rose satellite fields. North Amethyst is currently being developed and first oil is expected in late 2009 or early 2010. White Rose production is expected to be lower in 2009 due to facility turnaround activities to allow for the tie-in of the 70 million barrel North Amethyst satellite field.



Semi-submersible drill rig *Henry Goodrich*
Transocean Offshore Deepwater Drilling, Inc.

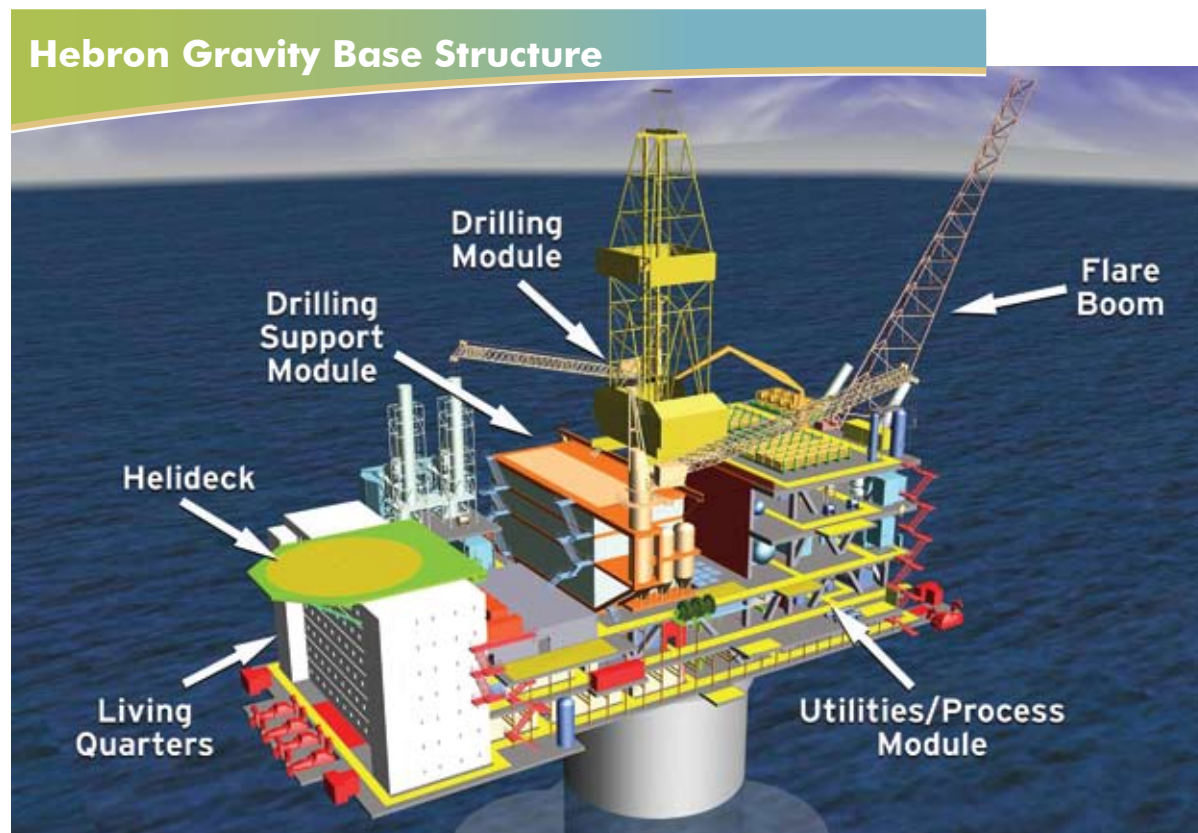
Hebron

On August 20, 2008, the province signed a formal agreement with the Hebron consortium to develop the Hebron oil field—the province's fourth offshore oil project. The Hebron field is estimated to contain in excess of 581 million barrels of recoverable reserves. Industry partners in the Hebron development are ExxonMobil Canada, Chevron Canada, Petro Canada and StatoilHydro Canada Ltd.

The province, through Nalcor Energy, has negotiated a 4.9% equity stake in the Hebron project at a cost of \$110 million and will pay a proportional share of project costs and receive entitlement to a proportional share of field production. The province has also negotiated an improved royalty regime including an additional royalty of 6.5% of net revenue, after net royalty payout, when the price of West Texas Intermediate crude is greater than US\$50 per barrel.

In addition, the province has received a commitment from the project proponents for the construction of a Gravity Base Structure (GBS) in Newfoundland and Labrador. Construction of the Hebron GBS will create an estimated 4.1 million person hours of employment in the province. In addition, topsides work will further enhance local employment benefits from the project.

Hebron is currently in the pre-Front End Engineering and Design (pre-FEED) phase with its project management office set to open in April 2009. Construction of the GBS is expected to begin in 2012 and peak in 2015 with an estimated 3,500 employees. First oil is expected between 2016 and 2018.



Exploration

Seismic data

- Seismic acquisition programs conducted in 2008 included:
 - Husky's 76,626 cmp km 3-D program in the eastern Jeanne d'Arc Basin
 - StatoilHydro's 52,778 cmp km 3-D program in the Jeanne d'Arc Basin
 - Geophysical Services Incorporated's 4,121 line km 2-D program in the Labrador Offshore Area and 2,555 line km 2-D program offshore Western Newfoundland

Orphan Basin/deep water drilling

- Drilling of the Great Barasway (F-66) exploratory well in the Orphan Basin was completed in April 2007—results are subject to a two-year confidentiality period. Orphan Basin partners (Chevron, Exxon-Mobil, Imperial Oil, and Shell Canada) remain committed to the area and plan to drill another exploration well in the deep water basin subject to rig availability and regulatory approval.

Current drilling campaign

- A rig sharing agreement between StatoilHydro, Husky and Petro-Canada has brought the semi-submersible rig, *Henry Goodrich*, back to Newfoundland and Labrador waters for a 24-30 month drilling campaign:
 - Husky et al spudded the North Amethyst E-17 well in August 2008 and finished in October 2008.
 - Husky et al then spudded the White Rose E-28 well in October 2008 and finished drilling in December 2008.
 - Husky and StatoilHydro partnered on the Mizzen exploration well in the Flemish Pass Basin. The Mizzen O-16 well was spudded in December 2008.
 - After the Mizzen well is completed, Petro-Canada plans to drill two development wells (one oil producer and one water injector) at Terra Nova and an exploration well at the Ballicaters prospect (in EL-1092).
 - Following Petro-Canada's work, the rig will be handed back to Husky for the duration of the contract. Husky has several drill ready prospects including the Wild Rose (EL-1067) and the Primrose (EL-1089) in the Jeanne D'Arc Basin.

Potential drilling 2009

- ConocoPhillips and partners have identified potential drilling targets in the Laurentian Basin. Exploratory drilling could occur in 2009 subject to deep-water rig availability and regulatory and owner approvals.

Resource potential

- To date, approximately 2.84 billion barrels of oil and 10.85 trillion cubic feet of natural gas have been discovered off the province's shores and the resource potential is considerably higher. Geoscientific data indicates that another six billion barrels of oil and 60 trillion cubic feet of natural gas remain undiscovered.

Offshore Land Sales

- The Canada - Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) announced Calls for Bids in June 2008 consisting of 10 parcels of land—five off the province's east coast and five off the west coast.
- The east coast land sale included three parcels in the Central Ridge/Flemish Pass Basin and two in the Jeanne d'Arc Basin. Successful bids were received on all five parcels totalling \$129,892,000.
- The west coast land sale included two parcels near the Port au Port Peninsula and three more in the Sydney Basin off the southwest coast. Successful bids totalling \$2,400,000 were received on two of the five parcels: one in the Sydney Basin and one in the Western Newfoundland Offshore Region.
- The Strategic Environmental Assessment (SEA) for the Labrador Offshore Region was released in July 2008. The SEA concluded that petroleum exploration activity can proceed in the area subject to standard mitigation measures.
- Bids on four land parcels in the Labrador Offshore Region (totalling 939,678 hectares) closed on September 10, 2008. Successful bids totalling \$186.4 million were received on four parcels (green blocks on following map indicate parcel locations). It is notable that these parcels are adjacent to areas where significant natural gas discoveries have already been identified.

Outlook 2009

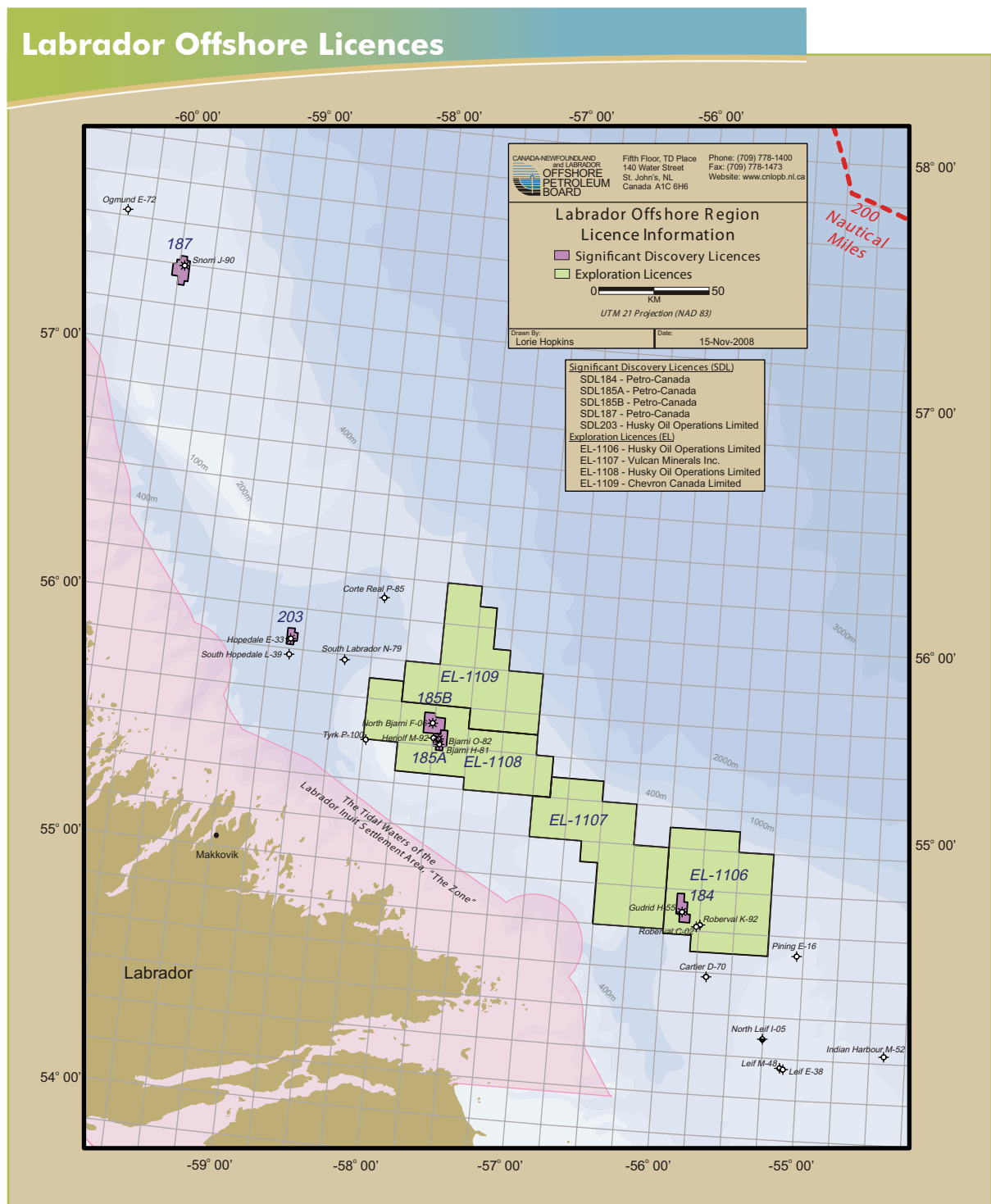
Oil production is expected to decrease by about 21% to 98.5 million barrels as declines are anticipated at all three fields.

Crude oil prices are expected to decline substantially on average compared to 2008.

Combined capital expenditures on Hibernia, Terra Nova, White Rose (including White Rose expansion) and Hebron are expected to be in the vicinity of \$1.2 billion, an increase of around 50% over 2008.

Hebron is currently in the pre-Front End Engineering and Design (pre-FEED) phase with its project management office set to open in April.

Labrador Offshore Licences



Forestry and Agrifoods



Kids have a field day at Lester's Farm
Dept. of Natural Resources

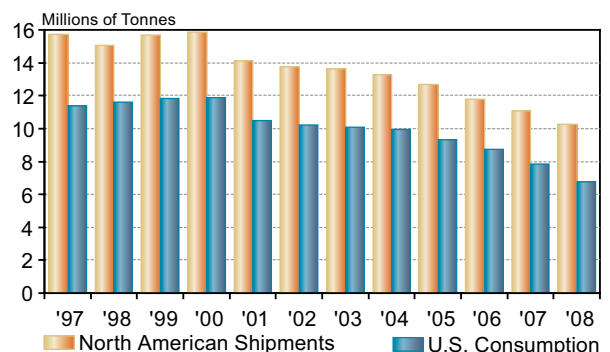
Forestry

Newsprint

North American newsprint consumption has been in steady decline for more than a decade as a result of increased web-based competition and a shift by newspaper publishers towards smaller tabloid form papers. This trend has been exacerbated over the past year by the general downturn in the U.S. economy. As a result of the recession, there has been a substantial decrease in newspaper advertising and a consequent drop in newsprint demand. U.S. newsprint consumption decreased by 13.8% in 2008 to 6.8 million tonnes—in comparison, it totalled 11.9 million tonnes at the beginning of the decade. U.S. consumption continued to deteriorate in January—down 21.6% compared to January 2008.

In response to this continual decline in newsprint consumption, North American producers have cut production over the past several years by closing some of their higher cost mills and idling many of their older, less efficient, paper machines. In recent months, additional downsizing plans have been announced and

North American Newsprint Shipments and U.S. Consumption



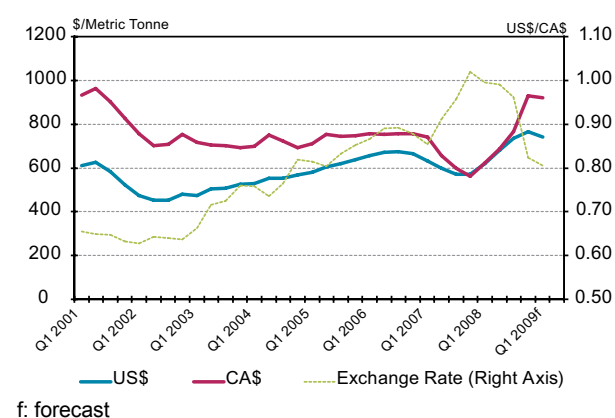
Source: Pulp and Paper Products Council; Department of Finance

in some instances have already taken place. AbitibiBowater (which has numerous mills throughout Canada and the United States) is planning to reduce capacity by 830,000 tonnes in the first half of 2009—including the permanent closure of the 205,000 tonne capacity Grand Falls-Windsor mill which ceased production on February 12, 2009. In March 2009, Kruger Inc. (with mills at Corner Brook, Newfoundland and Labrador, and Brompton and Trois-Rivières in Québec) announced that it would be reducing company-wide production by 32,000 tonnes in the first half of 2009.

