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The Economy is an annual publication providing a review of Newfoundland and Labrador's economic performance and an outlook for the medium term. Data used in this publication are current as of April 9, 2008 but are subject to revision. For the most current information contact the Economic Research and Analysis Division.

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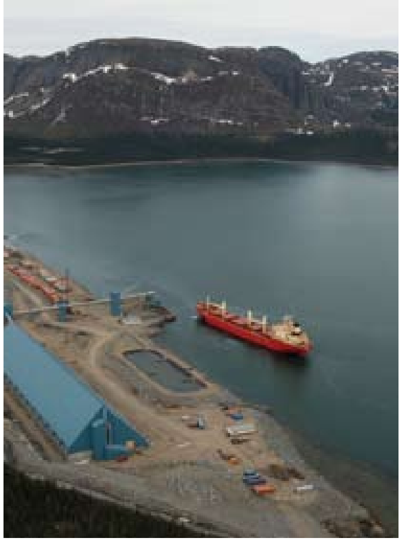


2007 Highlights

- Economic growth was strong in 2007, with real Gross Domestic Product (GDP) increasing by 7.9%. GDP growth was broad based with exports of oil and minerals leading the way, followed by contributions from the consumer and government sectors.

- Employment grew by 0.6% to a new high of 217,100. However, the labour force fell by 0.8%, reflecting a decline in the working-age population due to out-migration.

- The unemployment rate fell sharply to 13.6%, down 1.2 percentage points from 2006. This was the lowest provincial unemployment rate in 26 years.

- Personal income grew by 4.3% while income tax cuts boosted personal disposable income by 5.0%.

- Retail sales expanded by 9.5% to $6.6 billion, reflecting strong disposable income growth and general consumer optimism. The value of new car sales increased by 18.4%.

- Inflation averaged 1.5% in 2007, as higher prices for food and shelter were moderated by price declines in some other areas.

- Capital investment declined by 7.3% due to lower spending by the mining and oil and gas industries.

- Residential construction investment increased by 9.9% with gains occurring in both new and renovation spending. Housing starts were up 18.7%.

- Offshore oil production increased by 21.3% to 134.5 million barrels. The value of oil production increased by 26.6% to $10.3 billion, reflective of higher production and prices.


- The volume of fish landings decreased by 6.5% but value increased by 8.4% due to higher prices for crab and shrimp.
- Expansion of aquaculture infrastructure continued on the South Coast of Newfoundland.
- The number of non-resident tourists visiting the province contracted slightly, down 1.3% to 490,100. Associated expenditures decreased by 2.2% to $357 million.
- Newsprint shipments declined by 7.6% in 2007 to 549,400 tonnes due to continued weakness in North American newsprint markets and the idling of a paper machine at the Corner Brook mill.
- The value of mineral shipments reached almost $3.9 billion, reflecting higher shipments from Voisey's Bay, the opening of the Duck Pond mine and higher prices for several minerals.
- Voisey's Bay shipped about $2.1 billion in nickel concentrate in 2007, up 68.2% over 2006.
- The value of iron ore shipments declined by 12.3% to about $1.2 billion, due to a labour-management dispute at IOC that lasted about seven weeks.
- Mineral exploration expenditures reached $138 million, six times the level of expenditures four years previous.

2008 Expectations

- Real GDP is forecast to decline by 2.0% in 2008 due to lower oil production.
- Employment is expected to increase by 1.5% to average 220,400 and the unemployment rate is forecast to decline to 12.4%.
- Personal income and disposable income are expected to grow by 4.9% and 5.5% respectively.
- Retail sales are expected to increase to $7.0 billion in 2008, up 6.5% over the previous year.
- Inflation is expected to be 2.0%—0.5 percentage points higher than 2007.
- Capital investment is projected to increase by 15.0%, largely on the strength of increased oil and gas investment. Combined capital expenditures on Hibernia, Terra Nova and White Rose are expected to be around $1 billion.
- Housing starts are expected to number 2,657, about the same as 2007.
- Offshore oil production is expected to decrease by about 17% to 111 million barrels in 2008.
- The total value of mineral shipments is expected to increase by 1.3% to a record $3.9 billion. Iron ore is expected to be the major factor behind the performance, however, new mining operations such as Duck Pond, Beaver Brook and Pine Cove will also contribute to the increase.

- Both iron ore producers are expected to increase production in 2008 and the outlook for prices is very positive.
- Voisey's Bay nickel shipments are expected to be valued at around \$1.8 billion. Vale Inco NL is expected to make a decision later this year regarding the type of nickel processing facility that it will construct in the province.
- The outlook for mineral exploration continues to be positive with \$133 million in expenditures expected.
- Newsprint shipments are expected to decline by around 5% while newsprint prices are expected to increase by about 15%.
- Fish landings are expected to increase slightly due to higher landings of shellfish and groundfish. No major price fluctuations are expected and landed value is expected to be close to 2007 levels.
- Tourism will continue to be challenged by several factors including the increased value of the Canadian dollar, the poor performance of the U.S. economy, high fuel costs, and higher air travel costs. However, air capacity is expected to increase and cruise and convention bookings are looking good.



Global Economic Environment

World

The world economy continued to expand at a solid pace in 2007 with GDP increasing by 4.9%. The solid performance largely reflected strong growth in the emerging economies of India and China as the rate of growth in the industrialized countries of Europe and North America slowed during the year. U.S. economic growth was constrained by rising oil prices and a collapsing housing sector while Europe and Japan were negatively impacted by appreciating currencies and financial market turmoil.

World GDP Growth (%)

	2006	2007	2008f
WORLD	5.0	4.9	3.8
United States	2.9	2.2	1.0
Canada	2.8	2.7	1.6
European Union	2.8	2.6	1.5
Japan	2.4	2.1	1.3
China	11.1	11.4	9.9
India	9.7	9.2	7.9
Russia	7.4	8.1	6.6

f: forecast
Source: Various

The 2008 outlook for the world economy is mixed. The U.S. is entering a sharp economic slowdown with many economists now predicting a recession (i.e., two consecutive quarters of GDP contracting) in the first half of this year. The European and Japanese economies are expected to be restrained by the U.S. slowdown, high oil prices, further financial market problems and currency appreciation. Rates of economic growth in India and China are expected to slow moderately, but still remain strong. Overall, world GDP is expected to increase by approximately 3.8% in 2008—if realized, this would be the lowest growth in five years.

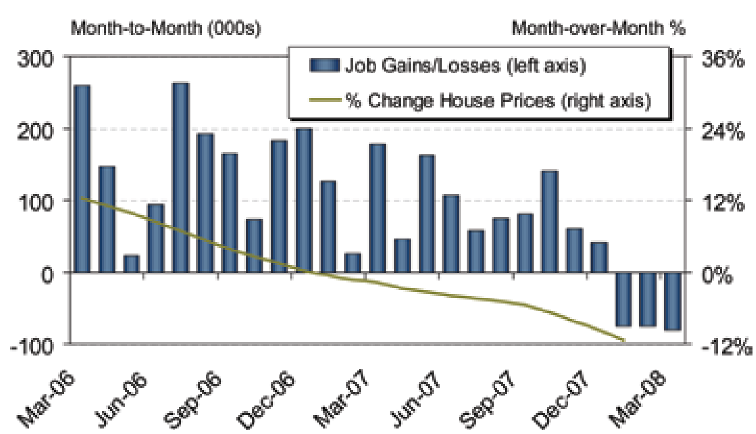
United States

U.S. economic performance was mixed in 2007. Real GDP grew by 2.2% for the year, down from 2.9% in 2006. Strong gains were recorded in exports and non-residential investment, and consumer and government spending continued to grow at a moderate pace. However, of increasing concern as the year progressed was the slowing pace of economic growth caused by a slumping housing sector and credit market turmoil. GDP growth slowed sharply in the fourth quarter as residential investment declined further and consumer spending slowed in conjunction with declining consumer confidence.

Recent data from the housing industry point to a deepening crisis. Residential investment declined by nearly 25% at annualized rates in the fourth quarter of 2007 and house prices suffered their first year-over-year decline in 16 years. The S&P/Case-Shiller® Home Price Index was down 8.9% on a year-over-year basis in the last quarter of 2007 (see chart below), the sharpest decline on record. High inventories of unsold homes, tighter lending standards and falling prices suggest that the housing sector and associated consumer spending will remain weak for some time to come.

U.S. labour markets also showed a mixed performance in 2007. Employment expanded by 1.1% for the year, but monthly job gains slowed as the year progressed and the unemployment rate gradually increased. The unemployment rate increased from 4.4% in December 2006 to 5.0% by December 2007. This weakness in labour markets worsened in recent months with declines in employment occurring in January, February and March as outlined in the chart below.

U.S. Employment & House Prices



Source: U.S. Bureau of Labor Statistics; Standard & Poors; Department of Finance

U.S. Recession and Commodity Prices

Oil prices and several other commodity prices increased sharply in the second half of 2007 and remained high despite fears of weaker U.S. demand. In recent months, investors have purchased commodities as a hedge against inflation and the declining U.S. dollar. As a result, oil and commodity prices have increased well beyond levels supported by short-term supply and demand fundamentals. The U.S. slowdown is expected to bottom out in the first half of this year and inflation is expected to slow due to economic slack in the U.S. and other large industrial economies. Thus, oil and commodity prices are expected to retreat from recent highs as the year progresses.

While oil and mineral prices are projected to drop, they should remain relatively high. In the past, a recession in the U.S. usually lowered demand and resulted in sharp declines in commodity prices. However, long-term supply and demand fundamentals have changed. The U.S. and the rest of the industrialized countries are no longer the dominant source of demand growth for oil and other commodities. Emerging economies, mainly China and India, and OPEC countries are responsible for the majority of recent demand growth. These countries are expected to continue to grow at a strong pace in 2008 and beyond. As a result, demand for oil and other commodities is expected to continue to grow, despite the U.S. slowdown. Further demand growth combined with supply limitations are expected to keep oil and commodity prices high over the next several years.