Newsprint prices averaged US\$701 per tonne in 2008, up 18% from US\$594 per tonne in 2007. Capacity reductions have allowed producers to achieve significant price increases throughout most of 2008. Newsprint prices increased from US\$585 per tonne in December 2007 to US\$775 per tonne in November 2008. However, since November, newsprint prices have declined in response to deteriorating economic conditions. Prices were US\$735 per tonne in February 2009. Many industry analysts believe that further capacity reductions may be necessary in order for producers to maintain some pricing power.

Since newsprint is an exported commodity sold in U.S. dollars, the profitability of Canadian mills is dependent not only on newsprint consumption but also upon fluctuations in the exchange rate. Recent exchange rate movements are working in favour of Canadian newsprint producers—something that has not occurred for several years. The chart illustrates the difference between U.S. and Canadian dollar newsprint prices over the past several years. Over the 2002 to 2006 period, gains in U.S. dollar prices were mostly offset by appreciation of the dollar and hence these price increases provided little net benefit to Canadian producers. In 2007, the situation worsened as U.S. dollar prices declined in conjunction with continued appreciation of the Canadian dollar. In 2008, U.S. dollar prices rebounded, and this, in combination with simultaneous depreciation of the Canadian dollar in the latter part of the year has improved the relative position of Canadian newsprint producers.

Newsprint Prices and Exchange Rates



Source: TD Economics; Department of Finance

The volume of provincial newsprint shipments decreased by 4.4% in 2008 to 525,372 tonnes while the value of shipments increased by 12.0% to an estimated \$390 million as a result of higher transaction prices.

The Grand Falls-Windsor mill filled its last order on February 12, 2009, following 100 years of operation in central Newfoundland. The mill had employed approximately 450 full-time/full-year workers directly and about 500 seasonal and part-time employees in its woodlands operations.

Corner Brook Pulp and Paper is now the only newsprint mill operating in the province. It is currently operating three paper machines with a combined capacity of 350,000 tonnes per year. Production at the Corner Brook mill is also being impacted by deteriorating market conditions. As part of its company-wide production cuts, Kruger recently announced that it will shut down PM No. 4 at Corner Brook for an eight-week period starting on March 22, 2009. The mill's two other machines (PM No. 2 and PM No. 7) will be shut down for three days of regularly scheduled maintenance after PM No. 4 is brought back on line. These temporary shutdowns will remove 15,000 tonnes from the market and are expected to affect up to 30 employees. Corner Brook Pulp and Paper's budgeted capital expenditures for 2009 are \$7.5 million. This will include various infrastructure improvements including power related projects and forest access road construction.

Lumber

The volume of provincial lumber production is estimated to have decreased by 40% in 2008 to approximately 70 million board feet. Many local producers are finding it unprofitable to operate their sawmills due to a continual decline in lumber prices—the result of downturns in the Canadian and U.S. housing markets. Lumber prices have declined by more than 50% since 2004. Lumber is currently trading around US\$200 per thousand board feet—down from US\$405 in 2004.

The short-term outlook for Newfoundland and Labrador's lumber industry is challenging. The recession in the United States has spilled over into most other developed countries, including Canada, causing a substantial reduction in the demand for lumber. Another major challenge facing the lumber industry has been the mountain pine bark beetle infestation in Alberta and British Columbia. The salvage of these threatened forests has put large volumes of cheap lumber into an already oversupplied market. The fact that Newfoundland and Labrador's lumber industry is made up of small mills that have higher production costs per unit compared to larger mills in other parts of the country, and higher transportation costs, has hindered the local industry's ability to compete in a depressed market. Also, the downturn in the newsprint industry has resulted in reduced demand for pulp chips, which are a valuable by-product of lumber production and contribute greatly to sawmill cash flow.

Agrifoods

Farm Cash Receipts

Local farmers had a good year in 2008 with revenue from most agricultural products exhibiting positive year-over-year growth. Total farm cash receipts increased by 9.0% over 2007 to an all-time high of \$115.6 million.

Receipts from dairy production were up 14.9% to \$50.4 million, receipts from egg production were up 8.5% to \$13.6 million, receipts from fur production were up 42.6% to \$7.6 million, while receipts from other farm products declined by 2.5%.

Historically, receipts from chicken production accounted for just over 20% of total farm cash receipts. While this category is no longer published by Statistics Canada, data from the Chicken Farmers of Canada indicate that the volume of eviscerated chicken produced in the province totalled 13.5 million kilograms in 2008, an increase of 1.2% over the previous year.

Agrifoods Development Funding

The province recently approved funding for several initiatives to enhance the development of the local agrifoods industry. Highlights of the funding include: \$2.95 million for the developing cranberry industry to provide for increased plant propagation, site development and specialized equipment; \$1 million for research and development activities focusing on developing new and improved crops and livestock systems; and \$442,000 for the Agriculture Limestone Program in recognition of the importance of the program as the industry expands. Additionally, the province approved \$1.8 million to further expand the productive capacity of the mink sector as well as \$5.4 million for the implementation of bio-security measures on mink farms.

Outlook 2009

Newsprint shipments are expected to decline by about 35%-40% as a result of the closure of the Grand Falls-Windsor mill and moderate production declines at Corner Brook Pulp and Paper.

Annual average newsprint prices are expected to increase by around 4% to US\$730 per tonne.

Lumber production is expected to remain at relatively low levels as weakness in the U.S. housing market continues.

Farm cash receipts are expected to post moderate gains.

Mining

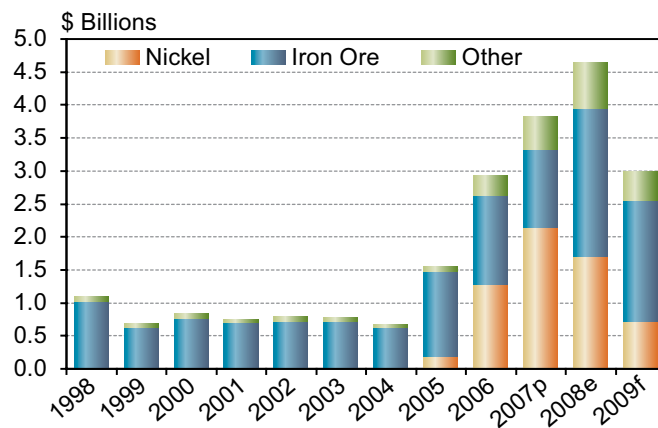


Trucks at IOC

Dept. of Natural Resources

The provincial mining industry recorded a strong performance in 2008. The demand for minerals was strong for most of the year; however, by the fourth quarter, slumping world demand and a decline in mineral prices proved challenging to mineral producers. For the year as a whole, mineral shipments totalled \$4.7 billion in 2008, an increase of 22.2% over 2007. The increase reflected higher production and prices of iron ore. Exploration expenditures declined from the record levels of 2007 due to credit tightening and decreasing demand for minerals in the last half of the year. Employment in the mining sector was approximately 4,000 person years, an increase of 2% over 2007.

Value of Mineral Shipments



p: preliminary; e: estimate; f: forecast

Source: Department of Natural Resources

Market Conditions

Over the past several years, demand for most minerals had been robust mainly due to strong economic growth in developing countries such as China and India. As a result, prices for many minerals reached record highs.

Iron ore prices are usually negotiated once a year, in April, for the Far East market (China, Japan and Korea). On April 30, 2008, the Iron Ore Company of Canada (IOC) announced an 86.7% increase in pellet prices and a 68.8% increase in concentrate prices for 2008. This came on the heels of a 5.8% and 10.4% increase in 2007 for pellets and concentrate, respectively. IOC prices for 2008 were US\$148/tonne for pellets and US\$94/tonne for concentrate compared to US\$79/tonne and US\$55/tonne for pellets and concentrate, respectively in 2007.

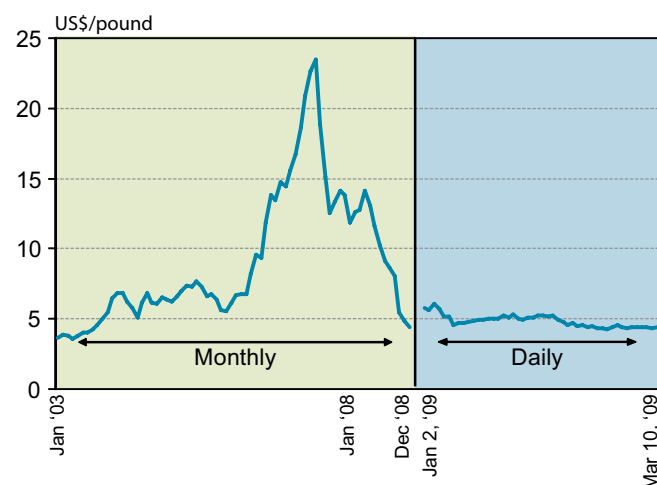
Nickel prices averaged US\$11.13/pound in the first three quarters of 2008. Although prices were down significantly from the record levels of 2007, they were still high in a historical context. Copper and cobalt reached record highs in 2008 averaging US\$3.62/pound and US\$39.07/pound, respectively during the first three quarters. While mineral prices were strong on average in 2008, in recent months, recessionary conditions in many countries, in particular the United States, have reduced the demand for minerals and lowered prices.

In the fourth quarter of 2008, prices for nickel dropped 32%, copper prices fell by 46% and cobalt prices declined 57%. However, prices stabilized in the first quarter of 2009 with nickel at about \$5/pound and copper at about \$1.50/pound (see price charts). Spot prices for iron ore have also decreased significantly in recent months, but annual contract prices for 2009 will not be finalized until April.

Voisey's Bay

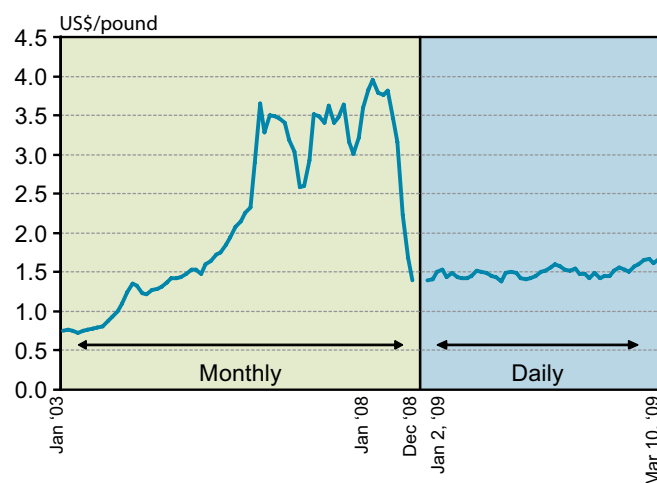
Vale Inco Newfoundland and Labrador Limited operates the Voisey's Bay mine in Labrador. The company shipped over \$2 billion worth of nickel, copper and cobalt in 2008, a decline of 9.3% compared to 2007. This decrease was primarily the result of lower nickel prices. While the volume of Voisey's Bay shipments increased, the average price of nickel fell by 43% from US\$16.82/pound in 2007 to US\$9.61/pound in 2008.

Nickel Price



Source: London Metal Exchange

Copper Price



Source: London Metal Exchange

On December 4, 2008, Vale Inco announced a shutdown at its Voisey's Bay operation, including the Ovoid mine and processing mill, for the month of July 2009 due to poor market conditions. The company later announced layoffs of 423 employees in Canada—36 of those in Newfoundland and Labrador.

On January 29, 2009, the province and Vale Inco reached an agreement-in-principle on an amended Development Agreement for the construction of the commercial hydromet nickel processing plant at Long Harbour. The amended agreement includes increased local benefits and a later completion date. Construction is expected to begin in the spring of 2009 with a completion date of February 2013, 14 months later than originally expected. The project is expected to employ an average of 1,630 people per year in the construction phase and 450 during operations. The total cost of construction is estimated at US\$2.177 billion.

Iron Ore

Iron ore producers operated under excellent business conditions for most of 2008 with high prices and strong demand for iron ore. By the fall, however, conditions had changed substantially. The global slowdown caused demand to decline and led to announcements of production cutbacks and layoffs in the province.

The volume of iron ore shipped from the Iron Ore Company of Canada (IOC) and Wabush Mines was about 19.7 million tonnes in 2008, an increase of 7.5% from 2007. This increase was largely due to a drop in production in 2007 because of a work stoppage—a strike in March and April of 2007 halted production at IOC. The value of shipments increased by approximately 90% to about \$2.2 billion as a result of higher shipment volumes and higher iron ore prices.

As a result of deteriorating global economic conditions, on November 28, 2008, IOC announced plans to lower 2009 production and review its expansion plans. The company will shut down one of its pellet machines for a maintenance rebuild and a second machine will be shut down sequentially for a rebuild. In addition, a four-week shutdown of operations is planned for July. The company hopes to minimize layoffs during the shutdown through employee vacations. Subsequently, IOC stated that a previously announced expansion program would be postponed until markets improve. The expansion included an \$800 million investment in Phase I and II of a three-phase plan to increase iron ore production by 50% to 26 million tonnes by 2011.

Similarly, as a result of the global economic downturn, Wabush Mines initially announced that it would lay off 160 employees and significantly cut back 2009 production levels. Production is expected to be 2.1 million tonnes in 2009—an approximate 50% decline from 2008. On February 16, 2009, the mine laid-off 125 employees as a result of decreased demand for steel. In an effort to minimize job loss, the company offered retirement packages to some of its unionized workers. The company has not stated the duration of these layoffs.

Wabush Mines continues to look to the long-term improvement of its operations by investing in new technology and processes. The company is evaluating a \$4.0 million manganese separation project that, if successful, could increase the remaining mine life from 10 to 20 years. The company has invested \$1.8 million and will receive \$2.2 million from the Atlantic Canada Opportunities Agency (ACOA) to complete the project.