The Federal Reserve Board (Fed) began cutting interest rates in September 2007 in response to growing anxiety over the sub-prime mortgage crisis and the collapsing housing sector. This was the first change in rates since June 2006. The Fed cut interest rates several more times over the past six months in an attempt to shore up the economy—the most recent being an unusually large 75 basis point cut on March 18. The latest cut was in response to growing financial market turmoil surrounding the near collapse and bailout of one of the world's largest investment banks, Bear Stearns. Since September of last year, the Fed has reduced the target for the funds rate by 3.0 percentage points from 5.25% to 2.25%. Financial markets appear to have stabilized in recent weeks in response to interest rate cuts and other measures.

The U.S. dollar depreciated by 10% against the currencies of its major trading partners in 2007—as of April 9, 2008 it had depreciated by another 3.9%. Lower interest rates, continued concern over the high current account deficit, spreading anxiety over financial market turmoil, and a possible recession were all factors behind the downward pressure on the U.S. dollar. The dollar is expected to remain under pressure for the next few months, but this could ease if signs of an improving economy begin to emerge in the second half of the year.

All economic forecasters are currently anticipating a significant consumer led slowdown in U.S. economic growth this year with several now predicting a recession in the first half. The factors pointing to a recession include:

- employment declines in January, February and March;
- financial market turmoil and tighter lending standards as a result of the sub-prime mortgage crisis;
- sharp declines in stock markets in recent months;
- decreasing consumer wealth from falling home and stock prices;
- low levels of consumer and business confidence;
- near record high oil prices that are reducing the real purchasing power of consumers; and,
- aggressive cuts in interest rates in the past six months.

The U.S. economy is expected to be very weak in the first half of 2008, but conditions should improve in the second half as the housing market slump eases. Low interest rates and a fiscal stimulus package of personal tax rebates from the federal government should start to revive the consumer sector in the second half. The lower U.S. dollar will continue to boost exports. U.S. GDP growth is expected to average roughly 1.0% in 2008 as weakness in the first half weighs down annual growth despite the anticipated improvement in the second half of the year.

Canada

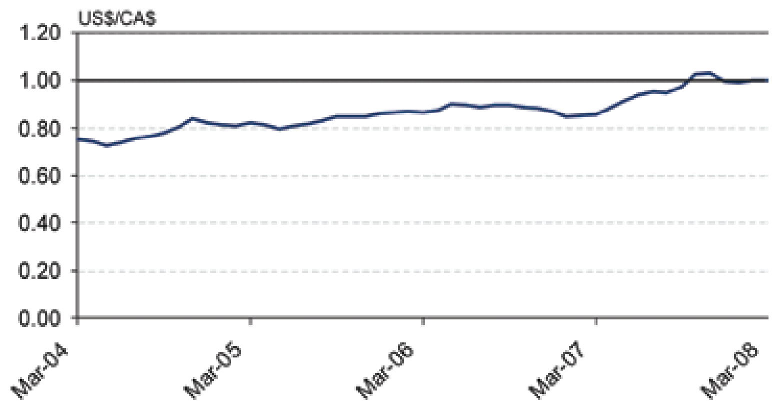
The Canadian economy performed well during 2007, with real GDP growing by 2.7%. A robust global economy, strong commodity prices and considerable momentum in domestic demand were responsible for the gains. Economic growth was widespread with solid gains in the consumer, government and investment sectors. However, the rate of GDP growth slowed sharply in the fourth quarter and export sector performance was a concern. Exports expanded at a modest rate during the first three quarters and then declined sharply in the fourth quarter. Manufacturing based exports, particularly from the forestry and auto sectors, were dragged down by the rising dollar and a slowing U.S. economy.

The solid economic performance last year was not evenly distributed across the country. While booming commodity markets produced robust growth in resource-rich regions, the high dollar and slowing U.S. economy were troublesome for Central and Eastern parts of Canada, in particular Ontario and Quebec.

The Canadian dollar appreciated rapidly last year, increasing from near 86 cents U.S. at the start of the year to a peak of US$1.10 in early November.

In recent months the dollar has retreated to around parity (see chart below). The appreciation was supported by solid economic growth, general weakness in the U.S. dollar and record mineral and oil prices. The Canadian dollar is expected to weaken somewhat in 2008 as lower interest rates, slowing exports and a pullback in commodity prices put downward pressure on the currency.

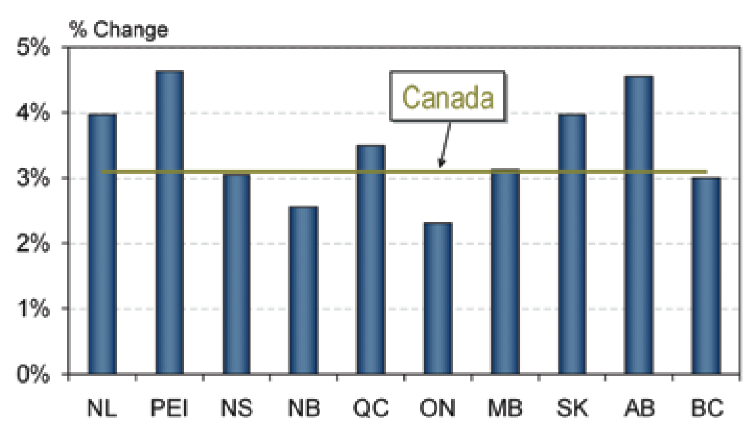
Canadian Exchange Rate



Source: Bank of Canada; Department of Finance

Labour markets had a stellar year in 2007. Employment increased 2.3% up from growth of 1.9% in 2006. Employment gains were particularly strong in the West with more modest, but still respectable, gains in the rest of the country. Labour markets tightened last year due to the combination of strong labour demand and supply constraints underpinned by demographic factors. As a result, the annual unemployment rate fell to a 30-year low of 6.0% and hourly wages grew by over 3.0%. Labour market conditions in some provinces resulted in wage gains higher than the national average (see chart below). Labour markets are expected to remain tight in 2008 despite a slowing economy, as supply constraints continue.

Growth in Average Hourly Earnings, 2007



Note: Includes overtime
Source: Statistics Canada; Department of Finance

With the economy operating near full capacity, escalating inflation remains an ever present concern for the Bank of Canada. In order to stem inflation, the Bank raised the target for the overnight rate by 0.25 percentage points in July of last year. However, since then, clear signs of a major slowdown in the U.S. economy have emerged and the Bank of Canada has started lowering interest rates for fear that a U.S. recession may spill over into Central Canada. Also, the appreciation of the dollar kept core inflation low and this, together with sharp cuts in U.S. interest rates, gave the Bank of Canada room to lower Canadian interest rates. Since October 2007, the target for the overnight rate has been reduced by one percentage point from 4.5% to 3.5%.

The Canadian economy is entering 2008 with significant uncertainty over the potential impacts of a U.S. recession. A major slowdown is expected in Central Canada as manufactured exports are projected to decline due to the high dollar and a slowing U.S. economy. However, the West should continue to benefit from high commodity prices—particularly oil and agricultural commodities. The consumer sector is expected to perform well, aided by tax cuts, tight labour markets, strong wage gains and falling interest rates. Business investment is also expected to grow as corporate profits remain strong and interest rates fall. Government spending is expected to increase while housing investment is projected to retreat, but remain at high levels. Most forecasters currently expect both real GDP and employment to increase by roughly 1.6% in 2008.



Provincial Economic Overview

Review of 2007

Economic growth was strong in 2007 with gains recorded in Gross Domestic Product (GDP), employment, income, retail sales and housing starts. GDP growth was broad based with contributions from both exports and domestic demand[1]. Overall, real GDP is estimated to have grown by 7.9%.

Real exports rose by 9.3% due mainly to gains in oil and mineral production. Oil output increased by over 20% as Terra Nova production rebounded from a six-month shutdown in 2006 and White Rose production increased. The value of mineral shipments rose by over 30% as output from Voisey's Bay increased and the Duck Pond mine began production.

Consumer spending was fuelled by high levels of consumer confidence combined with employment and income gains. Consumer spending grew by roughly 4.0% (or 3.0% after adjusting for inflation) to $11.1 billion. Retail sales—which account for about 60% of consumption—increased by 9.5% to $6.6 billion. Most store categories recorded increases in sales, however, the most significant increase was recorded in automotive sales as both new and used car dealerships saw double digit growth. The number of new cars sold in 2007 was 28,260, an increase of 16.8%.

Government current expenditures rose by 4.2% in 2007 (1.3% in real terms) as all three levels of government (federal, provincial and municipal) increased spending. The most substantial increases were recorded in provincial spending, which climbed by approximately 5%.

1 Final domestic demand is the summation of consumption, investment and government expenditures. It is the demand for goods and services within the province.

Total capital investment declined by 7.3% last year to $4.0 billion. Lower investment by the mining and oil and gas industries was behind the decrease in total investment. Despite the overall decrease in capital spending, construction activity was positively impacted by a significant increase in provincial government capital investment and a robust residential housing market. Capital spending by the provincial government was up over 60% and housing starts increased by 18.7%.

Prices

Consumer prices increased by 1.5% in 2007. Price declines for *household operations and furnishings* and *clothing and footwear* served to moderate higher prices for *food* and *shelter* and keep a lid on inflation last year. The strong appreciation in the Canadian dollar (compared to the U.S. dollar) also helped keep the inflation rate under control by lowering the cost of imported goods.

Labour Markets

Employment averaged 217,100 in 2007, an increase of 0.6% compared to 2006. However, the labour force fell by 0.8% to 251,200 as the working age population declined due to out-migration. The participation rate remained steady at 59.2%. With employment up and labour force down, the unemployment rate fell sharply to 13.6%—the lowest rate in 26 years.