Other Mines

Teck Duck Pond Operations, which produces copper and zinc at its mine in Central Newfoundland, is in its second year of operation. The company has been challenged by price declines for both copper and zinc—down 46% and 30%, respectively, in the last quarter of 2008. On December 4, 2008, the company announced the layoff of 23 employees. Annual employment at the mine is expected to average 287 people for the rest of the mine life.

Anaconda Mining Inc. announced the first gold pour at its Pine Cove mine near Baie Verte on July 23, 2008. The company is continuing to work towards commercial production but is being delayed by problems at the front end of the milling process which limits their throughput to about 100 tonnes per day (the mill is designed for 500 tonnes per day). Anaconda is reviewing all options to remedy the situation, including the potential for custom milling (450 tonnes per day) if it is economically viable. Despite operational challenges, the fact that gold prices are currently very strong should benefit the company.



Artist's Rendition—Long Harbour Nickel Processing Plant

Vale Inco



Aurora Energy's Michelin Camp, CMB, Labrador
Dept. of Natural Resources

PRODUCING MINES AND DEVELOPING PROPERTIES

WINTER 2009

Producers

1. *Atlantic Barite Limited*,
Buchans
2. *Anaconda Mining Inc.*,
Pine Cove
3. *Atlantic Minerals Limited*,
Lower Cove
4. *Teck Duck Pond Operations*,
Duck Pond
5. *Beaver Brook Antimony Mine Inc.*,
Beaver Brook
6. *Crew Gold Canada Limited*,
Nugget Pond Mill
7. *Galen Gypsum Mines Limited*,
Coal Brook
8. *Hi-Point Industries (1991) Limited*,
Bishop's Falls
9. *Hurley Slate Works Company Inc.*,
Burgoyne's Cove
10. *Iron Ore Company of Canada*,
Labrador City
11. *Iron Ore Company of Canada*,
Labrador City
12. *Shabogamo Mining & Exploration Limited*,
Labrador City
13. *Terra Nova Granite (2007) Inc.*,
Jumpers Brook
14. *Torngait Ujaganniavngit Corporation*,
Ten Mile Bay
15. *Vale Inco Newfoundland & Labrador Limited*,
Voisey's Bay
16. *Wabush Mines Limited*,
Wabush

Under development

17. *Burin Minerals Limited*,
St. Lawrence
18. *Continental Stone Limited*,
Belleoram
19. *Hi-Point Industries (1991) Limited*,
Gander Bay
20. *Labrador Iron Mines Holdings Limited*,
Howells River
21. *Newfoundland Pyrophyllite*,
Manuels
22. *New Millennium Capital Corp.*,
Howells River
23. *Peat Resources Ltd.*,
Stephenville
24. *Rambler Metals and Mining PLC*,
Baie Verte



* Note scale differences of
Labrador and Newfoundland maps



Source: Department of Natural Resources

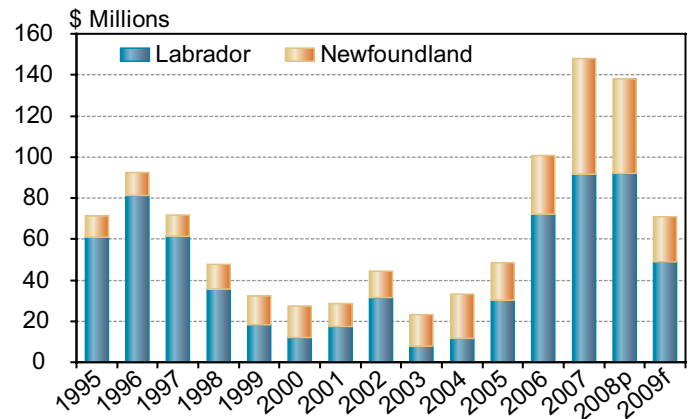
In 2008, a rebound of the antimony market prompted Beaver Brook Antimony Mine Inc. to reactivate the antimony mine located near Glenwood. However, the antimony market has declined significantly over the last several months with prices falling from about \$6,850/tonne at the end of August to about \$4,850/tonne at the end of January. On November 12, 2008, the company announced that it had laid off approximately 20 employees, reducing its workforce to about 80 people. The mill is operating at a reduced schedule due to slumping demand in China and the global financial situation.

Exploration

Mineral exploration expenditures grew considerably over the past several years as a result of a strong commodity market. Expenditures for 2008 were \$138 million, a 6.8% decline from the record levels of 2007. Expenditures by mineral type were similar to those of 2007 with about 50% for uranium, 41% for base metals, 4% for gold, and the remaining 5% for other commodities such as iron ore and industrial minerals. Claims in good standing declined to 172,278 in 2008 from 189,283 in 2007 but remained near historically high levels.

In 2008, almost 67% of mineral exploration expenditures took place in Labrador. Much of the exploration in Labrador has focused on uranium, iron ore and nickel. The most advanced uranium project is Aurora Energy Resources Inc.'s Michelin Project located along the Central Mineral Belt in Labrador. The company recently announced an increase in its resource estimate for six uranium deposits and has conducted a multi-phase work program including a tailings management options study, an environmental baseline program, engineering studies, and infill drilling at the Jacques Lake and Michelin deposits. The results of the infill drilling continue to affirm grades previously encountered. Other

Mineral Exploration Expenditures



p: preliminary, f: forecast

Source: Department of Natural Resources

Mining Policies—Top 10 in the World

Newfoundland and Labrador's mining policies rank fifth in the world and provide strong encouragement for investment in the sector, according to the 2008-2009 Survey of Mining Companies conducted by the Fraser Institute. The survey represents the opinions of executives and exploration managers in mining operations around the world on how mineral endowments and public policy factors such as taxation and regulation affect exploration investment. The province's mining policy had ranked 22nd in the previous two surveys conducted in 2006-2007 and 2007-2008.

notable uranium exploration projects include Crosshair Exploration & Mining Corp.'s Moran Lake property and Bayswater Uranium Corp.'s Anna Lake property.

On the Island, most exploration in 2008 focused on zinc or copper-rich deposits with significant gold content. There has also been renewed interest in specialty products such as molybdenum, tungsten, fluorspar, rare earth elements and potash.

Potential New Developments

New Millennium Capital Corp. (NMCC) and Labrador Iron Mines Holdings Ltd. (LIM) each hold mineral claims in Northwestern Labrador near the Labrador/Quebec border at Schefferville. These claims contain direct shipping iron ore resources, typically being about 55% iron. Both projects are required to submit Environmental Impact Statements (EIS). LIM submitted its EIS in December 2008, while the EIS for NMCC's project has not yet been submitted. Both projects have construction target dates of mid-2009 to early-2010 and combined annual production from both projects would be comparable to 2008 iron ore production at Wabush Mines (about 4.6 million tonnes).

Rambler Metals and Mining PLC is continuing to develop the Rambler copper-gold project on the Baie Verte Peninsula. The company recently completed a drill program and metallurgical and environmental studies are in progress. The sharp decline in commodity prices has caused the company to scale back operations and lay-off 18 employees; however, Rambler Metals continues to be confident that financing can be completed in 2009.

Outlook 2009

Most mineral producers will be challenged as the global economic slowdown depresses demand and prices.

The value of mineral shipments is expected to decrease by about 35% to \$3 billion. Decreases in the production of nickel, copper and iron ore as well as lower mineral prices are behind the decline.

Both iron ore mines are expected to decrease production and recent spot prices for iron ore suggest a decline in future contract prices.

The value of production at Voisey's Bay is expected to decrease by over 50% reflecting lower prices and production.

Vale Inco will start construction of the nickel processing facility in April with site clearing and port demolition work.

Employment in the mining industry is expected to decrease as a result of layoffs at several mining operations, the largest occurring at Wabush Mines, and a decline in exploration employment.

Exploration expenditures are expected to decline to \$71 million as a result of the ongoing financial situation and the slumping global demand for minerals. Access to capital is tight, and will be a challenge, especially for junior companies, who need to raise the necessary capital to fund exploration projects.

Manufacturing

National Manufacturing

Over the past several years, Canadian manufacturers had been increasingly challenged by low-cost producers in China and India, rising energy costs, and an appreciating Canadian dollar. The recent credit crunch and global economic slowdown exacerbated an already challenging situation. Conditions are particularly difficult for the automobile industry in North America—in the fourth quarter of 2008 sales declined by more than 30%. Newsprint producers have also been hit hard as a result of declining demand for paper products. National manufacturing employment retreated from peak levels in 2002 with the largest losses recorded by the provinces of Ontario (down 17.6% since 2002) and Quebec (down 16.2% since 2002). Manufacturing employment in Newfoundland and Labrador decreased by 11.9% over the same time period with most losses occurring in 2008.

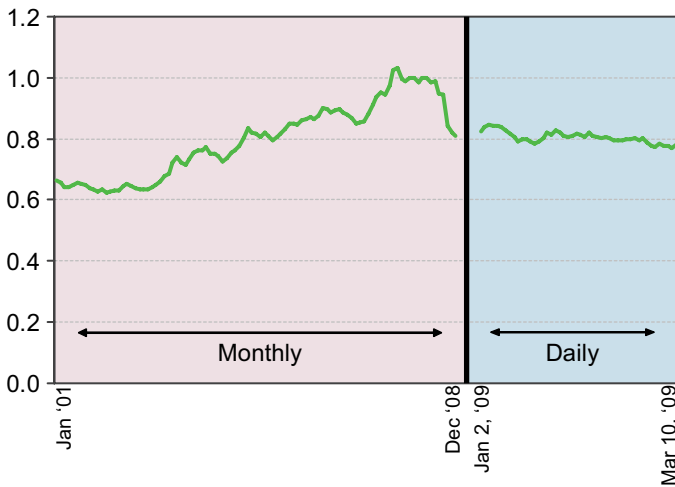
An appreciating Canadian dollar can cause many challenges for domestic manufacturers as approximately 78% of Canadian exports go to the U.S. Companies who sell their products in U.S. dollars will, all else being equal, effectively receive lower prices and, consequently, less revenue when the dollar is appreciating. After rising steadily since 2002, the Canadian dollar remained at parity with the U.S. dollar for the first half of 2008. However, it has since declined and by early March 2009 had fallen to about 78 cents US. This recent depreciation should benefit Canadian manufacturers.



Footwear Manufacturing

Terra Nova Shoes

Exchange Rate (CAN\$/US\$)



Source: Bank of Canada

Provincial Manufacturing

The manufacturing industry in this province accounts for about 4% of GDP and 6% of total employment. Although there are many manufacturers in the province producing a wide variety of products, the majority of output from, and employment in, the industry is concentrated among three groups—food processing (mainly seafood), newsprint and refined petroleum.

The value of provincial manufacturing shipments rose in 2008. The total value of shipments was approximately \$6.6 billion, representing an increase of 26.2% over 2007. This is mostly due to the higher value for refined petroleum resulting from record high oil prices last year.

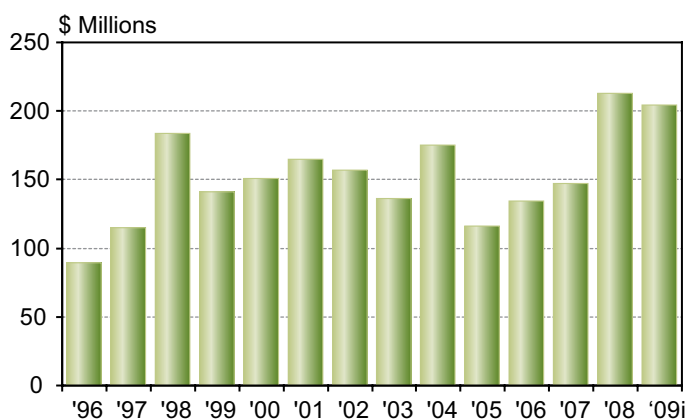
While the value of manufacturing shipments rose in 2008, employment in the industry declined. Employment averaged 14,100 in 2008, a decrease of 11.8% over 2007. Fish processing employment declined by about 300, while manufacturing employment outside of fish processing declined by about 1,800.

The fish processing industry faced several challenges in 2008, including continued competition from low-cost producers and unfavourable exchange rates for part of the year. Fish production for the year was about 181,700 tonnes, down about 5% from 2007.

The volume of newsprint shipments decreased by 4.4% in 2008. This was partly due to a paper machine shutdown in Kruger's Corner Brook mill in October 2007. However, the estimated value of newsprint production increased by approximately 12% as a result of higher newsprint prices. On February 12, 2009, AbitibiBowater closed the Grand Falls-Windsor mill. In addition, on March 3, 2009, Kruger announced a production cut of 15,000 tonnes and the associated layoff of up to 30 employees at its Corner Brook mill. (For more information on the newsprint industry see the *Forestry and Agrifoods* section).

The refined petroleum industry experienced a large increase in production value in 2008. According to export data from Industry Canada, the value of refined petroleum products exported from the province increased by 47.4% in 2008 to about \$3.5 billion as crude oil hit record highs. Crude oil represents 80%-90% of refining input costs. Thus, the value of refined petroleum rises and falls with crude oil prices. Harvest Energy, which operates the North Atlantic Refinery in Come-

Manufacturing Investment



i: intentions

Source: Statistics Canada

by-Chance, completed its visbreaker expansion and enhancement project in November 2008. The \$30 million project reduces the necessity of blending higher valued distillate products into lower valued high sulfur fuel oil products. The company has also continued to search for a financial partner in a proposed \$2 billion refinery expansion. However, due to financial market volatility, the company has chosen to postpone the proposed expansion until market conditions improve.

Investment in manufacturing activities has risen consistently over the past several years. In a recent survey by Statistics Canada, manufacturing firms indicated capital investment of \$213 million in 2008, an increase of 56% over 2007. This increase was due in part to an increase in capital expenditures at the North Atlantic Refinery. While a majority of manufacturing investment in the province is spent on the larger resource-based industries (e.g., newsprint, refined petroleum), other manufacturers such as Browning Harvey Ltd., A.H.M. Fabricators Ltd., Newfoundland Aqua Service Ltd., Builder's Edge Manufacturing Inc., and

Terra Nova Shoes have invested in their operations over the past year. Over the past several years 75%-80% of capital expenditures in the province, on average, have been spent on machinery and equipment with the remainder spent on construction.

Outlook 2009

The global recession will continue to weaken demand for many manufactured products.

The value of manufacturing shipments is expected to decline as a result of lower energy prices and decreased newsprint production.

Production of newsprint will decline with the closure of the Grand Falls-Windsor mill and a planned shutdown at Corner Brook.

The recent depreciation of the Canadian dollar compared to the U.S. dollar and the Japanese Yen may have a positive effect on seafood value; however, there is much uncertainty over how market prices will evolve as the year progresses and this year's product begins to enter the market.