Economic Indicators

	2007e	2008f	2009f	2010f	2011f
GDP at Market Prices ($M)	27,090	28,059	27,518	26,147	27,354
% Change	14.5	3.6	-1.9	-5.0	4.6
% Change, real	7.9	-2.0	3.7	-2.8	3.1
% Change, real adjusted*	2.2	4.4	0.9	2.0	2.2
Personal Income ($M)	14,405	15,110	15,840	16,674	17,441
% Change	4.3	4.9	4.8	5.3	4.6
% Change, real	2.8	2.8	2.3	2.7	2.4
Personal Disposable Income ($M)	11,390	12,018	12,592	13,247	13,850
% Change	5.0	5.5	4.8	5.2	4.6
% Change, real	3.5	3.4	2.3	2.7	2.3
Retail Sales ($M)	6,616	7,048	7,369	7,718	8,044
% Change	9.5	6.5	4.5	4.7	4.2
% Change, real	8.5	6.2	3.0	3.2	3.2
Consumer Price Index (2002=100)	111.1	113.3	116.1	119.0	121.6
% Change	1.5	2.0	2.5	2.5	2.2
Capital Investment ($M)	4,040	4,648	5,115	5,336	5,900
% Change	-7.3	15.0	10.1	4.3	10.6
% Change, real	-10.2	12.5	4.2	1.8	7.1
Employment (000s)	217.1	220.4	222.9	226.0	229.1
% Change	0.6	1.5	1.1	1.4	1.4
Labour Force (000s)	251.2	251.7	252.9	254.7	256.6
% Change	-0.8	0.2	0.5	0.7	0.7
Unemployment Rate (%)	13.6	12.4	11.9	11.3	10.7
Population (000s)	506.3	506.3	506.6	506.6	507.1
% Change	-0.7	0.0	0.1	0.0	0.1

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

Note: The stated estimates of GDP, personal income and personal disposable income do not include the provincial government's special payments to public sector pension plans in 2006 and 2007.

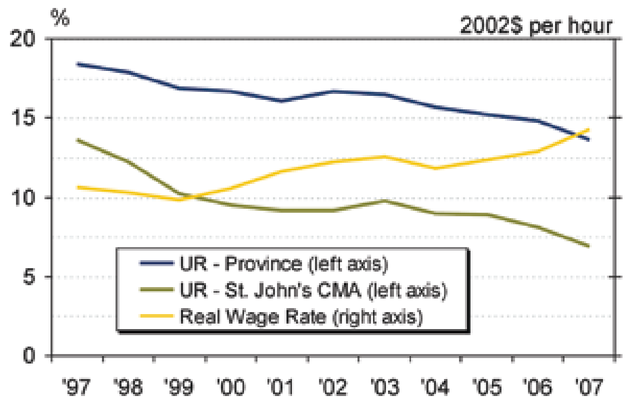
e: estimate; f: forecast, Department of Finance, April 2008

Source: Statistics Canada; Department of Finance

Wages continued to increase at a solid pace. Average weekly earnings (including overtime) rose by 3.7% to $715. Gains in weekly wages, combined with employment growth, resulted in a 5.8% increase in total labour income. After adjusting for inflation, labour income grew by 4.3%. Total personal income is estimated to have also grown by 4.3% last year (2.8% in real terms). Personal disposable income increased at a stronger pace (5.0%) than total income due to tax cuts at both the provincial and federal levels.

Despite a high unemployment rate relative to other provinces, Newfoundland and Labrador labour markets have tightened in recent years. As indicated in the chart on the following page, the unemployment rate has declined by almost five percentage points over the last 10 years and steady gains have been made in real wages—both indicators of a tightening supply of labour. The decline in the unemployment rate has been even more pronounced in the St. John's Census Metropolitan Area. The unemployment rate for this area has declined by almost seven percentage points over the 10-year period. This statistical information is supported by anecdotal evidence of employers finding it increasingly difficult to find workers, particularly, low-wage service sector workers and skilled trades workers. Further demand growth, combined with supply constraints due to increasing retirements and a shrinking number of labour force entrants, means labour markets are expected to become even tighter in the years to come.

Unemployment Rate (UR) and Real Average Hourly Wage Rate

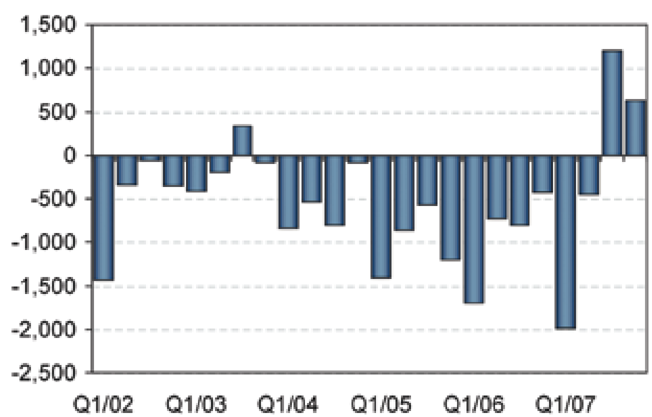


Source: Statistics Canada; Department of Finance

Population

The population of the province stood at 506,300 as of July 1, 2007, a decline of 0.7% compared to a year earlier. Despite improving economic conditions locally, the lure of high-wage jobs in Alberta enticed many people to migrate

Change in Population



Note: Chart depicts quarter-to-quarter change.
Source: Statistics Canada; Department of Finance

to that province. Since July 2007, however, the province has recorded two consecutive quarters of net in-migration and consequently population growth. Because of the province's low fertility rate and aging population, natural population change (births minus deaths) has been, and will continue to be, a constraint on population growth. Since the fourth quarter of 2006, natural population change has been negative. Given this, population growth in the future will largely depend on migration.

Outlook for 2008

Real GDP is expected to decline by 2.0% in 2008. The contraction in GDP is expected to come from a decline in exports, in particular oil exports. Oil production is forecast to decline by about 17% as all three producing fields are expected to record lower output (see *Oil and Gas* for further details).

Other economic indicators are expected to post solid growth as domestic demand remains strong. Employment is forecast to increase by 1.5% to average 220,400 for the year and the unemployment rate is expected to decline to 12.4%. Personal income and disposable income are expected to grow by 4.9% and 5.5% respectively, spurred by wage gains, employment growth and tax cuts. Retail sales are forecast to grow by 6.5%, driven by both employment and income gains.

Capital investment is expected to increase by 15.0% this year due primarily to higher expenditures by the oil and gas industry and the provincial government. The increased oil and gas investment stems from the development of the White Rose expansion field, North Amethyst. Higher provincial government investment is related to its capital infrastructure program (see *Major Capital Projects* for further details). Residential investment is also expected to increase this year as activity in both the new and renovation sectors is expected to remain robust.

Beyond 2008

Production schedules of oil projects continue to have a significant influence on GDP growth over the medium term. In 2009, GDP growth is expected to resume as oil production from Hibernia South is assumed to come on stream. However, in 2010 real GDP is forecast to decline again due to declines in oil production. Investment will provide significant stimulus to the economy over the next several years as development of the Hebron oil project and the nickel processing facility in Long Harbour ramps up. Regardless of fluctuations in GDP, employment and income growth are expected to be solid with employment growing by 1.3% on average and real personal income increasing by 2.5% over the 2009 to 2011 period.

Gauging Economic Performance in Newfoundland and Labrador

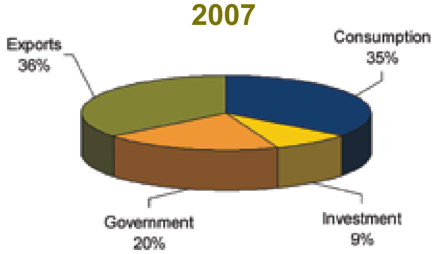
Growth in GDP is one of the most commonly cited indicators when discussing overall economic performance. However, it should be noted that when discussing economic activity in any economy it is also important to examine a number of other economic indicators. This is particularly true for Newfoundland and Labrador.

GDP is calculated as the sum of the value of:

- Consumption – people's spending on goods and services;
- Investment – business and government expenditure on construction of buildings, roads, etc. and machinery and equipment;
- Government expenditures – government current expenditures on goods and services (e.g., labour, supplies); and,
- Net exports – goods and services shipped outside the province less the value of imports.

The true contribution of each spending category to GDP is determined by its value less any associated imports.

Component Contribution to GDP[1]
2007



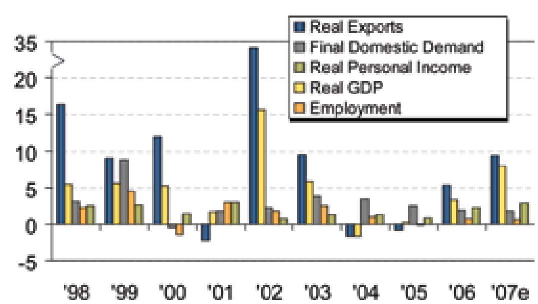
[1] Net of imports
Source: Statistics Canada; Department of Finance

It is estimated that around 70% of GDP growth over the past decade has been due to exports. The growth in exports has been largely driven by oil, since Hibernia started production in 1997. Currently, oil comprises about one-half of total exports in the province. But oil is a high valued, volatile commodity which can produce tremendous swings in GDP. The addition of oil production from newly developed fields such as White Rose or the disruption in production from an oil field, such as what happened to Terra Nova in 2006 with the six month shutdown, can dramatically boost or lower oil exports and consequently GDP. However, employment on these major projects is relatively stable regardless of changes in production. This is why, in recent years, growth in real GDP has not translated into the same magnitude of growth in other economic indicators such as employment, income and retail sales.

For example, in 2002 real GDP rose by 15.6% due mostly to export gains which were driven by a near doubling of oil production. Gains in final domestic demand, employment and real income were much more modest at between 0.7% and 2.2%. Conversely, in 2004 real GDP fell by 1.7% due to a 7% decline in oil production. However, in that same year, final domestic demand, employment and personal income all recorded increases.

The following chart shows growth in real exports, real GDP, final domestic demand, employment and personal income over the last 10 years. As can be seen, while not a one-to-one relationship, changes in exports and real GDP generally move in tandem. However, growth in employment and incomes are more closely correlated with changes in final domestic demand.