Harvest Energy intends to spend about \$50 million in 2009 in refinery upgrades and improvements.

The development of Vale Inco's nickel processing plant will result in a significant boost to manufacturing shipments in years to come. Investment in the US\$2.177 billion project will peak in 2010 and operations will commence in 2013.

Lower Churchill Project



Artist Rendition, Muskrat Falls
Newfoundland and Labrador Hydro



Artist Rendition, Gull Island
Newfoundland and Labrador Hydro

Included in Nalcor Energy's five lines of business is the Lower Churchill Project, the most attractive undeveloped hydroelectric project in North America. The Project's two planned installations at Gull Island and Muskrat Falls will have a combined capacity of approximately 3,000 MW and can provide 16.7 Terawatt hours of electricity per year.

As the global economy continues to fluctuate, the development of the proposed Lower Churchill Project offers an opportunity to stimulate the provincial economy, while also assisting in addressing concerns surrounding climate change, since the generation of this clean, renewable power will contribute significantly to the reduction of greenhouse gas (GHG) emissions from fossil fuel power generation.

The Lower Churchill Project reached several milestones over the past year in its progress towards providing a long-term solution to meet the province's clean energy requirements and its future economic development and growth.

New Dawn Agreement

The Province and Innu Nation signed an agreement appropriately coined Tshash Petapen Agreement or the New Dawn Agreement in September of 2008. The agreement addresses the Lower Churchill Impacts and Benefits Agreement (IBA), Innu redress for the upper Churchill hydroelectric development and aspects of the land claims process. Negotiations are continuing to execute formal agreements. Once final agreements have been reached, Innu Nation will present the details to the Innu people for ratification.

Labrador-Island Transmission Link

In January 2009, the Project team initiated a key directive of the province's 2007 Energy Plan by starting the Environmental Assessment process for the proposed Labrador-Island Transmission Link. This proposed 1,200 km High Voltage direct current (HVdc) link will be the first of its kind in Newfoundland and Labrador and will be constructed from Gull Island in Central Labrador to Soldiers Pond on the island's Avalon Peninsula.

This portion of the Lower Churchill Project will result in significant positive economic effects through its construction and operations phases. Over its approximately four year construction phase, the development of this transmission route is estimated to create 2,200 person years of direct employment, peaking at approximately 1,200 people in year three.

Environmental Impact Statement (EIS) Submission

In addition to the environmental assessment for the Labrador-Island Transmission Link, the Lower Churchill Project submitted the Environmental Impact Statement for the Generation Project in Labrador, marking a milestone in that Project's Environmental Assessment process.

The construction period of the generation facilities and interconnecting transmission lines in Labrador will result in substantial direct, indirect and induced work for local residents and companies. The construction of the generation portion of the Project will offer 15,000 person years of employment and enhance the provincial income during that time by \$1.5 billion. These benefits are in addition to the significant reductions in greenhouse gas emissions from electrical generation the Project will make in the province and potentially other markets outside of the province.

Expression of Interest (EOI)

To determine the interest of engineering and project management companies in bidding for the Lower Churchill Project's detailed engineering and design work, Nalcor Energy has issued an Expression of Interest to six companies who are worldwide specialists in hydroelectric, transmission and civil construction. As part of the overall assessment of the submissions, the potential bidders will be required to provide details of their plans to optimize local and provincial benefits.

The Lower Churchill Project has the potential to generate significant financial rewards and investment returns in addition to being a made-in-Canada solution to the growing demand for energy and increased concern regarding greenhouse gas emissions.

The Project team continues to work diligently on all fronts, including ongoing consultations with stakeholders to reach its goal of completing this project with a balanced approach that optimizes benefits for all involved.

For more information on the Project, please visit nalcorenergy.com.

Construction



Tiffany Place

Dept. of Finance

Construction investment in Newfoundland and Labrador in 2008 approached record levels, according to Statistics Canada's recent investment survey released in February 2009. Capital construction investment reached \$3.1 billion, marking a 5.9% increase over 2007. Last year's rise in construction activity was the result of a significant increase in residential construction spending.

Residential Construction

Residential construction investment increased significantly in 2008 reflecting the robust housing market. Expenditures totalled \$1.4 billion, up 20.8% compared to 2007. Statistics showing a breakdown between new and renovation spending were only available for the first nine months of 2008. This data indicates that most of the growth in residential activity was due to a rise in new dwelling construction spending. New dwelling and renovation spending increased 35.2% and 8.4% respectively. Significant growth in new dwelling investment was consistent with a rise in the number of housing starts—up 23.1% (or 612 units) in 2008. (See also the *Real Estate* section.)

Non-Residential Construction

Non-residential construction accounts for the largest portion of construction expenditures. Investment in non-residential construction decreased 3.5% in 2008 to \$1.8 billion. The decline largely reflects lower spending by the mining and oil industries.

While a decline was recorded for non-residential construction expenditures overall in 2008, significant growth was recorded in the public sector, up 16.3% over 2007 reflecting the provincial government's substantial infrastructure program. Ongoing major projects in the public sector include: the application

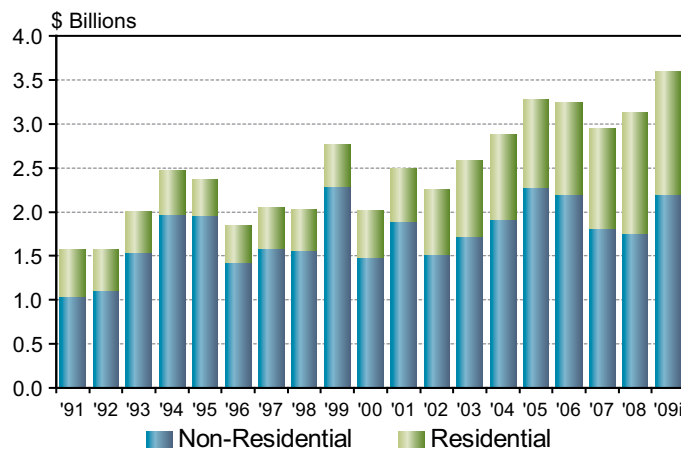
of hard surface on the Happy Valley-Goose Bay to Wabush portion of the Trans Labrador Highway; the construction of long-term care facilities in Corner Brook and Happy Valley-Goose Bay; and, the continuation of the St. John's harbour clean-up. There were also notable expenditure increases recorded in the utilities and transportation and warehousing industries.

Employment and Wages

Construction employment has recorded notable growth over the past decade as indicated in the chart. In 2008, construction employment averaged 16,700 marking a 23.7% increase over 2007. This compares to a 1.5% rise in total provincial employment in 2008. Construction employment also recorded strong growth at the national level (up 8.7% in 2008), however, Newfoundland and Labrador outperformed Canada by a significant margin. Increased demand for workers caused a rise in average weekly earnings for the construction industry—up 7.5% over 2007. This compares to a 3.8% increase in overall average weekly wages for the province in 2008.

Construction workers have been in strong demand in recent years due to the high levels of construction investment in this province as well as numerous large projects in other provinces, in particular Western Canada. However, in the latter part of 2008 the deepening economic slowdown and drop in commodity prices raised concerns about the outlook for construction activity in 2009 at the national level and across the provinces. Consequently, both levels of government recently announced stimulative measures which should enhance the level of construction activity this year.

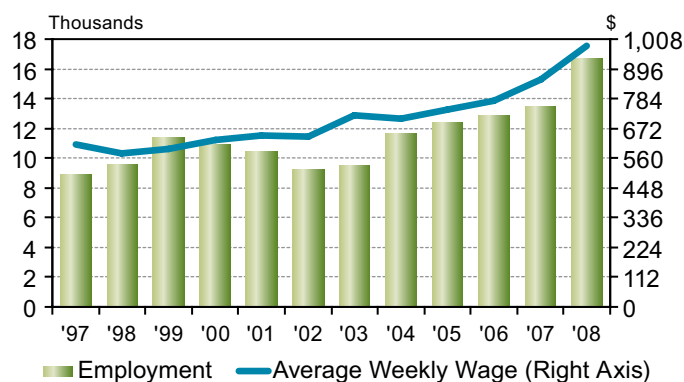
Construction Investment



i: intentions

Source: Statistics Canada

Construction Employment and Wages



Source: Statistics Canada; Department of Finance



Bridge construction

Dept. of Transportation and Works



Trudy Finlay

On February 18, 2009, the Government of Newfoundland and Labrador announced that it will increase infrastructure spending to approximately \$800 million in the 2009-10 fiscal year, representing an increase of over 50% compared to the previous fiscal year. The infrastructure spending will include expenditures in the following sectors: transportation, education, health care, municipal infrastructure, public housing and justice. The infrastructure spending will bolster the impact of several major projects expected to provide economic stimulus, cushioning the province from the global economic downturn.

Outlook 2009

Construction investment is expected to increase by 15.1% to \$3.6 billion. Growth is expected in both public and private sector construction spending.

Non-residential construction spending is expected to rise by 25.2% to \$2.2 billion.

Construction activity is expected to be positively impacted by major project investment, in particular, initial construction on the nickel processing facility at Long Harbour and ongoing work on the White Rose expansion. Furthermore, the province's recent announcement of \$800 million in infrastructure spending for 2009-10 should bolster public sector construction activity.

Housing starts are expected to decline to 2,648. Despite the decrease, this level will still be relatively high when considered in historical terms.

Over \$19 billion in project spending is planned or underway in the province according to the inventory of *Major Capital Projects* on page 56.

Housing market conditions were robust in 2008. Housing starts increased to a level not seen since the early 1990s. Residential sales activity and prices reached record levels. Other capacity indicators like rental vacancy rates are at, or remain near, historical lows. Increased housing demand stemmed from strong economic performance, low interest rates, optimism about future major projects, and household formation.

Housing Starts

During 2008, housing starts totalled 3,261 units, up 23.1% compared to 2007. This was in contrast to activity in the Maritimes and Canada, where starts declined by 7.9% and 7.6%, respectively.

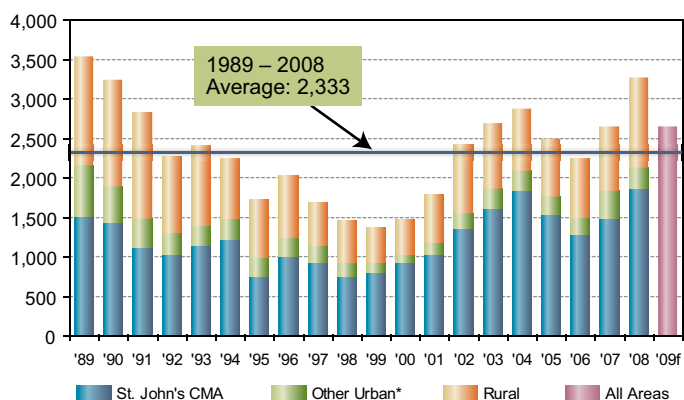
While urban areas account for approximately two-thirds of housing starts in the province, both urban and rural areas recorded significant gains in 2008. Urban housing starts were up 22.1% to 2,229 units and rural starts were up 25.2% to 1,032 units. Total housing starts are expected to fall to 2,648 units in 2009 as the



Condominium, Topsail

Dept. of Finance

Housing Starts

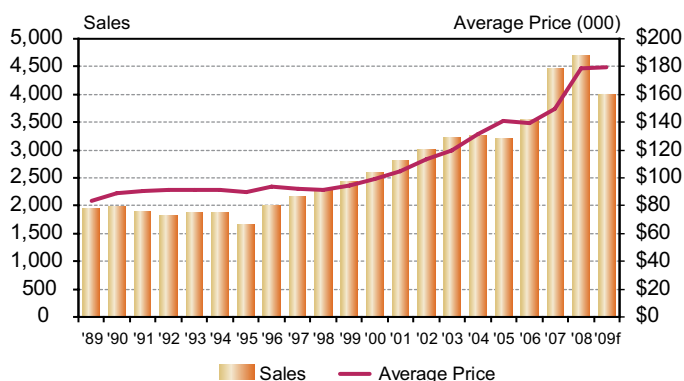


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* Includes Census Agglomerations: Carbonear (to 1991), Bay Roberts, Corner Brook, Gander (to 2007), Grand Falls-Windsor, Labrador City (to 2007)

Source: Canada Mortgage and Housing Corporation; Department of Finance

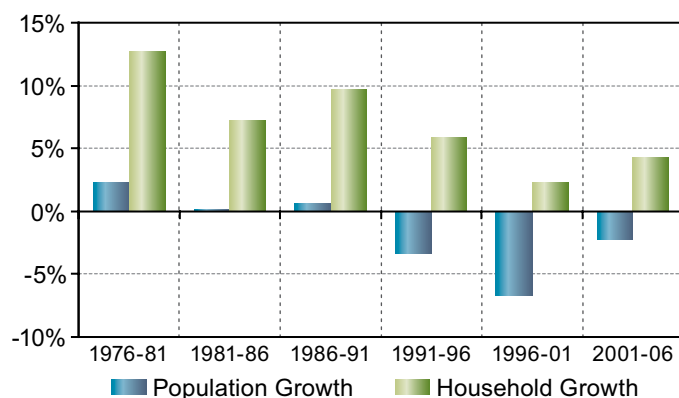
MLS® Sales and Average Price



f: forecast

Source: Canadian Real Estate Association

Population and Household Growth



Source: Demography Division and Census, Statistics Canada

global recession and slumping housing market in the rest of Canada weakens local consumer confidence. Since 1989, housing starts have averaged 2,333 units per year. Therefore, even with the decline expected this year, housing starts will be at relatively high levels for the local industry.

Residential Sales and Prices

Residential sales activity and prices increased to record levels last year. The number of residential properties sold in the province through the Canadian Real Estate Association's (CREA) Multiple Listing Service® (MLS®) during 2008 was 4,695, an increase of 5.0% from 4,471 in 2007². This performance was in contrast to the national residential market. MLS® sales decreased by 17.1% in Canada and 8.9% in the Maritime provinces during 2008. According to CREA, the number of MLS® sales in the province is expected to decline by 14.8% in 2009 to 4,000.

Strong demand for housing, especially during the summer months, created a buying frenzy in 2008. The average number of active MLS® listings in the province (a measure of housing availability/supply) declined by 38.3% to 1,495 from 2,423 in 2007. Homes were being purchased as soon as they hit the market and sellers were receiving multiple offers — sometimes well above the asking price. As a result of increased demand, housing prices increased. During 2008, the average MLS® residential price was \$178,477, an increase of 19.6% compared to 2007. The fourth quarter average MLS® residential price surged 27.2% over the fourth quarter in 2007, representing the only growth market in Canada.