Economic Indicators
(% change from previous year)



e: estimate
Source: Statistics Canada; Department of Finance

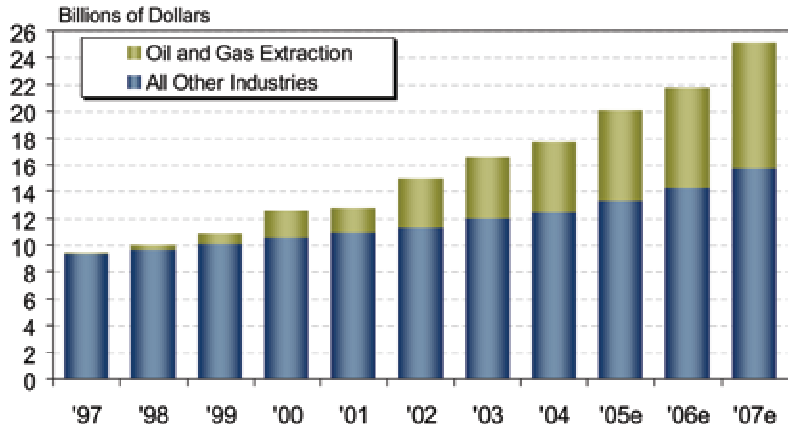
As in the past decade, resource extraction (particularly oil) will significantly influence changes in GDP over the next ten years. To truly gain an understanding of overall economic performance in Newfoundland and Labrador, it is important to consider economic indicators other than GDP for the reasons previously discussed. While GDP growth may point to a contracting economy in the near future, other indicators depict a stable or improving economic performance.

Oil and Gas

The provincial oil and gas industry grew rapidly over the past decade and now accounts for approximately 35% of the province's nominal GDP and 2% of provincial employment[2]. Total cumulative oil production to the end of 2007, from the province's three offshore fields, was 867 million barrels of light sweet crude with an estimated gross value of $46 billion.

Oil production totalled 134.5 million barrels last year, representing an increase of 21.3% over the 2006 level. Production increases were recorded at Terra Nova and White Rose while Hibernia experienced a decline. The value

Gross Domestic Product
Oil & Gas Extraction and Other Industries

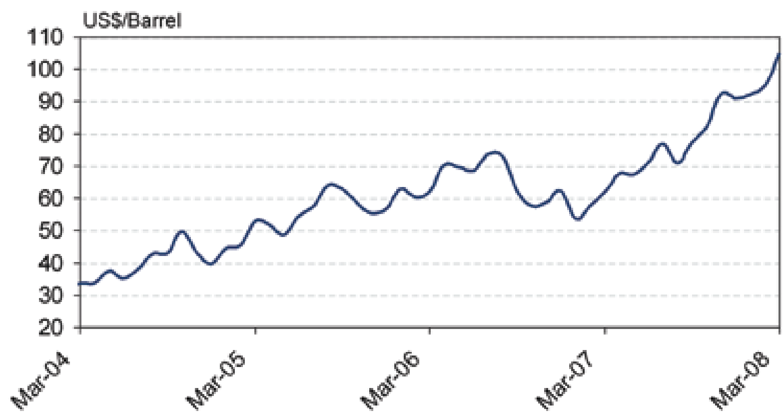


e: estimate
Note: Oil and Gas Extraction includes services to mining and oil and gas industries.
Source: Statistics Canada; Department of Finance

2 The contribution to GDP is much greater than to employment because of the high capital:labour ratio in the industry.

of oil production increased by 26.6% in 2007 to $10.3 billion, boosted by increased production levels and higher crude oil prices. Oil prices remain high despite recent signs of a serious slowdown in the U.S. economy. The price of Brent crude averaged US$103.64 per barrel in March 2008, nearly double its January 2007 average of US$53.68 per barrel.

Brent Crude Oil Prices



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

Hibernia

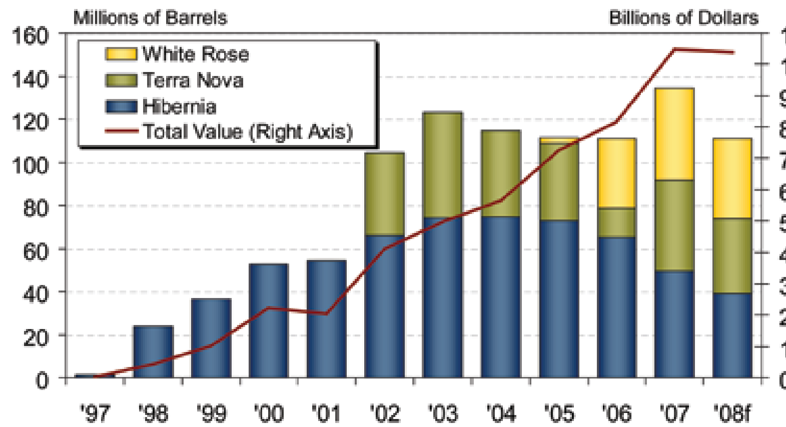
Hibernia production totalled 49.2 million barrels in 2007, a decline of 24.4% from its 2006 level. Damage to one of the platform's main power generators early in the year together with water and gas handling limitations on the platform constrained production in 2007.

While the Hibernia oil production platform has two drilling towers, the facility decreased operations to a single drilling crew resulting in the layoff of approximately 50 workers on March 4, 2008. The layoffs occurred because the west drill completed drilling its 32 planned slots. Both rigs will be maintained in an "operational ready" condition in order to conduct drilling, well re-entry and slot reclamation operations in both well bays. The layoffs will not affect oil production rates.

Development of the southern area of the Hibernia reservoir (i.e., Hibernia South)—estimated to contain 223 million barrels of recoverable oil—is anticipated once a Development Plan Amendment application is submitted and, regulatory and government approvals are obtained. Among the additional information required by the province is an analysis of how Hibernia Management & Development Company Ltd. plans to manage the platform's current drilling slot and processing limitations as well as assessments of other possible modes of development for the field.

When Hibernia development was initially approved in 1986, the licence-holders estimated the field contained 522 million barrels of recoverable oil. Since then, estimates have increased significantly. The Canada-Newfoundland and Labrador Offshore Petroleum Board's (C-NLOPB) current estimate of Hibernia's recoverable reserves is 1,244 million barrels. Cumulative production at Hibernia, from first oil in November 1997 to the end of 2007, was 570 million barrels—leaving approximately 674 million barrels of reserves yet to be extracted (see the table on page 21).

Oil Production



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

Terra Nova

The *Terra Nova FPSO* produced all year in 2007 after being out of service for a six-month period in 2006 to undergo a major retrofit. As a result, production increased from 13.7 million barrels in 2006 to 42.4 million barrels in 2007.

In December 2006, an offshore inspection on the FPSO revealed that a bearing in the turret's water injection swivel was damaged. Temporary repairs have allowed production to continue and have proven to be robust. A more permanent solution will require the procurement and installation of a replacement swivel—including local fabrication of a turret equipment module and maintenance platform. Replacement of the swivel, which has not yet been scheduled, will require up to 16 weeks of vessel downtime.

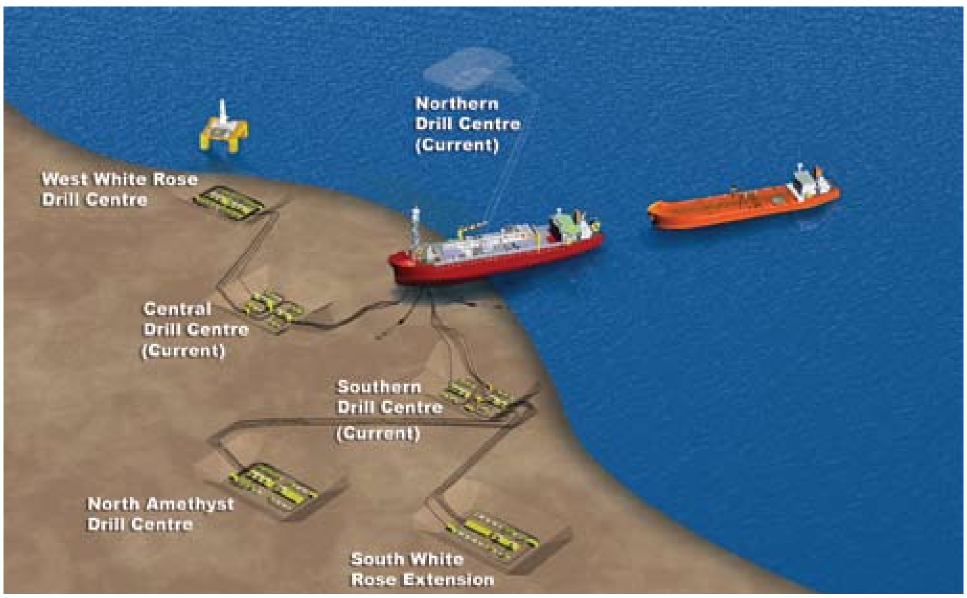
The C-NLOPB's current estimate of the Terra Nova field's recoverable reserves is 354 million barrels. Cumulative production at Terra Nova, from first oil in January 2002 to the end of 2007, was 220 million barrels—leaving approximately 134 million barrels yet to be extracted.

White Rose

White Rose production totalled 42.8 million barrels in 2007, an increase of 33.6% over its 2006 level. This increase was due to the completion of additional producing wells and regulatory approval to increase the facility maximum daily rate to 140,000 barrels per day and the annual oil production rate to 50 million barrels.

Husky Energy completed its planned 2008 maintenance turnaround for the White Rose production vessel, the *SeaRose FPSO*, on February 4. The 13-day turnaround, which was originally scheduled for August, was moved forward as a result of sediment buildup in the vessel's low pressure separator. All work, including clean-out of sediment buildup—which had been curtailing production by approximately 30%—was successfully executed.