Increased housing demand in recent years is the result of employment and income growth; household formation; low mortgage rates; and a positive business

² Approximately 80% of MLS® sales are located on the Avalon Peninsula. As well, MLS® sales do not include exclusive or private sales.

environment, facilitated in part by continued optimism surrounding a number of future major projects. In addition to these factors, industry indicated that demand for residential units was also being fuelled by expatriates living in other provinces and from residents who commute to other provinces for work purchasing property for personal use and/or investment purposes.

Rental Market

Rental vacancy rates are at or near historical lows throughout Newfoundland and Labrador. Vacancy rates in urban areas have decreased from a high of 15.4% in 1997 to just 1.1% in 2008. During 2008, vacancy rates were lowest in the St. John's CMA (0.8%) and Corner Brook CA (0.9%), followed by Grand Falls-Windsor CA (1.9%), Gander (2.6%), and Bay Roberts CA (4.0%). Although vacancy rates are low, rental prices remain the lowest in Atlantic Canada. In 2008, the average rent for a 2-bedroom apartment in Newfoundland and Labrador was \$596 compared to \$635 in New Brunswick, \$660 in Prince Edward Island, and \$795 in Nova Scotia. It is expected that improved labour markets, positive net-migration, higher housing prices, and a lack of new rental construction will keep vacancy rates low and place upward pressure on rental prices.

Household Formation

The positive rate of household growth has been a factor contributing to housing demand over the past number of years. Declining births and an aging population have caused the average household size to decrease. As a result, the number of households in Newfoundland and Labrador is growing at a much faster rate than the population. For example, since 1991 the population of the province has decreased by 12.0% but the number of households has increased by 13.0%. The impact of this has contributed to the tightening of both the rental and resale markets as well as the robust pace of construction in the new home market.

Outlook 2009

Housing starts are expected to decline in 2009 but the level of activity is expected to remain relatively high.

Residential sales are expected to slow, following record sales in 2008.

Interest rates are expected to remain relatively low.

Household formation is expected to remain positive.

Vacancy rates are expected to remain near historical lows.

Tourism



Bonavista

Dept. of Tourism, Culture and Recreation

Global and National Tourism

Global international tourist arrivals posted strong growth during the first half of 2008 before turning negative in the last half of the year. Overall, international tourist arrivals increased 2% to 924 million in 2008, according to the World Tourism Organization. This compares to a 6% rise in 2007. Growth slowed during the year due to an overall slowdown in the global economy.

Tourism activity at the national level was mixed in 2008. International inbound travel to Canada (i.e., same day and overnight trips) declined 9.9% relative to 2007. This decrease was due mainly to a 12.0% decline in visitors from the United States while visitors from all other countries increased 1.8%. The drop in visitors from the U.S. likely reflects worsening economic conditions in the U.S. While visitation statistics are not available for domestic tourism activity, domestic spending on tourism increased 10.9% in the first three quarters of 2008 relative to the same period of 2007.

Provincial Tourism

There are two components of provincial tourism—residents who travel within the province and non-residents who visit the province. The value of resident tourism expenditures was \$432.3 million in 2007 (most recent data available) and the value of non-resident expenditures totalled about \$357.4 million. The resident market is a substantial component of the province's tourism sector—this segment represented 55% of total tourism spending in 2007. The export dollars of non-resident visitors are important in generating economic wealth in Newfoundland and Labrador and stimulating business growth and employment in every region.

Non-resident tourism activity has trended upwards over the past decade—rising by an average of 2.3% per year. However, last year there was a 2.0% decline in non-resident tourism visitation (see chart). The decline reflected a drop in visitors arriving by automobile and cruise ship, which more than offset gains in visitors arriving by airplane. Despite the decline in the number of visitors, those that did visit spent more money and as a result non-resident spending increased 3.3% in 2008 to \$369 million.

Air Travel

Tourists travelling to Newfoundland and Labrador are much more likely to fly than to drive—for every person arriving by automobile there are about three people arriving by airplane. The number of non-resident tourists travelling by airplane increased 3.7% in 2008 to total approximately 346,200. This is due in part to a 7.7% increase in air access (total number of available seats) during the peak travel season of 2008.

Spending by non-resident air visitors also recorded an increase—up 6.7% relative to 2007.

Total air passenger movements (i.e., all resident and non-resident passengers boarding and deplaning commercial aircraft at the province's seven major airports) rose 5% in 2008. Increases were recorded at most provincial airports.

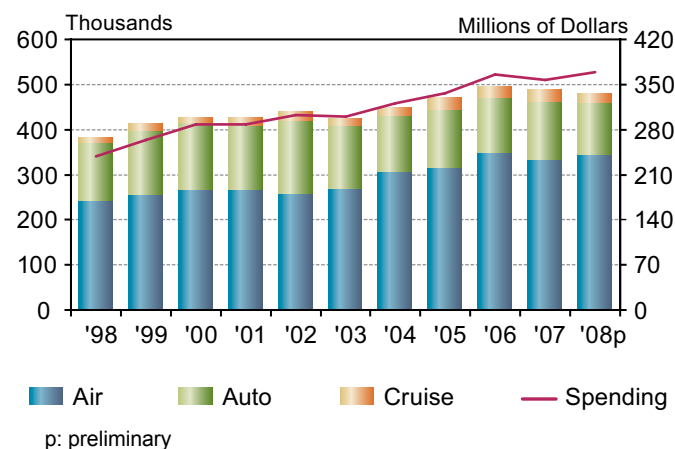
Automobile Travel

Non-resident automobile visitation declined significantly in 2008. The most likely contributing factors to this decline were high gas prices and increased costs associated with travelling on Marine Atlantic's ferry service during the peak travel season. The number of non-resident automobile visitors totalled about 114,100, marking a 10.5% decline over 2007. This decrease was driven by a reduction in visitors from the province's primary target markets—down 15% from Ontario and 7% from the Maritimes. Non-resident automobile visitors spent \$70.6 million in 2008, representing an 8.0% decline over the previous year.

New Marine Atlantic Ferry

A new ferry, the *MV Atlantic Vision*, was delivered to Marine Atlantic in December 2008 and is slated to go into service on April 1, 2009. This ferry will add capacity on the Port aux Basques to North Sydney route in 2009. The *MV Atlantic Vision* can carry up to 531 cars (50% more than the *MV Caribou* or the *MV Joseph and Clara Smallwood*) and will offer 194 cabins (compared to 50 cabins on each of the other two vessels).

Non-Resident Tourists and Spending By Mode of Transportation



Source: Department of Tourism, Culture and Recreation



MV Atlantic Vision

Marine Atlantic



Hawthorne Cottage, home of Captain Bob Bartlett, Brigus

Newfoundland and Labrador Tourism/Parks Canada

The vessel is 203 metres in length and can travel at speeds up to 27 knots. In comparison, the *MV Caribou* is 179 metres long and can reach speeds of 20 knots. On a per vehicle basis, the new vessel will be 34% more fuel efficient than the existing carriers.

Cruise Travel

The province is gaining popularity as a destination for cruise ships as evidenced by increased volumes of cruise traffic over the past decade. The number of cruise ship port calls totalled 152 during the 2008 cruise season compared to 102 in 2007. While the number of port calls increased, the number of unique cruise visitors³ decreased by 31.0% to 19,800 during the 2008 cruise season. This decrease was mainly due to a lower load factor (the passenger capacity utilization rate). The load factor was about 90% in 2008, down from 95% during the 2007 cruise season. Spending by non-resident cruise visitors dropped 27.3% to \$1.6 million.

Convention Travel

The number of major meeting and convention delegates (those booking 50 or more guest rooms per night) in the St. John's Census Metropolitan Area increased significantly in 2008 to total 36,400, marking a record high. This represents an increase of about 16,000 delegates (or 80.0%) over 2007. While the number of delegates increased, the number of meetings and conventions decreased from 100 last year to 78 in 2008, reflecting a rise in the number of relatively large conventions.

³ Unique non-resident cruise visits is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. Cruise ship passenger visits is the industry standard and is a count of the number of passengers visiting each port of call. Passengers are counted at each port call made by the cruise ship. In 2008, cruise ship passenger visits reached 32,300, a decrease of 12% over 2007 levels.

Tourist Interest and Industry Development

Tourism inquiries to the Department of Tourism, Culture and Recreation and website visits continued to be robust in 2008. Interest as measured by inquiries (by e-mail, telephone and other) and website visits rose 13% in 2008.

The province's tourism marketing has been recognized once again—this time on an international level—with three awards announced at the Adrian Awards, in New York City on January 26, 2009, sponsored by Hospitality Sales and Marketing Association International. Also, one of the United Kingdom's leading travel magazines, *Wanderlust*, has placed Newfoundland and Labrador at the top of their list of 100 Greatest Travel Secrets.

The Life and Voyages of Captain Bob Bartlett

In 2009, Newfoundland and Labrador will host *Celebrating Bartlett 2009*, which marks the 100th anniversary of the historic voyage to the North Pole of Captain Bob Bartlett of Brigus. As part of the celebrations, the Artic schooner *Bowdoin* will be touring the province during the summer of 2009. The *Bowdoin* is an expeditionary schooner from Bartlett's era with a history of Arctic exploration. In each port there will be opportunities to tour the schooner, musical entertainment, and a travelling exhibition, along with many other activities. Other events planned for the remainder of the year include: Historical Society Symposium during May 21 to 23 in both St. John's and Brigus, Marine Institute simulation of the voyage during July to August in St. John's, and a host of activities held in Brigus all summer long.

The province is striving to further develop the tourism sector. *Uncommon Potential - A Vision for Newfoundland and Labrador Tourism*, a new, long-term vision for the future development of tourism in Newfoundland and Labrador, was launched by the Provincial Government and Hospitality Newfoundland and Labrador on February 6, 2009. This vision will enable government and industry to work together to develop and implement tourism strategies.

Outlook 2009

The Conference Board of Canada's Canadian Tourism Research Institute expects total overnight visits to the province to increase approximately 2% in 2009.

Bookings for meetings and conventions are ahead of the record pace set this time last year.

There are 140 port calls tentatively booked for the 2009 cruise season, down somewhat from this time last year, however, Cruise Newfoundland and Labrador is expecting more bookings.

The province will be celebrating the Life and Voyages of Captain Bob Bartlett of Brigus, a world-renowned Arctic explorer.

Upcoming Events in 2010

Newfoundland and Labrador will be celebrating the 400th anniversary of the founding of Cupers Cove Colony (Cupids), the first English colony in Canada.

The 2010 Juno Awards will be held in St. John's April 15-18, 2010.

Special Feature—Service Sector



Dept. of Education

Discussions of economic performance tend to focus primarily on the goods sector. This is because output of the goods sector is tangible and more easily measured. Despite the lack of performance data for many service industries, the service sector comprises a large share of the provincial economy and is very important to total economic output and employment.

Evolution of the Service Sector

When market economies begin to develop, they tend to be dominated by primary industries such as forestry, fishing and mining. Over time, the manufacturing sector develops. As an economy matures, the service producing sector grows and eventually dominates. The United States evolved into a “service economy” in the late 1950s when more than half of the employed population was no longer involved in the production of tangible goods. In 1961, Canada’s service producing sector accounted for 54% of total employment and 55% of Gross Domestic Product (GDP)—today the comparable service shares are 76% of employment and 67% of GDP.

Newfoundland and Labrador’s economic development has followed a similar trend. In 1976, the service sector accounted for 68% of provincial employment and 60% of provincial GDP—by 1997 the comparable service sector shares were 77% of employment and 74% of GDP. However, over the past decade, the service sector’s share of GDP has declined in conjunction with rapid growth in the oil and gas industry. Currently the service sector accounts for approximately 78% of provincial employment and 41% of the province’s GDP.

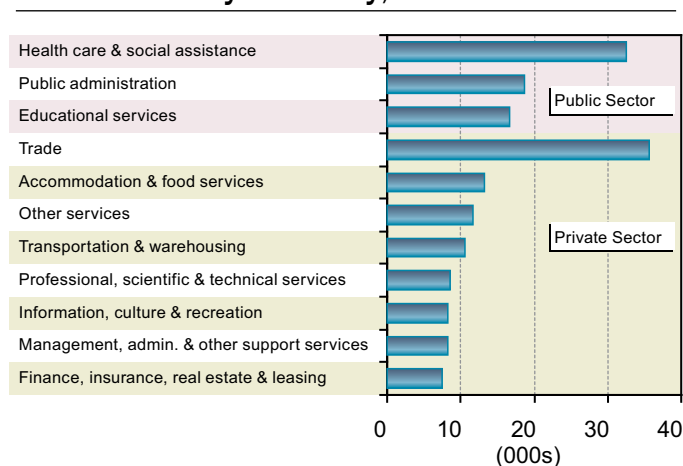
In line with its employment contribution, the service sector accounts for approximately 76% of total wages and salaries in the province. In absolute terms, the service sector provided \$10.9 billion of GDP in 2007, and in 2008 over 170,000 person years of employment and \$5.9 billion of wages and salaries.

The public sector accounts for a significant portion of the overall service sector. The chart outlines service sector employment by industry for 2008, grouped by public and private sector industries. For purposes of analysis, the health care and social assistance, educational services and public administration industries together are used as a proxy for the public sector. It should be noted that some of the activity within these industries is private (e.g., private schools, dentists' offices), however, this is a relatively small portion. Conversely, there may be public sector activity in some other industries but again it is assumed to be only a small portion.

Within the private sector, the trade industry employs the greatest number of people, followed by the accommodation and food service industry. While these industries employ a large number of people, they generally offer relatively low wages. About 50% of employees in the trade industry and over 70% of employees in the accommodation and food services industry earn less than \$10 per hour.

The following pages contain statistics on the service sector industries and a brief discussion of some of the factors which impact activity and growth in these industries.

Service Sector Employment by Industry, 2008



Source: Statistics Canada



Dept. of Finance

Public Sector

	Level	Percent Change
Health Care and Social Assistance		
GDP (Millions) - 2007	\$1,558	5.4%
Employment - 2008	32,500	3.2%
Average Hourly Wage Rate - 2008	\$19.42	5.0%
Educational Services		
GDP (Millions) - 2007	\$1,083	4.7%
Employment - 2008	16,600	-2.9%
Average Hourly Wage Rate - 2008	\$26.56	9.4%
Public Administration		
GDP (Millions) - 2007	\$1,508	5.3%
Employment - 2008	18,600	12.7%
Average Hourly Wage Rate - 2008	\$23.92	6.6%

Trade

	Level	Percent Change
GDP (Millions) -2007	\$1,658	7.3%
Employment - 2008	35,600	-3.3%
Average Hourly Wage Rate - 2008	\$13.13	7.3%

Public Sector

Growth in public sector industries is dependent on a number of factors, including changes in the demographic structure and geographic distribution of the population of the province. For example, a decline in the number of school age children would likely result in less demand for educational services. On the other hand, an increase in the number of seniors would likely result in an increase in demand for seniors' housing and health services. Other factors which impact activity in the public sector are the fiscal capacity of the province and priorities of current governments (e.g., environment). Employment, particularly in public administration, has increased in the last couple of years.