Schematic of the White Rose Development



Source: Husky Energy

The successful exploration and delineation program around the White Rose field has led to the identification of a number of potential satellite tieback developments—North Amethyst, South White Rose Extension and West White Rose Extension. North Amethyst will be the first satellite field to be developed—government approved the development plan for North Amethyst on April 2, 2008. Husky completed front-end engineering and a glory hole to accommodate the sub-sea facilities for this field in 2007 and plans to commence development drilling in mid-2008. Regulatory approval was obtained for the development of the South White Rose Extension in September 2007. Husky continues to evaluate the results of delineation drilling conducted in 2007 for West White Rose. The province, through its Energy Corporation, has a 5% equity stake in the development of the three White Rose satellite fields. Husky estimates that these fields contain 214 million barrels of recoverable oil.

Crude Oil Reserves (Millions of Barrels)		
Oil Field	Original Reserves	Remaining Reserves*
Hibernia	**1,244**	**674**
Approved Development Area	1,021	451
Hibernia South	223	223
Terra Nova	**354**	**134**
White Rose[a]	**387**	**310**
Approved Development Area[b]	231	154
West White Rose[c]	120	120
North White Rose	14	14
Hibernia Formation	22	22
North Amethyst[d]	**70**	**70**
Hebron Complex[e]	**731**	**731**

* As of December 31, 2007

[a] The figures listed are a combination of the C-NLOPB's and Husky Energy's current reserve estimates. The C-NLOPB's current reserve estimates for White Rose is 283 million barrels—40 in West White Rose, 14 in North West Rose, 22 in the Hibernia Formation and 207 in the approved development area.

[b] Includes 207 million barrels in South White Rose and 24 million barrels in the South White Rose Extension; the latter was given regulatory approval for development on September 7, 2007.

[c] The figure for West White Rose is subject to review.

[d] North Amethyst development will occur by means of a sub-sea tieback to the White Rose production vessel.

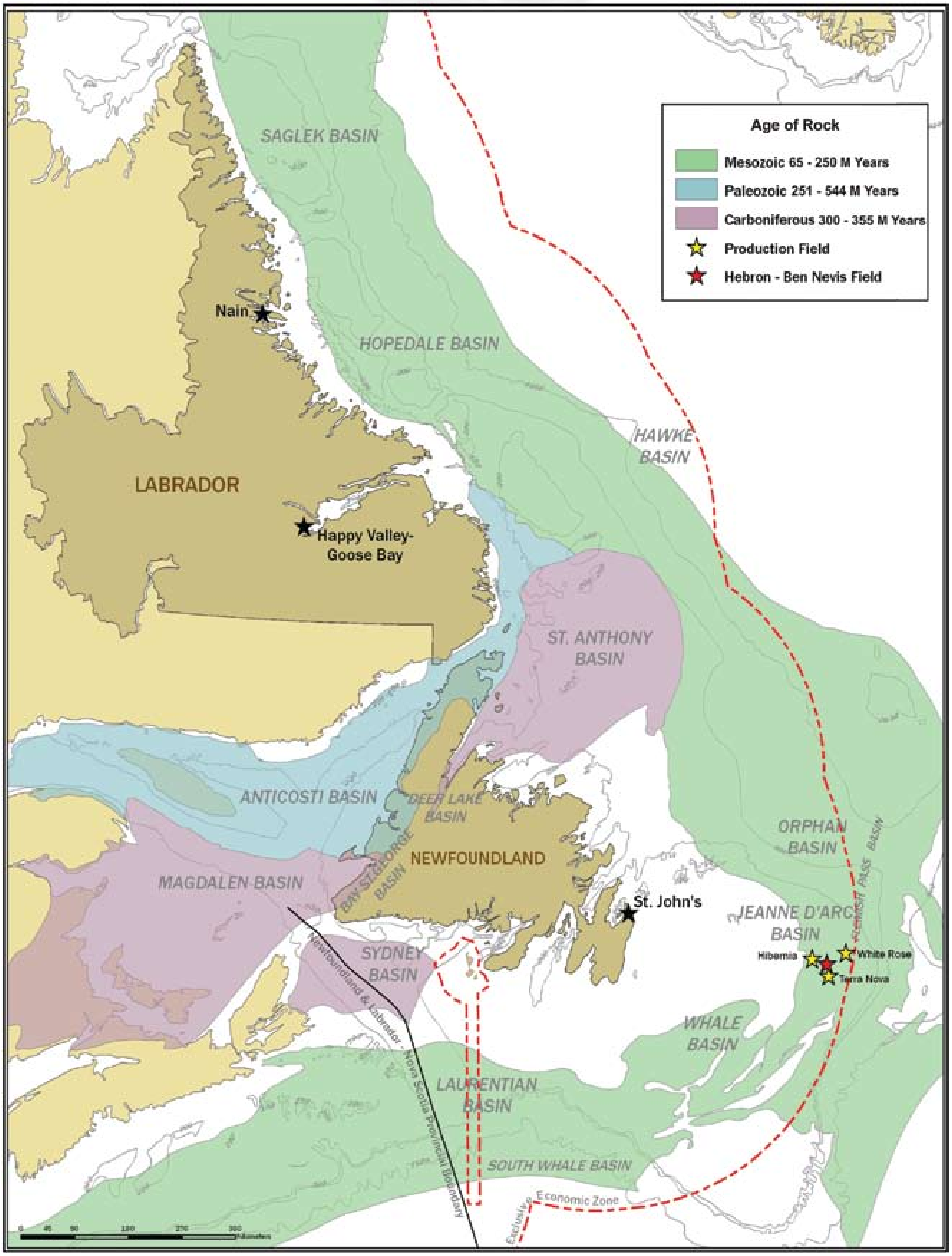
[e] The Hebron Complex includes the Hebron, Ben Nevis, and West Ben Nevis fields.

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

In January 2008, Husky contracted the semi-submersible drilling unit *GSF Grand Banks* for a period of three years for ongoing operations in the White Rose area and for continued exploration and delineation drilling off Newfoundland and Labrador. The agreement is valued at approximately $380 million and has provisions for two additional one-year contract extensions. In March 2008, Husky and Petro-Canada secured a rig sharing agreement with StatoilHydro that will bring the semi-submersible drilling unit *Henry Goodrich* to the Newfoundland and Labrador offshore area for a period of 24 to 30 months, beginning in the summer of 2008. Offshore drilling rigs capable of operating in harsh environments continue to be in high demand worldwide. Securing these drill rigs will expedite the next phase of the White Rose development and bring the North Amethyst satellite field into production by late 2009 or early 2010.

The current combined estimate of the White Rose and North Amethyst fields' recoverable reserves is 457 million barrels. Cumulative production at White Rose, from first oil in November 2005 up to the end of 2007 was 77 million barrels—leaving approximately 380 million barrels yet to be extracted.

Offshore Basins



Hebron

On August 22, 2007, the province announced that it had reached a Memorandum of Understanding with the Hebron project proponents to develop the Hebron-Ben Nevis (Hebron) oil field complex. The field complex is estimated to contain approximately 731 million barrels of recoverable reserves and development costs are estimated to be between $7 and $11 billion over the life of the project. When the official agreements are signed, the province, through its Energy Corporation, will take a 4.9% equity stake in the project.

Exploration Highlights

Offshore

- An average of 2-3 wells per year are expected over the next five years depending on results of seismic interpretations, rig availability, drilling success rates and oil and gas prices.

Exploratory Drilling

» Drilling of the Great Barasway F-66 exploratory well in the Orphan Basin (see Offshore Basins map) was completed in April 2007—results are subject to a 2-year confidentially period. The Orphan Basin partners (Chevron, ExxonMobil, Imperial Oil, and Shell Canada) remain committed to the area and plan to drill another exploration well in the deep water basin in 2009.

» Husky and StatoilHydro will partner on the Mizzen exploration well on Exploration Licence EL 1049 in the Flemish Pass Basin. The Mizzen well is expected to be drilled with the *Henry Goodrich* later this year.

» ConocoPhillips and partners have identified potential drilling targets in the Laurentian Basin. Exploratory drilling could occur in 2009 subject to rig availability.

Delineation/Development

» Husky commenced its 2007 delineation drilling program by spudding the well Husky et al White Rose C-30 in order to confirm reserve estimates in the West White Rose Pool to the Northwest of the current White Rose development. Husky has indicated that the West White Rose Pool contains 50 to 200 million barrels of oil, with a most likely estimate of 120 million barrels.

» The *Henry Goodrich* drill rig is also scheduled to drill a production and a water injection well in the Terra Nova oil field in late 2008 or early 2009 to supplement production and increase oil recovery.

Seismic

» Husky, in conjunction with StatoilHydro, is proceeding with an offshore seismic acquisition program. It includes the acquisition of 2,500 square kilometres of 3D seismic over the White Rose field, the satellite development areas, Terra Nova and portions of five exploration licences in the Jeanne D'Arc Basin.

Outlook 2008

- Oil production is expected to decline by about 17%.
  - » Hibernia is expected to produce 39.3 million barrels—10.0 million less than 2007.
  - » Terra Nova is expected to produce 34.4 million barrels—8.1 million less than 2007.
  - » White Rose is expected to produce 37.5 million barrels—5.3 million less than 2007.
- Oil prices are expected to increase by 28%. Brent crude is expected to average US$92.75 per barrel.
- Combined capital expenditures on Hibernia, Terra Nova and White Rose (including White Rose expansion) are expected to be in the vicinity of $1 billion.
- A formal agreement is expected on the Hebron development.

West Coast

- Through a farm-out agreement with Canadian Imperial Venture Corporation, Shoal Point Energy Inc. commenced drilling of the 2K-39 well from an onshore location on Shoal Point to an offshore target under Port au Port Bay (EL 1070) in early March.
- Through a farm-out agreement with Ptarmigan Resources, Houston-based Tekoil set conductor pipe at the onshore to offshore exploration well Glori E-67 on January 14, 2008. Pending rig availability and regulatory approvals, the company plans to drill to a target located offshore in EL1069.
- PDI Production Inc. plans to drill another sidetrack well in the Garden Hill area (Port au Port #1 ST#3).
- Vulcan Minerals Inc. recently received the processed results of its 2007 seismic program in the onshore Bay St. George basin in Western Newfoundland. The company, as part of its agreement to form a strategic joint venture with Investcan Energy Corporation, plans to drill a well on the Hurricane Deeps target in 2008 subject to financing and logistics. Four onshore exploration permits were extended into their secondary term by the filing of performance bonds. Companies involved included Deer Lake Oil and Gas Inc., Contact Exploration, Leprechaun Resources Ltd. and Vulcan Minerals Inc.