Trade

The trade industry is made up of both wholesale and retail trade, however, more people are employed in the retail sector. Retail employment accounted for 87.6% of total trade employment in 2008. The wholesale industry is dependent on the performance of the retail industry. If the retail sector is performing well, it is likely that the wholesale sector is also doing well. The trade industry is impacted by overall employment and income growth in the general economy and is a good indicator of domestic economic performance. Generally, when the economy as a whole is expanding, trade also grows. The trade industry was buoyed last year by solid economic performance and high levels of consumer confidence. Retail sales increased 7.7% in 2008 compared to 2007. Despite growth in this industry, employment has declined over the last few years. This is likely the result of increased urbanization and the subsequent closure of small rural retail stores.

Transportation and Warehousing

The transportation and warehousing industry encompasses trucking, air transportation, marine freight and passenger carriers, taxis, couriers, warehousing services as well as services incidental to transportation such as air traffic control. This industry is key to the smooth operation of the economy. Portions of the transportation industry are dependent on the performance of the trade industry. If more goods are being bought and sold, more shipping, trucking and warehousing is required. Trucking is also dependent on the performance of some goods producing industries, such as fish processing. The shipping and storage aspects of the transportation industry have benefitted from the emergence of the oil industry over the past decade as oil shuttle tankers, supply vessels and the province's transshipment facility all fall within this industrial category. Some portions of the industry, such as air transportation, ferries, taxis and sightseeing tours are dependent on tourism activity. The transportation industry has benefitted from significant infrastructure investment over the past number of years.

Finance, Insurance, Real Estate and Leasing

The finance, insurance, real estate and leasing industry includes establishments, such as banks, credit unions, insurance companies, real estate companies and car rental companies. This industry provides the financial and brokerage services that keep the economy moving. The strength of the housing market in the last couple of years has positively impacted this industry as individuals buying and selling homes availed of real estate and banking services. As well, general business growth, with the associated requirement of banking services, and the strong growth in consumer spending have positively affected this industry.



Westjet

Westjet Airlines

Transportation and Warehousing

	Level	Percent Change
GDP (Millions) -2007	\$608	6.0%
Employment - 2008	10,600	3.9%
Average Hourly Wage Rate - 2008	\$19.06	4.6%

Finance, Insurance, Real Estate and Leasing

	Level	Percent Change
GDP (Millions) -2007	\$2,372	6.5%
Employment - 2008	7,500	2.7%
Average Hourly Wage Rate - 2008	\$19.59	5.4%

Professional, Scientific and Technical Services

	Level	Percent Change
GDP (Millions) -2007	\$463	-2.1%
Employment - 2008	8,500	3.7%
Average Hourly Wage Rate - 2008	\$23.04	10.4%

Professional, Scientific and Technical Services

The professional, scientific and technical services industry is comprised of a number of services where knowledge and skill are the major inputs. Individuals working in this industry include lawyers, architects, engineers, interior designers, advertisers, photographers and veterinarians. Generally, activity in this industry is tied to overall economic activity in the province. Some elements of this industry, particularly engineering and related services, are highly impacted by activity in the oil and mining industries. The professional, scientific and technical services industry has recorded significant growth over the past several years. Employment in this industry is at a record high and is about 40% higher than it was just 10 years ago.

Management, Administrative and Other Support Services

	Level	Percent Change
GDP (Millions) -2007	\$242	11.9%
Employment - 2008	8,200	-4.7%
Average Hourly Wage Rate - 2008	\$13.11	7.3%

Management, Administrative and Other Support Services

The management, administrative and other support services industry covers services such as call centres, travel agencies, temporary help agencies, janitorial companies, waste collection companies and security services. This industry has recorded substantial growth over the past decade primarily due to the establishment and growth of call centres in the province. The call centre portion of this industry can be impacted by economic conditions elsewhere in the world as the services provided by call centres are often exported.

Information, Culture and Recreation

	Level	Percent Change
GDP (Millions) -2007	\$615	6.3%
Employment - 2008	8,300	0.0%
Average Hourly Wage Rate - 2008	\$19.35	8.8%

Information, Culture and Recreation

The information, culture and recreation industry is comprised of services including radio and television broadcasters, cable and satellite telecommunications providers, newspaper publishers, general publishing companies, dance companies, sports stadiums and museums. Tourism activity also impacts some aspects of this industry, particularly the culture and recreation components.

Accommodation and Food Services

The accommodation and food services industry is comprised of hotels, motels, campgrounds, restaurants and bars. A large portion of activity in this sector is tied to tourism activity. In fact, it is estimated that almost 80% of the employment in the accommodations industry is driven by tourism demand. As well, general growth in employment and incomes in the province impact activity in this industry. Despite a decline in employment in this industry this year, employment has been trending upward over time.

Summary and Outlook

2009 will likely be a challenging year for many industries in the service sector. Performance of the service sector is intrinsically tied to employment and income growth in the overall economy. While incomes are expected to increase this year because of wage gains in the public sector and increases in the minimum wage, employment is expected to contract as impacts from the global economic slowdown work their way through the provincial economy. Nevertheless, in the medium term, expansion of the service sector is expected to continue in conjunction with overall growth in the economy. Gains in disposable income and employment over the next several years should result in increased demand for consumer related services such as wholesale and retail trade, food service and transportation. High levels of capital investment, driven primarily by resource developments in the mining and oil industries, is expected to have significant positive impacts on demand for services. For example, for every \$1 million spent on capital investment in the oil industry in the province, it is estimated that \$230,000 of GDP and 3.5 person years of employment is created in the service sector.

Source for data tables: Statistics Canada; Department of Finance

Accommodation and Food Services

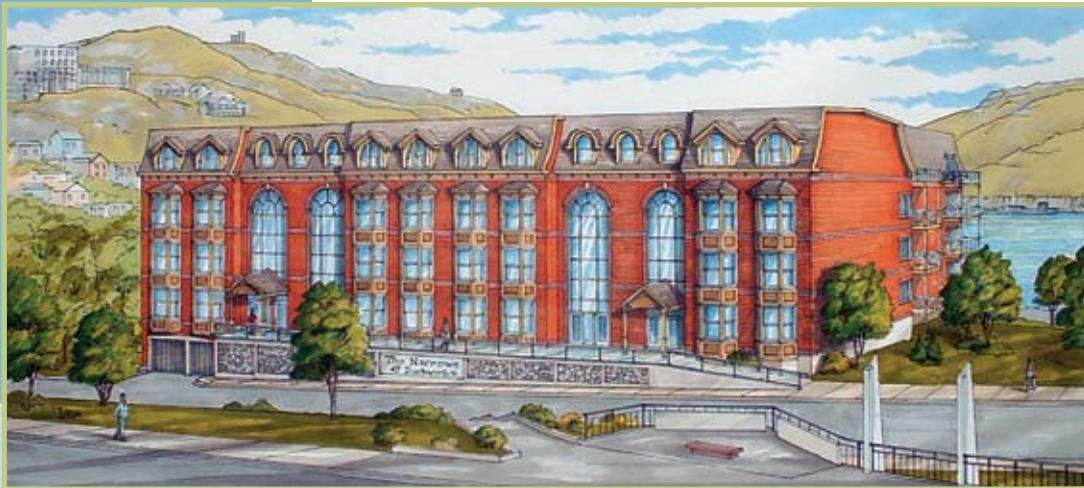
	Level	Percent Change
GDP (Millions) -2007	\$367	8.5%
Employment - 2008	13,200	-10.8%
Average Hourly Wage Rate - 2008	\$10.66	11.3%



Duckworth Street, St. John's

Dept. of Tourism, Culture and Recreation

Major Capital Projects



Artist's Rendition—The Narrows (Condominium development), St. John's
BAE-Newplan Group Limited/D. Hoddinott

Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at \$1 million or more. The list includes both public⁴ and private projects that are either continuing or beginning in the current year. In some cases, the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and March 2009.

According to this year's inventory, over \$19 billion in major capital spending is planned or underway in the province. The *Mining, Oil and Gas* category tops the list at over \$12 billion (see the table). The Hebron oil project is the single largest item in the category with a total estimated cost ranging between \$7 to \$11 billion over the life of the project. Second to this is the

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

White Rose expansion at \$3.5 billion. *Industrial/Manufacturing* is the second largest expenditure category in the listing—the estimated US\$2.177 billion nickel processing facility at Long Harbour is the major activity behind expenditures in this category. Public sector spending is also significant in the listing as evidenced by figures in categories such as *Municipal Infrastructure, Transportation, HealthCare/Personal Care* and *Education* categories in the table.

This major project listing is available on the Economic Research and Analysis Division's website (www.economics.gov.nl.ca) in a searchable database. The online database includes search capabilities by Industry, Community and Economic Zone. As well, there is a feature which allows readers to help us identify projects for future lists.



Artist's Rendition—Seniors' Residential Complex, Tiffany Lane, St. John's

Chartwell Reit

Major Projects (\$ Millions)	
Mining and Oil & Gas	12,660.0
Industrial/Manufacturing	2,795.2
Municipal Infrastructure	1,165.0
Residential	1,062.6
Transportation	672.5
Health Care/Personal Care	285.1
Education	235.2
Utilities	183.2
Other Investment	160.5
Tourism/Culture/Recreation	152.1
Environmental	129.2
Agriculture/Fishery/Forestry	63.3
Total	19,563.9

Note: Readers should note that a cost estimate was not available for a number of Health Care/Personal Care projects. As a result, actual capital spending planned for this category is much higher than the figure displayed in the table above.

Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above.

*Projects containing public funding have start and end dates denoted on a fiscal year basis (e.g., start/end denoted as 2008 refers to the project starting and ending in fiscal year 2008-09; start/end denoted as 2008/2009 refers to the project starting in fiscal year 2008-09 and ending in fiscal year 2009-10). All other years are reported on a calendar year basis.

TBD: To be determined

Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Aquaculture Investment	5.0	2009/2009	13, 9	Northern Harvest Sea Farms - expenditures in support of salmon farming operations and a hatchery. Approximately \$2.0 million of the expenditures in 2009 are for the hatchery project which will span several years and cost upwards of \$8.0 million. (Connaigre Peninsula, West Coast of Newfoundland)
Aquatic Veterinary Diagnostic Facility*	7.1	2007/2010	13	Construction of a facility to enable diagnostic testing of farmed fish. Provincial funds. (St. Alban's)
Cod Demonstration Farm*	8.5	2008/2011	13	Collaboration of private (Cooke Aquaculture) and public sector (federal/provincial) funds to commercialize cod aquaculture. (Connaigre Peninsula)
Cranberry Industry Investment	1.2	2007/2010	Various	Newfoundland and Labrador Federation of Agriculture - the development of additional cranberry production acreage at various sites. Includes funding from ACOA and the provincial government. (Various)
Forest and Agriculture Access Roads*	6.4	2009/2009	Various	Construction of access roads on Crown land. Provincial and federal funds. (Various)
Four-Site Salmon Aquaculture Operation	16.0	2009/2013	13	Gray Aqua Group Ltd. - establishment of a four-site salmon aquaculture operation. The province will provide a loan guarantee of \$6.8 million under the Aquaculture Working Capital Loan Guarantee Initiative and an equity investment of \$1 million under the Aquaculture Capital Equity Investment Program. Partial funding from ACOA. (Bay d'Espoir)
Harbour Development*	18.0	2009/2009	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of fishing harbour repairs, maintenance and development. Federal funds. (Various)
Mussel Farm Expansion	1.1	2008/2010	11	Badger Bay Mussel Farms Ltd. - expansion of an existing mussel farm. \$500,000 in ACOA funding. (Triton)
Commercial				
Bank	3.0	2009/2009	19	Bank of Montreal - construction of a new BMO Bank of Montreal branch at the corner of Topsail Road and St. Anne's Road. This location will be a 5,200 square foot full-service banking centre that will include a drive through banking machine. (Paradise)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Commercial Building	1.1	2009/2009	19	Roley Construction Ltd. - construction of a 6,000-7,000 sq. ft. mixed development building located on the corner of Major's Path and Torbay Road. (St. John's)
Waterfront Property Renovation	3.3	2007/2009	8	Corner Brook Port Corporation - renovation of the R.A. Pollett Building located on 61 Riverside Drive. The building will include high-end office space, including the new head office of the Corner Brook Port Corporation, and space for a possible waterfront restaurant. (Corner Brook)

Education

Academic Building Renovations and Extension*	10.1	2009/2011	8	Renovations and extension to academic buildings at Sir Wilfred Grenfell College. Provincial funds. (Corner Brook)
Atlantic Computational Excellence Network (ACEnet)	6.5	2005/2010	19	Memorial University of Newfoundland (ACEnet) - ten university partnership to build research computing infrastructure in Atlantic Canada, led by Memorial University. The \$6.5 million figure reflects the cost of purchasing computing infrastructure within Newfoundland and Labrador. The entire ACEnet project is budgeted at \$30 million including salaries and other expenses. Funded by the Canadian Foundation for Innovation and various other sources. ACEnet is also part of a national initiative to build a pan-Canadian high performance platform. (St. John's)
Campus Maintenance/Renovation*	9.4	2009/2009	8, 19	Annual maintenance and renovation of various Memorial University of Newfoundland buildings. Provincial funds. (Corner Brook, St. John's)
College Building*	18.1	2007/2010	2	Construction of a new College of the North Atlantic building. Provincial funds. (Labrador City)
New Marine Base	2.1	2009/2009	19	Marine Institute of Memorial University of Newfoundland - construction of a world class marine base. This project will result in the revitalization of a piece of community infrastructure, the former Seaxx fish processing facility. \$1.8 million contribution from ACOA. (Holyrood)
Residences*	67.5	2008/2013	8, 19	Construction of new student residences at Sir Wilfred Grenfell College and Memorial University of Newfoundland, St. John's Campus. Projected maximum expenditures of \$9.4 million for the 2009/10 fiscal year. Provincial funding of \$62.5 million. (Corner Brook, St. John's)
School Construction and Renovations*	121.5	2009/2009	Various	Various activities including new school construction, renovations, extensions, and major maintenance projects. Provincial funds. (Various)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Environmental				
Environmental Remediation*	106.0	1996/2009	18	Public Works and Government Services Canada - environmental remediation of the former U.S. Naval Base. Planned expenditure for the 2009/10 year is \$2 million, which is associated with soil remediation, site monitoring, close-out reporting and other miscellaneous projects. Federal funds. (Argentia)
Environmental Remediation*	2.3	2008/2009	9	Environmental remediation work at the Stephenville Airport. Federal funds. (Stephenville)
Environmental Remediation/Demolition*	10.8	2009/2013	Various	Environmental remediation and/or demolition of vacant public buildings. Projected expenditures of \$1.5 million for 2009/10 fiscal year. Provincial funds. (Various)
Environmental Remediation/Demolition*	10.1	2007/2009	11	Work to address priority safety issues and further environmental assessments at the Baie Verte and Rambler Mine sites. Provincial funds. (Baie Verte)
Health Care/Personal Care				
Cancer Centre Expansion*	2.4	2009/2010	19	Expansion of the Dr. H. Bliss Murphy Cancer Centre for additional clinic and office space. Provincial funds. (St. John's)
Centre for Clinical Research*	5.0	2007/2010	19	Construction of two additional floors on the Janeway Hostel to allow for advanced clinical research and training. Provincial contribution of \$3.2 million. (St. John's)
Daffodil Place	7.0	2008/2009	19	Canadian Cancer Society - the new building will have 24 private suites for people who live in other regions of the province but must travel to St. John's for cancer treatment. (St. John's)
Diagnostic Imaging Space*	12.0	2009/2012	19	Construction of space to accommodate a new Positron Emission Tomography (PET) Scanner. Provincial funds. (St. John's)
Emergency and Ambulatory Care Redevelopment*	4.0	2008/2010	17	Redevelopment of the Emergency and Ambulatory Care service areas of Carbonear General Hospital. Provincial funds. (Carbonear)
Emergency Department Redevelopment*	2.4	2009/2010	19	Redevelopment of the Emergency Department at St. Clare's Hospital. Provincial funds. (St. John's)
Faculty of Medicine Expansion*	15.0	2009/2012	19	Expansion to the existing Faculty of Medicine at Memorial University of Newfoundland to accommodate an increase from 60 to 80 students and enhancement to programs. Provincial funds. (St. John's)
Health Care Facilities*	90.0	2009/2009	Various	Expenditures for renovations and upgrades to existing health facilities. Includes \$50 million for equipment purchases. Provincial funds. (Various)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Health Centre*	TBD	2007/2012	6	Construction of a new health centre to replace the existing Strait of Belle Isle Health Centre. Provincial funds. (Flower's Cove)
Hospital Redevelopment*	15.7	2006/2011	14	Redevelopment of space in the old wing at James Paton Memorial Hospital. Provincial funds. (Gander)
Hospital Redevelopment*	TBD	2009/2013	12	Renovations and redevelopment of the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Hospital*	TBD	2008/2016	8	Construction of a new regional hospital. Provincial funds. (Corner Brook)
Labrador West Health Centre*	TBD	2007/2012	2	Construction of a new Labrador West Health Centre to replace the existing Captain William Jackman Memorial Hospital. Also includes space for community based health services. Provincial funds. (Labrador West)
Long-term Care Home*	TBD	2006/2012	14	Construction of new spaces for 63 residents and redevelopment of the existing long-term care home. Provincial funds. (Lewisporte)
Long-Term Care Home*	TBD	2008/2014	19	Construction of a new long-term care home to replace the existing Hoyles Escasoni Complex. Provincial funds. (St. John's)
Long-Term Care Home*	20.0	2007/2009	3	Construction of a 50 bed long-term care home. Building design contains flexibility to expand to 72 beds. Provincial funds. (Happy Valley-Goose Bay)
Long-Term Care Home*	TBD	2009/2014	17	Construction of a new long-term care home. Provincial funds. (Carbonear)
Long-Term Care Home and Protective Care Residences*	68.5	2005/2009	8	New long-term care home with 236 beds including a 16 bed protective care unit, 4 protective care residences with 10 beds each to accommodate residents with mild and moderate dementia, as well as teaching and research space for Sir Wilfred Grenfell College. Provincial funds. (Corner Brook)
Parking Garage*	12.0	2009/2010	19	Construction of a new parking garage at the Health Sciences Complex. Provincial funds. (St. John's)
Personal and Community Care Homes*	4.0	2005/2009	Various	Installation of sprinkler systems in personal and community care homes. Provincial funds. (Various)
Redevelopment of Hospitals*	TBD	2008/2016	19	Renovations and redevelopment of hospitals in St. John's. Provincial funds. (St. John's)
Research Centre*	17.1	2009/2011	19	Construction of an interdisciplinary research centre in human genetics at Memorial University of Newfoundland. Provincial contribution with \$12.5 million from other sources. (St. John's)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Treatment Centre for Children and Youth with Complex Needs*	5.0	2009/2011	TBD	Construction of a new residential treatment centre for children and youth with complex needs. Provincial funds. (TBD)
Treatment Centre for Youth Addictions*	5.0	2009/2011	TBD	Construction of a new residential treatment centre for youth addictions. Provincial funds. (TBD)
Industrial/Manufacturing				
Capital Expenditures	1.8	2007/2012	16	High Liner Foods Incorporated - \$1.8 million in capital expenditures at the Burin facility over the span of five years. (Burin)
Expansion of Aquaculture Service	1.0	2008/2009	13	Newfoundland Aqua Service Ltd. - expand aquaculture service. \$500,000 in ACOA funding. (St. Alban's)
Facility Expansion	2.5	2008/2009	16	Dynamic Air Shelters Ltd. - the manufacturer and exporter of specialized equipment for the oil and gas industry will expand its existing facility, build a quality control facility and purchase new equipment. (Grand Bank)
Improvement of Fish Processing Facilities	8.0	2008/2009	Various	Ocean Choice International Inc. - expenses for capital improvements at the plants acquired from FPI. (Various)
Metal Fabrication Facility	1.0	2008/2009	8	A.H.M. Fabricators Limited - establishment of a metal fabrication facility. Federal/provincial contribution of \$800,000. (Corner Brook)
Nickel Processing Facility	2,177.0 (US\$)	2009/2013	18	Vale Inco Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. (Long Harbour)
Paper Mill Expenditures	7.5	2009/2009	8	Corner Brook Pulp and Paper Limited - various infrastructure improvements including power related projects and the construction of forest access roads. (Corner Brook)
Refinery Upgrades	50.0	2009/2009	15	North Atlantic Refining Ltd. - ongoing productivity, environmental and safety improvements. (Come By Chance)
Water Bottling Plant	2.0	2009/2009	19	Karwood Estates Inc. - construction of a water bottling plant. (Paradise)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Mining and Oil & Gas				
Hebron Oil Development	7,000.0 - 11,000.0	2008/2042	NA	ExxonMobil and partners - development of the Hebron oil field. The Hebron project, located approximately 350 kilometres offshore, is a joint venture among ExxonMobil Canada, Chevron Canada, Petro-Canada, StatoilHydro Canada and Nalcor Energy, Newfoundland and Labrador's energy corporation. The field is estimated to contain 581 million barrels of recoverable reserves. Construction of the Gravity Based Structure is expected to start in 2012 and production of oil is expected to begin between 2016 and 2018. Expenditures cover all capital costs over the life of the project. (Offshore Newfoundland)
Manganese Reduction Pilot Project	4.0	2007/2009	2	Wabush Mines - a pilot project to assess and evaluate manganese separation technology and its possible applications for the mine. This project will receive approximately \$2.2 million from the Atlantic Innovation Fund (ACOA) in 2009. (Wabush)
Mine Expansion - Close-out	58.0	2009/2009	2	Iron Ore Company of Canada - expenditures cover the close-out of an \$800 million capacity expansion project that was postponed late in 2008. (Labrador City)
Mineral Exploration	71.0	2009/2009	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: \$49 million in Labrador and \$22 million for the Island. (Various)
Onshore Oil Exploration	15.0	2009/2009	9	Vulcan Minerals Inc. and Investcan Energy Corporation - joint venture to drill several exploration wells in the Bay St. George Basin. Expenditures being financed by Investcan. (Bay St. George Basin)
Onshore Oil Exploration	12.0	2009/2009	7	Leprechaun Resources Ltd. - drilling of three onshore exploration wells, as well as the construction of a 10.4 km road to the drill sites. (Parsons Pond)
White Rose Expansion	3,500.0	2008/TBD	NA	Husky Energy Inc. - development of the North Amethyst, South White Rose Extension and the West White Rose Extension satellite fields on the Grand Banks. North Amethyst will be the first satellite field to be developed, with first oil expected by late 2009 or early 2010. Husky Energy has a 68.875% share in the expansion project, Petro-Canada has a 26.125% share and Nalcor Energy, Newfoundland and Labrador's energy corporation has an equity ownership of 5%. (Offshore Newfoundland)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Municipal Infrastructure				
Administration Building	9.1	2008/2009	1	Nunatsiavut Government - construction of a new administration building. Nunatsiavut government funds. (Nain)
Canada/Newfoundland and Labrador Infrastructure Program*	153.7	2000/2009	Various	Program assists municipalities in improving infrastructure. 1/3 federal funds, 2/3 provincial/municipal cost-shared according to municipal financial capacity. Projected expenditures of \$2.5 million for the 2009/10 fiscal year. (Various)
Canada/Newfoundland and Labrador Municipal Rural Infrastructure Fund (MRIF)*	100.4	2006/2010	Various	Investment in municipal and rural infrastructure projects. These projects will focus on the renewal, expansion and construction of new community infrastructure. Federal/provincial/municipal cost-shared program. (Various)
Drinking Water Safety Initiative*	21.2	2008/2010	Various	Annual program to assist municipalities in developing innovative methods of providing potable drinking water. \$18 million in provincial funding and \$3.2 million provided by municipalities. (Various)
Federal Gas Tax Program*	207.1	2006/2013	Various	An eight-year funding agreement allocating municipalities revenues from gas taxes. These funds are to be invested in capital projects which result in environmentally sustainable municipal infrastructure. Federal funds. (Various)
Filtration Plant	38.0	2008/2010	19	City of St. John's - design and construction of a water filtration plant at Petty Harbour Long Pond. (St. John's)
Fire Hall	5.0	2009/2010	14	Town of Gander - construction of a new Fire Hall. (Gander)
Flood Protection Measures and Soccer Pitch Repairs	1.7	2009/2009	19	The City of St. John's - development of the Rennie's River Flood Proofing Project (Carnell Drive to King's Bridge Road), as well as the replacement of the FieldTurf surface on the King George V Soccer Pitch which was extensively damaged by flooding in late 2008. Provincial, municipal and federal funds. (St. John's)
Marine Industrial Park Phase I	2.7	2009/2009	16	Town of Marystown - construction of phase I of a marine industrial park. Includes federal and provincial funds. (Marystown)
Municipal Capital Works Program*	204.8	2008/2010	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing will vary with each project, however, the province's total cost is estimated at \$163.6 million and municipalities are expected to contribute \$41.2 million. (Various)
Solid Waste Management*	200.0	2008/2020	Various	Annual program to assist in the implementation of the Provincial Waste Management Strategy. Projected expenditures of \$43 million for the 2009/10 fiscal year. Funding provided through provincial funds (\$5.5 million annually) and the Federal Gas Tax Program. (Various)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
St. John's Harbour Clean-up Project	144.0	1997/2010	19	Funding under the initial agreement is \$93 million: the federal and provincial governments are each contributing \$31 million, while the remaining funding is being provided in a per capita proportionate share by the City of St. John's, the City of Mount Pearl and the Town of Paradise. Additional funding to cover cost overruns has not yet been identified. (St. John's)
Waste Water Treatment Program*	14.1	2008/2010	Various	Program to assist municipalities in eliminating untreated sewage outfalls. \$12.0 million provincial funds and \$2.1 million provided by municipalities. (Various)
Water and Sewage Treatment Facilities (Canada Strategic Infrastructure Fund II)*	48.0	2007/2012	8, 3	Two projects, the Corner Brook Water Treatment Facility and the Happy Valley-Goose Bay Sewage Treatment Facility. Cost-shared equally by three levels of government - federal, provincial and municipal. (Corner Brook, Happy Valley-Goose Bay)
Water System Upgrade	35.0	2008/2010	19	City of St. John's - installation of a "Dissolved Air Flotation" system to reduce the amount of algae at Bay Bulls Big Pond treatment plant. (St. John's)
Water-Metering Program	2.0	2008/2009	8	City of Corner Brook - metering of commercial and industrial buildings and the commencement of a residential pilot program to monitor the city's water consumption. As well, dead-end waterlines will be looped to improve quality. Funded through the Federation of Canadian Municipalities. (Corner Brook)