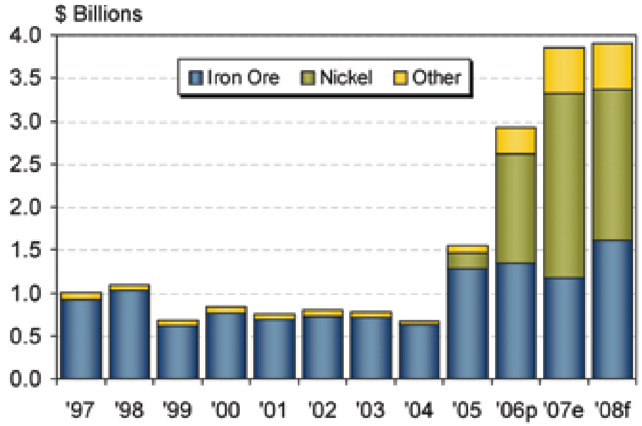
Land Sales

- The C-NLOPB issued two separate Calls for Bids in May 2007 comprising a total of 991,458 hectares.
  - » One 51,780-hectare parcel in the Western Newfoundland and Labrador Offshore Region (NL07-1), which closed on November 30, 2007, received a successful work expenditure bid in excess of $1.5 million.
  - » Four parcels totalling 939,678 hectares in the Labrador Offshore Region (NL07-2) will not close until August 1, 2008 to allow sufficient time to complete a Strategic Environmental Assessment (SEA) in the region. The draft SEA report was issued for public comment on March 25, 2008.

Mining

Strong global demand for minerals has fostered growth in mineral exploration, development and production in the province. In 2007, the value of mineral shipments increased to almost $3.9 billion, the highest value on record, up 31.9% over 2006. The increase reflected higher shipments from Voisey's Bay, the opening of the Duck Pond mine and increased metal prices. Employment in mining averaged about 3,700 in 2007.

Value of Mineral Shipments



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

Voisey's Bay

Vale Inco Newfoundland & Labrador Limited (Vale Inco NL)[3] operates the nickel, copper and cobalt mine located in Voisey's Bay, Labrador. Currently, nickel concentrate from the mine is shipped to Vale Inco's operations in Sudbury, Ontario and Thompson, Manitoba for processing. A commercial nickel processing plant is scheduled to commence operation in Newfoundland and Labrador in 2012.

The company shipped about $2.1 billion in nickel concentrate in 2007, as well as lesser amounts of copper and cobalt. The value of nickel shipped was up 68.2% over 2006. The increase reflected higher shipment volumes and prices. Employment in 2007 was 850 on an annual average basis, including workers at the mine/mill; the Demonstration Facility; corporate offices; exploration; and initial engineering and planning for the commercial processing plant.

As part of the Voisey's Bay Development Agreement, Vale Inco NL is committed to constructing a commercial nickel processing plant at Long Harbour. The first option for this facility is based on hydromet technology, however, if this does not prove to be technically or economically feasible, a conventional matte plant will be constructed. The company submitted an Environmental Impact Statement (EIS) in late 2007 and was advised by government in January of this year that a revised EIS will be required to provide clarification and additional information. The plant will be constructed over the 2008 to 2011 period at an estimated cost of US$2.2 billion and be operational by 2012.

Vale Inco NL has operated a research and development program at the Demonstration Facility located in Argentia since late 2005 to determine the feasibility of hydrometallurgical processing. The information from this program will be used when deciding the type of commercial nickel processing plant to be constructed. An announcement concerning the type of plant is expected later this year.

In February 2008, the company informed employees at the Demonstration Facility that it will close in June. Approximately 150 people are employed at the facility and all employees are being offered other jobs or training opportunities within the company's operations in Canada or New Caledonia. These employees will be given the opportunity to work at the commercial plant in Long Harbour once operational.

3 Formerly, Voisey's Bay Nickel Company Limited. The name change was part of a larger re-branding initiative by the parent company.

Iron Ore

The volume of iron ore shipped from the Iron Ore Company of Canada (IOC) and Wabush Mines was 18.3 million tonnes in 2007, a decrease of 8.7% from 2006. The value of shipments declined by 12.3% to about $1.2 billion. The decline in shipments reflected an interruption in production due to a labour-management dispute at IOC that lasted about seven weeks. IOC shipped 13.6 million tonnes of iron ore (concentrate and pellets) in 2007, a decrease of 14.1% from 2006.

IOC has announced two expansion plans for its operation in the last nine months—a reflection of the company's confidence in the strong global iron ore market. In August 2007, the company announced a $60 million investment to increase concentrate production capacity from 17.0 to 18.4 million tonnes by mid-2008. In March of this year, a further $500 million was announced to boost capacity to 22 million tonnes. The announcement in March, which is Phase I of a two step plan, includes expenditures to expand iron ore mining and processing facilities plus rail transportation capabilities. Details regarding Phase II are expected to be announced over the next 12 months and are expected to include a further increase in capacity to 25 million tonnes by 2011. Operational employment in Labrador West is expected to increase by 200 and peak construction employment should reach 250.

Production of concentrate from Wabush Mines totalled 4.7 million tonnes in 2007, an increase of 11.8% from 2006. The current owners of Wabush Mines are U.S. Steel Canada Inc. (44.6%), Cleveland-Cliffs Inc. (26.8%), and ArcelorMittal Dofasco Inc. (28.6%). In March of this year, Cliffs and U.S. Steel announced that they were withdrawing from negotiations to sell their combined 71.4% interest in Wabush Mines to Dofasco. Both companies had been negotiating with Dofasco since September 2007. Cliffs and U.S. Steel did not give a reason for the decision. Subsequently, ArcelorMittal, the parent company of Dofasco, commenced legal action in the Ontario Supreme Court to require its partners to comply with the sale. This matter was unresolved at the time of writing.

New Base Metals Operation

Production at the Duck Pond mine started in January 2007. The mine is expected to produce 41 million pounds of copper, 76 million pounds of zinc, 574,000 ounces of silver and 5,000 ounces of gold annually over the eight-year mine life. Employment is anticipated to average 192 people annually. Aur Resources originally started the Duck Pond project, however, the company was taken over by Teck Cominco in 2007.

Other Mining Operations

There were a number of smaller mining operations which shipped silica, slate, dimension stone, gypsum, peat, limestone, dolomite, sand/gravel and stone aggregates in 2007 (see map on opposite page). The overall value of shipments from these operations and employment increased last year. In addition, there were several developing mines in 2007 (see table), some of which are expected to begin production in 2008.

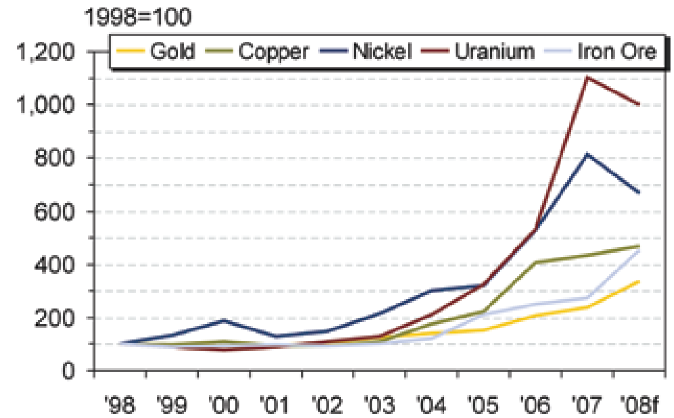
DEVELOPING PROPERTIES			
Company	**Mineral**	**Location**	**Status**
Beaver Brook Antimony Mine Inc.	Antimony	Near Glenwood	Production in 2008; work force expected to reach 80-90 people; 7-10 year mine life.
Anaconda Mining Inc.	Gold	Near Baie Verte	Pine Cove mine is expected to be in production in Spring 2008; probable reserves of 207,000 ounces of gold and inferred resources of 5,200 ounces of gold; will employ 44 people annually; 12-year mine life.
Continental Stone Limited	Crushed Granite Aggregate	Belleoram	Environmental assessments approved; development plan with Natural Resources; construction could begin Summer 2008; 80-100 jobs; 50-year life.
Rambler Metals and Mining PLC	Copper-Gold	Baie Verte Peninsula	Former producing Rambler property; drilling and dewatering of the old mine; scoping study underway and is expected to be completed this year.
Labrador Iron Mines Holdings Limited	Iron Ore	Western Labrador	Plan for a direct shipping operation; drilling and sampling planned for full feasibility study; initially 1 to 2 million tonnes of ore annually with ramp-up to 5 million tonnes.
New Millennium Capital Corporation	Iron Ore	Western Labrador	Pre-feasibility study conducted outlining 4-5 billion tonnes of ore with about 30% iron content.

Metal Prices

Metal prices were very strong in 2007 driven to a large degree by the growing economies of China and India. Price movements for nickel, iron ore, copper, gold and uranium are illustrated in the chart on page 30. All commodities recorded price increases over the last several years, the most notable being uranium which has increased ten-fold since 2002 and nickel which has increased more than five-fold over the same period. Prices for nickel and uranium are expected to retreat somewhat in 2008 but remain high by historical standards.