Other Investment

Capital Program*	3.1	2009/2009	Various	Royal Canadian Mounted Police - replacement and renovation of various detachment buildings, construction of new employee housing units, along with cell block retrofits and other minor capital projects. (Various)
Court Facility*	20.0	2007/2009	8	Construction of a combined Supreme and Provincial Court facility. Provincial funds. (Corner Brook)
Easter Seals House	3.3	2008/2009	19	Easter Seals Newfoundland and Labrador - a fully accessible, multi-purpose facility for children with physical disabilities to learn, grow and play together. It will be home to all of the programs and activities of Easter Seals. Funding from a number of private and public sources. (St. John's)
Multi-Purpose Facility	101.0	2008/2012	19	Government of Canada - construction of a new facility to replace current military units in Pleasantville. Facility will be comprised of operational training space, offices and classrooms, special medical and dental facilities and warehouse space. This project is pending approval. Federal funds. (St. John's)
Office and Warehouse*	2.0	2007/2009	8	Newfoundland and Labrador Housing Corporation - construction of an office and warehouse. Provincial funds. (Corner Brook)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Public Buildings*	23.7	2009/2009	Various	Maintenance and development of public buildings. Provincial funds. (Various)
Residential				
Affordable Housing Program*	50.6	2003/2010	Various	Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loan funding to assist in the creation of new affordable rental housing. Federal/provincial cost-shared. (Various)
Affordable Housing Trust*	20.8	2006/2010	Various	Newfoundland and Labrador Housing Corporation - investments to increase the supply of affordable housing including transitional and supportive housing. \$8.2 million of the total cost is for off-reserve Aboriginal housing needs. Trust expenditures in 2009/10 are expected to be \$5.4 million. Federal funds. (Various)
Apartment Building	2.5	2009/2009	19	Karwood Estates Inc. - construction of a 16 unit apartment building at the corner of Cloudberry Drive and Karwood Drive. (Paradise)
Apartment Building	2.5	2009/2009	19	Karwood Estates Inc. - construction of a 16 unit apartment building at the corner of Kestrel Drive and Cormorant Place. (Paradise)
Apartment Renovations	1.3	2009/2009	14, 19	Northern Property Real Estate Investment Trust - capital improvements and upgrades on various apartment buildings. (Gander, St. John's)
Building Redevelopment	7.5	2006/2009	19	King George Properties Inc. - refurbishment and revitalization of the 1912 King George V Building into 12 condominiums. (St. John's)
Condominium Development	14.0	2008/2013	8	Bayview Estates Inc. - development of a 50 unit building called "Bayview Condominiums". (Corner Brook)
Condominium Development	10.0	2009/2011	19	Powder House Hill Investments Limited - construction of six four-story condominium buildings each containing eight units, located on the former Standard Manufacturing site at 2-18 Water Street. (St. John's)
Condominium Development	12.0	2008/2010	19	BAE Newplan Group Ltd. - construction of "The Narrows", a four-story, 32-condominium building located on Duckworth Street. (St. John's)
Housing Development	200.0	2000/2015	19	Cabot Development Corporation Ltd. - construction of a housing development that will consist of 900 homes, named "Clovelly Trails". There are 250 homes remaining with projected expenditures of \$81.0 million. (St. John's)
Housing Development	55.0	2000/2009	19	Leary's Brook Holdings Limited - construction of a housing development consisting of 300 homes, named "McNiven Estates". There are currently 20 homes remaining with a project expenditures of \$5.0 million. (St. John's)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Modernization & Improvements*	23.2	2009/2009	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Federal/provincial funds. (Various)
Property Development	6.5	2008/2009	19	Centennial Developments Inc. - development of a 25 unit mixed residential and commercial condominium building. (Mount Pearl)
Provincial Home Repair Program*	13.4	2009/2009	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low income households with home repairs. Federal/provincial funds. (Various)
Residential Development	7.0-8.0	2007/2010	19	10714 Newfoundland Limited - construction of a residential development on the former General Hospital site on Forest Road. Plans call for 6 townhouse-style condominiums, 5 single family detached homes, and 25 townhouses on Forest Road. (St. John's)
Residential Housing Development	6.8	2007/2009	2	Colby Management Inc. - construction of two townhouse buildings containing 22 units each. The first building has been completed and construction of the second building has begun. The buildings will be identical and constructed at a capital cost of \$3.4 million each. (Wabush)
Seniors' Residential Complex	52.0	2007/2009	19	Spectrum Seniors Housing Development and Tiffany Lane Inc. - development of a 182-unit seniors' living residence and 30 townhomes, Stage 1 - Tiffany Village Seniors' Residential Complex. To be operated by Chartwell Seniors Housing REIT. (St. John's)
Seniors' Residential Complex	200.0	2009/2014	19	55731 Newfoundland & Labrador Inc. - development of Stage 2 - Tiffany Village Seniors' Residential Complex. Will consist of the redevelopment of the existing former Salvation Army training college for amenities and services associated with the complex and construction of four ten storey residential buildings containing approximately 240 living units in total. (St. John's)
Subdivision Development	14.0	2006/2010	19	Reardon Construction & Development Ltd. - construction of 81 seniors' condo bungalows as part of the "Twin Brooks" residential development. (St. John's)
Subdivision Development	5.5	2009/2013	14	Wareham Developments Ltd.- construction of a new housing subdivision. (Gander)
Subdivision Development	40.0	2006/2012	19	Cardinal Homes Ltd. - construction of a subdivision that will consist of 200 single homes, named "Pearl View Subdivision". (Mount Pearl)
Subdivision Development	53.0	2007/2014	19	William Doyle and Associates Limited - development of a subdivision that will consist of 200 single homes, named "City View Terrace". There are 180 homes remaining at an overall cost of \$51.0 million. Construction of 20 homes is planned for 2009. (St. John's)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Subdivision Development	14.5	2009/2009	19	Karwood Estates Inc. - at least 50 houses are scheduled to be constructed for the "Karwood Estates" subdivision in 2009. The entire subdivision is expected to have approximately 500 houses and should be completed in 2012. (Paradise)
Subdivision Development	35.0	2006/2010	19	Reardon Construction & Development Ltd. - construction of 176 homes as part of the "River Bend" housing development. (St. John's)
Subdivision Development	120.0	2004/2014	19	Modern Homes Limited - development of the "Kenmount Terrace" subdivision. Construction of 800 homes. Phases I, II and III have been completed. A total of 90 homes will be constructed in the completion of Phase IV and V in 2009 at an estimated cost of \$18 million. (St. John's)
Subdivision Development	45.0	2004/2009	19	Fairview Investments Limited - construction of a subdivision consisting of 300 homes, named "Grovesdale Park". Project is 87% complete. (St. John's)
Subdivision Development	50.0	2008/2013	19	Development of the "Thomas Estates" subdivision. 200 homes will be constructed for this subdivision. (Paradise)

Tourism/Culture/Recreation

Arts and Culture Centres*	3.4	2006/2010	Various	Renovation and repairs to various Arts and Culture Centres throughout the province. Projected expenditures for the 2009/10 fiscal year are \$750,000. Provincial funds. (Various)
Building Restoration Phase I	3.0	2008/2009	19	The Colonial Building and grounds are to be restored for use as an interpretation centre on the political history of Newfoundland and Labrador and as office space for government staff and provincial heritage organizations. Phase I will largely address structural repairs and building systems. Provincial funds with possible federal funding to be determined. (St. John's)
Club Facility	2.0	2009/2010	19	Boys and Girls Club of St. John's - new club facility. Funding is expected to come from private, provincial, municipal, and federal sources. (St. John's)
Historic Building Restoration	1.6	2008/2009	15	Bonavista Historic Townscape Foundation - redevelopment of the Garrick Theatre. The exterior renovations have been completed and interior renovations are now underway. Partially funded by the provincial and federal governments. (Bonavista)
Historic Premises Restoration	2.7	2009/2010	15	Sir William Ford Coaker Heritage Foundation Inc. - restoration of a former retail store and salt fish plant. Canada's Original Iceberg Water Corporation will donate \$300,000 to the project. Includes \$1.7 million contribution from ACOA, and a contribution from Canadian Heritage. (Port Union)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Hotel	10.0	2008/2009	8	Pacrim Hospitality Services Inc./Resource Development Associates Inc. - construction of an 85 room hotel adjacent to the Trans Canada Highway. Will include meeting rooms, an indoor pool, and a water slide. (Deer Lake)
Improvements to Walkway System	2.2	2009/2009	19	The Grand Concourse Authority - spending for upgrades, naturalization and planting as well as other projects at various locations included in the Grand Concourse walkway system. Funding provided by the members of the Grand Concourse Authority which include community based and government groups. (St. John's , Mount Pearl, Paradise)
Indoor Soccer Facility	7.2	2008/2009	19	Avalon Sports Inc. - construction of an indoor soccer facility. The structure will be 214 feet wide by 336 feet long. It will house a regulation-size soccer field with a synthetic surface. (St. John's)
Interpretation Centre	5.0	2009/2010	17	Cupids 400 Inc.- construction of an interpretation centre, a family history/genealogy resource centre, an archaeology lab and a multi-purpose hall. Capital cost includes construction of building, exhibit design (interpretative plan, fabrication and installation) and site development. Projected contributions - provincial government \$3.5 million and federal government \$1.5 million. (Cupids)
Park Improvement	1.6	2007/2009	19	Bowring Park Foundation - improvements to Bowring Park including the playground area, fountain pond, park information kiosk, and children's water play area. Municipal and private funds. (St. John's)
Provincial Historic Sites*	2.5	2006/2009	Various	Spending on various historic sites around the province. Projected expenditures for the 2009/10 fiscal year are \$950,000. Provincial funds. (Various)
Recreation Complex	30.0	2009/2011	19	City of Mount Pearl - the complex will be constructed in two phases. Construction of a national standard ice pad adjoining the Glacier Arena is planned to be completed by August 2010. Expansion to the existing Reid Community Centre including a multi-use 350 seat theatre; development of a fitness/wellness space; construction of a new aquatics/leisure pool; and construction of a new youth centre are planned to be completed by November 2011. Cost-shared between federal, provincial and municipal governments. (Mount Pearl)
Regional Museums*	2.0	2006/2009	Various	Spending on renovations and improvements to regional museums in the province. Provincial and federal funds. (Various)
Resort Development	40.0-50.0	2004/2012	7	Eastern Arm Enterprises Limited - development of "Gros Morne Resort". Will include a 220 room hotel, 110 site RV park, marina, day park, hiking trails, 18 hole golf course, gas station, convenience store and more. (St. Paul's)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Re-Stabilization of Historical Building	1.5	2007/2009	1	Nunatsiavut Government - continued development of the Hebron Moravian Mission Complex including repairs to the building and replacement of some structural components. Nunatsiavut Government, ACOA and provincial funds. (Hebron)
Tourism Infrastructure	16.0	2008/2011	14	Shorefast Foundation - includes a world renowned artist residency program (including remote studio locations and restored traditional homes to be used as artist residences) and a five-star inn that features a conference centre, an art gallery and heritage library. There will also be performance spaces and festivals for all cultural events. Funding includes \$5 million each from both federal and provincial governments. (Fogo Island, Change Islands)
T'Railway Provincial Park Structure Repairs*	5.1	2007/2009	Various	Newfoundland T'Railway Council - enhancements and repairs to T'Railway trestles and bridges over a three-year period. Includes federal funds and contributions from the Trans Canada Trail Foundation. As well, provincial contribution of \$2.0 million. (Various)
YMCA Building	11.3	2009/2010	19	YMCA-YWCA of Northeast Avalon - construction of a new YMCA building. Contributions include \$1.5 million from the City of St. John's and \$3.0 million in federal/provincial funding. (St. John's)

Transportation

Bus Terminal	34.2	2009/2012	19	City of St. John's - construction of a new Metrobus terminal. Federal/municipal funds. (St. John's)
Capital Improvements*	4.5	2009/2010	18, 10	Marine Atlantic Inc. - improvements to facilities and docks. Federal funds. (Channel-Port aux Basques)
Conception Bay South Bypass Extension*	15.0	2009/2011	19	Construction of bypass road extension. Projected expenditures for the 2009/10 fiscal year are \$4.0 million. Proposed to be funded on a 50/50 basis between the federal and provincial government. (Conception Bay South)
Marine Infrastructure*	7.0	2009/2009	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
Municipal Transportation Related Improvements	2.7	2008/2009	8	City of Corner Brook - construction of bicycle lanes on roads, a bus transfer station and replacement of bus shelters. Federal funds. (Corner Brook)
National Highway Systems Projects*	58.0	2009/2009	Various	Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under the Base Funding Agreement component of the Building Canada Initiative, federal/provincial cost-shared on a 50/50 basis. (Various)

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Provincial Roads Improvement Program*	70.7	2009/2009	Various	Includes secondary road improvement projects in various parts of the province. Provincial funds. (Various)
Railway Line	100.0	2009/2009	2	Consolidated Thompson Iron Ore Mines Ltd. - a new 31 km railway line to connect the Bloom Lake iron ore mines loading facilities to an existing railway line. (Various)
Torbay Bypass Road*	20.0	2008/2010	19	Construction of the Torbay Bypass Road. Cost-shared with the federal government, with Transport Canada contributing \$5 million. (Torbay)
Trans Labrador Highway Phase I Surfacing*	175.0	2007/2012	2, 3	Application of hard surface on Phase I of Trans Labrador Highway from Happy Valley-Goose Bay to Wabush. Projected expenditure for the 2009/10 fiscal year is \$52.3 million subject to 50/50 federal-provincial cost sharing. (Various)
Trans Labrador Highway Phase III*	128.0	2004/2009	3, 4	Construction of the Trans Labrador Highway from Cartwright to Happy Valley - Goose Bay. Projected expenditures of \$32.5 million for the 2009/10 fiscal year. Provincial funds. (Various)
Vessel Refits*	13.4	2009/2009	Various	Includes refits of the existing fleet of 11 government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program*	44.0	2009/2009	Various	2009/10 cash flow for vessel replacement program. Provincial funds. (Various)

Utilities

Electric Utility Capital Expenditures	6.7	2009/2009	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	62.0	2009/2009	Various	Newfoundland Power Inc. - includes capital expenditures to further upgrade and enhance electricity system. (Various)
Electric Utility Capital Program	47.9	2009/2009	Various	Newfoundland and Labrador Hydro - capital programs which include upgrades and improvements to transmission lines, distribution systems, and generating facilities. (Various)
Wind Power Project	57.0	2008/2009	20	SkyPower Corp. - construction of a 27MW wind power farm. (Fermeuse)
Wind/Hydrogen/Diesel Generation	9.6	2007/2012	9	Newfoundland and Labrador Hydro - integration of a wind power project with hydrogen and diesel generation for remote communities. Includes partial funding through ACOA. (Ramea)

GDP and Employment

	Gross Domestic Product		Employment	
	2007e		2008	
	\$ Millions	% of Total	Person Years, 000s	% of Total
Goods-Producing Sector	15,509.3	58.8%	49.2	22.3%
Agriculture	59.7	0.2%	0.9	0.4%
Forestry & Logging	126.5	0.5%	0.7	0.3%
Fishing, Hunting & Trapping	213.4	0.8%	6.5	3.0%
Mining	3,080.4	11.7%	3.8	1.7%
Oil Extraction and Support Activities*	9,554.1	36.2%	4.9	2.2%
Manufacturing	1,018.0	3.9%	14.1	6.4%
Fish Products	230.8	0.9%	5.5	2.5%
Other	787.2	3.0%	8.6	3.9%
Construction	806.4	3.1%	16.7	7.6%
Utilities	650.8	2.5%	1.6	0.7%
Services-Producing Sector	10,880.1	41.2%	171.1	77.7%
Wholesale Trade	617.2	2.3%	4.5	2.0%
Retail Trade	1,040.6	3.9%	31.2	14.2%
Transportation and Warehousing	608.5	2.3%	10.6	4.8%
Finance, Insurance, Real Estate & Business Support Services	2,613.7	9.9%	15.7	7.1%
Professional, Scientific & Technical Services	462.8	1.8%	8.5	3.9%
Educational Services	1,082.6	4.1%	16.6	7.5%
Health Care & Social Assistance	1,557.9	5.9%	32.5	14.8%
Information, Culture & Recreation	614.9	2.3%	8.3	3.8%
Accommodation & Food Services	366.8	1.4%	13.2	6.0%
Public Administration	1,507.7	5.7%	18.6	8.4%
Other Services	407.4	1.5%	11.6	5.3%
Total, All Industries	26,389.4	100.0%	220.3	100.0%

e: estimate, Department of Finance

*Includes support activities for mining and oil and gas

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. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Economic Research and Analysis Division, Department of Finance