Newfoundland Labrador
Natural Resources
Mines Branch
PRODUCING MINES AND DEVELOPING PROPERTIES
SPRING 2008
N
W
E
S
Nain
Anorthosite (12)
Nickel-copper-cobalt (13)
Makkovik
Schefferville
Iron (19), Iron (21)
Iron (8), dolomite (9)
Silica (10)
Iron (14)
Labrador City / Wabush
Happy Valley - Goose Bay
Cartwright
0 150 km
* Note scale differences of Labrador and Newfoundland maps
St. Anthony
Baie Verte
Gold (15)
Copper-Gold (23)
Gold (4)
Corner Brook
Peat (6)
Peat (18)
Gander
Granite (11)
Limestone, dolomite (2)
Barite (1)
Antimony (16)
Peat (22)
Zinc-copper-gold (3)
Gypsum (5)
Slate (7)
Port aux Basques
Granite (17)
St.John's
Pyrophyllite (20)
St. Lawrence
0 100 km
Commodities in production
1. Atlantic Barite Ltd., Buchans
2. Atlantic Minerals Ltd., Lower Cove
3. Aur Resources Inc., Duck Pond
4. Crew Gold Canada Ltd., Nugget Pond
5. Galen Gypsum Mines Ltd., Coal Brook
6. Hi-Point Industries (1991) Ltd., Bishop's Falls
7. Hurley Slate Works Company Inc., Burgoynes Cove
8. Iron Ore Company of Canada, Labrador City
9. Iron Ore Company of Canada, Labrador City
10. Shabogamo Mining & Exploration Ltd., Labrador City
11. Terra Nova Granite (2007) Inc., Jumpers Brook
12. Torngait Ujaganniavingit Corp., Ten Mile Bay
13. Vale Inco Newfoundland & Labrador Ltd., Voisey's Bay
14. Wabush Mines Ltd., Wabush
Commodities in development
15. Anaconda Mining Inc., Pine Cove
16. Beaver Brook Antimony Mine Inc., Beaver Brook
17. Continental Stone Ltd., Belleoram
18. Hi-Point Industries (1991) Ltd., Gander Bay
19. Labrador Iron Mines Holdings Ltd., Howells River
20. Newfoundland Pyrophyllite, Manuels
21. New Millennium Capital Corp., Howells River
22. Peat Resources Ltd., Stephenville
23. Rambler Metals and Mining PLC, Baie Verte

Selected Mineral Commodity Price Indices

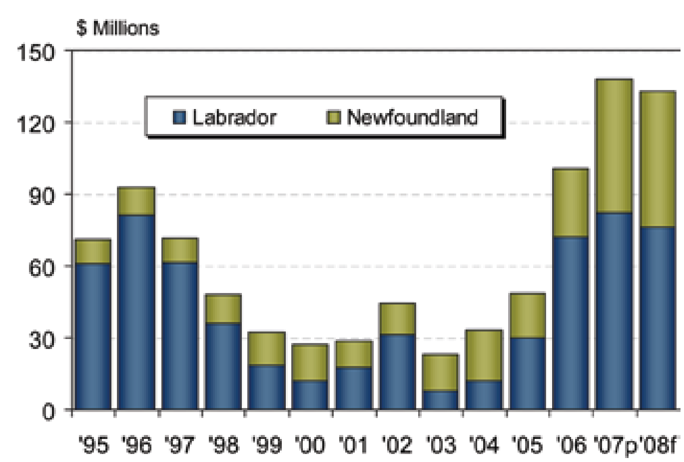


f: forecast
Source: TD Economics; International Monetary Fund; Department of Finance

Exploration

Mineral exploration spending in the province has grown considerably over the last several years, in line with national and global trends. Higher metal prices have been a key driver of exploration. Expenditures in the province reached $138 million in 2007, six times the level of expenditures in 2003. About 45% of the exploration expenditure was for base metals, 45% was for uranium, 5% was for gold with the remaining 5% for commodities such as iron ore and industrial minerals. There were more than 79,000 claims staked in 2007 and about 189,300 claims in good standing—the highest levels since the mid-1990s.

Mineral Exploration Expenditures



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

Almost 60% of mineral exploration spending in 2007 took place in Labrador. A major uranium play is occurring along the Central Mineral Belt in Labrador. The most advanced uranium project is Aurora Energy Resources Inc.'s Michelin Project, consisting of the Michelin and Jacques Lake deposits near Postville. Aurora recently announced an increase in its resource estimates for the Michelin Project. Aurora plans to conduct an in-fill drill program at the Michelin and Jacques Lake deposits and continue with a pre-feasibility study of the Michelin Project. In other developments, on April 8 this year the Nunatsiavut Government in Labrador voted to place a three year moratorium on mining and development of uranium on Labrador Inuit Lands. The government indicated that because it is new (i.e., only established in late 2005), it does not have the necessary tools for evaluating the impacts of large-scale development projects on its lands, nor for protecting the environment. This move is intended to permit the government time to develop and put in place the appropriate legislation and policies to address future developments such as the Michelin Project. It should be noted that the moratorium does not apply to exploration.

Another notable uranium exploration project is the Crosshair Exploration & Mining Corp.'s Moran Lake property. Other exploration in Labrador last year included renewed interest in iron ore in Labrador West and expanded nickel and copper exploration in the Voisey's Bay area and Labrador West.

Exploration highlights for the Island in 2007 included the continued advanced exploration work of Rambler Metals and Mining at the former copper-gold mine near Baie Verte. Dewatering of the old mine workings at Rambler started in 2007 and is expected to be completed this summer. This will allow for more cost-effective underground exploration of the deposits. If warranted, Rambler would be in a position to begin pre-production development once the dewatering is complete. A number of exploration properties also established new resource estimates in 2007. In Central Newfoundland, new estimates were calculated for deposits containing various quantities of copper, zinc, lead, silver, and gold (Messina Minerals Inc.'s Boomerang deposit; Mountain Lake Resources Bobby's Pond deposit; and Royal Roads Corp.'s Daniels Pond deposit). Also, new estimates were produced for Playfair Mining Ltd.'s Grey River tungsten deposit on the South Coast of Newfoundland.

Outlook 2008

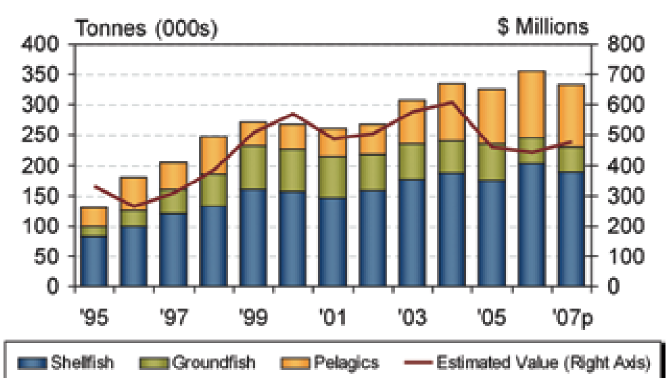
- The value of mineral shipments is expected to increase 1.3% to a record $3.9 billion. Higher iron ore volumes as well as prices are expected to be the major factors behind this performance.
- Both iron ore mines are expected to increase production in 2008 and the outlook for prices is also very positive due to strong demand; the world's largest iron ore producer recently secured price increases of more than 60% for 2008.
- Several new mining operations including Duck Pond, Beaver Brook and Pine Cove will also play a role in the overall increase in mineral shipments.
- The value of nickel from Voisey's Bay is expected to be about $1.8 billion, down from about $2.1 billion in 2007. Nickel prices, while slipping back from record highs in 2007, are expected to remain strong.
- A decision on the type of nickel processing facility that Vale Inco NL will construct in the province is expected later this year.
- Employment in the mining industry is expected to increase due mainly to anticipated expansion at IOC and production start-ups at Beaver Brook and Pine Cove.
- The outlook for mineral exploration is very positive. Exploration expenditures are forecast to total $133 million, second only to 2007. About 57% of this expenditure is slated for Labrador and the remainder is scheduled for Newfoundland.

Fishery

The fishing industry continues to be an important contributor to the Newfoundland and Labrador economy, generating more than 13,000 person years of employment[4] and contributing more than $400 million in GDP per year. The fishing industry is of particular importance to many rural areas of the province.

During 2007, the industry faced many challenges including competition from low-cost producers (e.g., China), tariff barriers, unfavourable exchange rates and high fuel costs. Despite these challenges the volume of fish landed remained relatively high. The value of fish landings and the value of production both increased over 2006 due to higher prices.

Volume and Value of Fish Landings



p: preliminary
Source: Department of Fisheries and Aquaculture

4 This figure is from the 2007 Statistics Canada Labour Force Survey and is the average of the 12 months. The actual number of people that work in the fishery over the year is around 25,000.

Fish Harvesting

The volume of fish harvested totalled 332,600 tonnes in 2007, down 6.5% from the previous year. Year-over-year declines were observed in each of the main species groups. Landed value, however, was up by 8.4% for the year to $478.7 million. Increased shellfish values more than offset lower values for groundfish, pelagics and seals.

Shellfish is very important to fish harvesting, comprising 57% of the province's landed volume and 80% of landed value in 2007. The volume of shellfish landings totalled 189,200 tonnes, down 6.5% from the previous year. Declines occurred in virtually all species except snow crab and shrimp. The value of shellfish landings increased 22% to $382.9 million. Snow crab catches increased by 6.2% while the corresponding landed value increased by 70% to $171.2 million from $100.7 million in 2006. Average crab prices paid to harvesters were approximately $1.55 per pound last year compared to $0.97 in 2006. Shrimp landings increased by 8.6% and the associated landed value was up 14.9% to $155.1 million.

Groundfish landings and associated value both fell in 2007. Volume dropped 7.4% to 40,500 tonnes and value declined 16.6% to $54.5 million. Lower catches of redfish were the main factor behind the decline in volume while lower prices for turbot were key to the decline in value.

Pelagic landings decreased by 6% to 102,900 tonnes in 2007. Both capelin and herring landings decreased due to resource constraints. Overall, the value of pelagics fell by 6.4% to $29.9 million from approximately $32 million in the previous year.

Fish Landings

	2006 (r)	2007 (p)	Actual Change	% Change
Landings (000s Tonnes)				
Shellfish	202.3	189.2	-13.1	-6.5%
Groundfish	43.8	40.5	-3.3	-7.4%
Pelagics	109.5	102.9	-6.6	-6.0%
Total	**355.5**	**332.6**	**-22.9**	**-6.5%**
Seals (# 000s)	296.8	205.3	-91.5	-30.8%
Value ($ Millions)				
Shellfish	313.9	382.9	69.1	22.0%
Groundfish	65.3	54.5	-10.8	-16.6%
Pelagics	32.0	29.9	-2.1	-6.4%
Seals	30.5	11.4	-19.1	-62.7%
Total	**441.6**	**478.7**	**37.1**	**8.4%**

r: revised; p: preliminary; actual and % changes calculated on unrounded figures.
Source: Department of Fisheries and Aquaculture

The number of seals harvested last year declined as pack ice conditions hampered the fishery. In total, 205,300 seals were harvested compared with 296,800 in 2006. The decline in landings in combination with lower prices resulted in a 62.7% drop in the landed value of seals: the landed value totalled $11.4 million compared with $30.5 million in 2006. Prices paid to sealers were $55 per pelt compared with $102 per pelt in 2006.

Fish Processing

Last year, 143 fish processing facilities, of which 112 were primary, operated in the province, generating 5,800 person years of employment (over 12,000 individuals on a seasonal basis). The volume of seafood products provided to the marketplace by provincial producers declined 6.9% to 193,800 tonnes. Despite the decline, the production value increased due to higher market prices for both snow crab and shrimp. The estimated value of seafood production exceeded $1 billion in 2007, up from approximately $900 million in 2006.

The United States and China continued to be the province's largest seafood markets in 2007 accounting for 39.1% and 19.0% of export value respectively. Other key markets included Denmark, the United Kingdom and Japan, which together purchased 23.2% of the province's seafood exports in 2007.

Market prices for snow crab increased substantially last year. The average price for 5-8 ounce sections increased by 33.6% to US$4.49 from US$3.36 in 2006. While last year's increase in prices benefitted producers, the appreciation of the Canadian dollar over the last several years has negatively affected profit margins on all products sold in U.S. currency. The recent appreciation of the Canadian dollar against the U.S. dollar began in 2002 and continued last year. In 2007, the exchange rate averaged $1.07 Canadian per U.S. dollar compared to $1.57 in 2002. This appreciation points to a potential loss of 50 cents on each U.S. dollar of sales for producers. This trend is forcing provincial seafood producers to look to Europe and other non-traditional markets to sell their products.

Shrimp prices remained relatively stable in 2007 and markets were able to absorb available supplies. The European Union (EU) continues to be a major market for cooked and peeled coldwater shrimp and an increase in the EU Autonomous Tariff Rate Quota in 2007 is benefitting the sector. The amount of Canadian shrimp that can now be sold to the European Union under the lower 6% tariff has increased from 10,000 to 20,000 tonnes. Shrimp sold above this quota is subject to a 20% tariff.

Licensed Fish Processing Plants 2007
Newfoundland & Labrador
Location of Plant
0 50 100 200
Kilometers
Nain
Makkovik
Postville
Cartwright
Black Tickle
Charlottetown
Pinsent's Arm
St. Lewis
Mary's Harbour
Cook's Harbour(2)
L'Anse-au-Loup
St. Anthony
Anchor Point(2)
New Ferolle
Conche
Port au Choix
Englee
River of Ponds
Fleur de Lys
La Scie
Cow Head
Baie Verte
Jackson's Arm(2)
Twillingate
Fogo
Seldom
Rocky Harbour
Trout River
Triton(2)
Cox's Cove
Greenspond
Centreville(3)
Benoit's Cove(2)
Corner Brook
Bonavista
Glovertown(2)
Old Perlican(2)
Clarenville
Bay Roberts(2)
Harbour Grace(2)
New Harbour
Arnold's Cove
St. John's(3)
Codroy
St. Alban's
Sola Harbour
Bay Bulls
Channel-Port Aux Basques(2)
Burnt Islands
Burgeo(2)
Ramea
Harbour Breton
Witless Bay
Marystown
Grand Bank(2)
Fermeuse
Burin
St. Bride's
St. Mary's
St. Lawrence
Newfoundland Labrador
Department of Finance
Newfoundland & Labrador Statistics Agency
Source: DFA

Outlook 2008

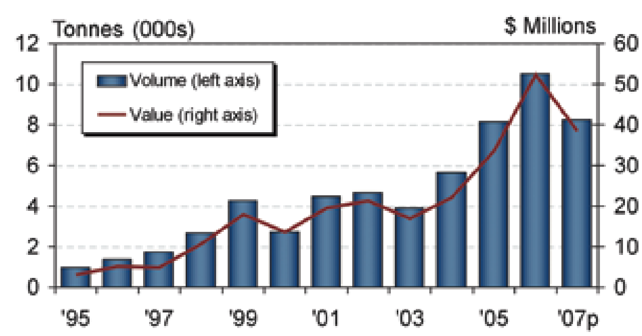
- Fish landings are expected to increase slightly in 2008 with higher catches of groundfish and shellfish. The increase in groundfish mainly reflects higher landings of yellowtail flounder while increased inshore shrimp quotas will boost shellfish catches.
- No major price fluctuations are expected for the 2008 fishing season and landed value is expected to be close to 2007 levels.
- External competition from low-cost producers, exchange rate impacts, and high fuel costs will continue to challenge the industry.
- The higher EU Autonomous Tariff Rate Quota will continue to improve market access for shrimp.
- Aquaculture production is expected to increase due to gains in salmonids and mussels production. Export value should increase in tandem with higher volumes.

In December 2007, agreements to sell the assets of Fishery Products International Limited (FPI) to Ocean Choice International Incorporated (OCI) and High Liner Foods Incorporated (High Liner) were concluded. OCI has purchased FPI's primary processing plants in the province and taken control of offshore groundfish, scallop and shrimp quotas. Under an agreement between the federal and provincial governments, OCI is obligated to land and process FPI's groundfish quotas in Newfoundland and Labrador. High Liner has purchased the secondary processing plant at Burin and the marketing division in the United States. Both companies have committed to sustained operations of all FPI facilities, where traditional levels of employment will be maintained. The conclusion of this sale should help provide stability to the communities and individuals affected.

Aquaculture

Provincial aquaculture production totalled 8,300 tonnes in 2007, down from 10,500 tonnes in 2006. The decline reflected both changes in harvesting schedules last year and increased demand in some markets for smaller trout. Aquaculture export value, estimated at $40 million, was down 23.5% from 2006 because of lower production volumes and the appreciation of the Canadian dollar. There were about 100 commercial aquaculture site licences in 2007 and the sector employed about 400 people.

Aquaculture Production



p: preliminary
Source: Department of Fisheries and Aquaculture

Aquaculture production will receive a tremendous boost in 2008 with the establishment of a new aquaculture operation on the South Coast of Newfoundland by Cooke Aquaculture Inc. Cooke Aquaculture is spending $155 million to establish a salmon farming operation including hatchery infrastructure, processing capacity and related equipment. The operation is expected to create over 200 full-time, year-round jobs. Cooke Aquaculture has signed a one-year lease to process the salmon at a facility in Harbour Breton.



Forestry and Agrifoods

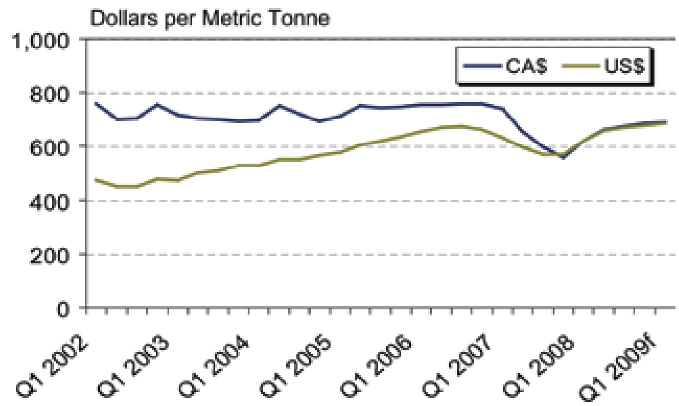
Forestry

North American Newsprint Market

The downturn in the North American newsprint industry continued in 2007. According to the Pulp and Paper Products Council, North American newsprint shipments declined by 6.6% last year to 11.1 million tonnes. Shipments declined as U.S. newsprint consumption fell by 10.5% to 7.8 million tonnes. Since the beginning of the decade, U.S. newsprint consumption has declined by 34.0% (an average of 5.8% per year) reflecting the increased prevalence of electronic-based media and a shift by newspaper publishers towards smaller tabloid form papers. North American newsprint producers have responded to the lower demand by closing many of their older high-cost mills and paper machines. These capacity reductions have allowed producers to achieve limited price increases, despite the reduction in demand. After hitting a trough of US$464 per tonne in 2002, transaction prices increased to US$660 per tonne in 2006 before declining to US$594 per tonne in 2007. Over the past several months, newsprint prices have steadily increased from US$580 in October 2007 to US$640 in March 2008.

While US$ newsprint prices have been trending slowly upward since 2002 (see chart on following page), prices in Canadian dollar terms have been generally flat as a result of the rapid appreciation of the Canadian dollar. Consequently, Canadian newsprint mills have experienced a deterioration in their profit margins. In recent months, newsprint prices have increased in both U.S. and Canadian dollar terms and further moderate increases are anticipated over the next several months.

Quarterly Average Newsprint Prices



f: forecast
Source: TD Economics; Department of Finance

Provincial Newsprint Industry

Provincial newsprint shipments totalled 549,400 tonnes last year, representing a decline of 7.6% compared to 2006. The value of shipments was estimated to be $350 million, a decline of 22%. Shipments were constrained by weak North American markets and further appreciation of the Canadian dollar. Corner Brook Pulp and Paper indefinitely idled one of its four paper machines in November 2007 due to the negative effects of the high Canadian dollar. This reduced the mill's annual production by approximately 80,000 tonnes and resulted in the loss of approximately 100 positions at the mill and in the range of 100-200 logging and silviculture jobs.

Corner Brook Pulp and Paper has budgeted capital expenditures of $4.0 million for 2008 for various infrastructure improvements including power related projects and forest access road construction. In addition, the company is initiating a $2.7 million research and development project to study the mill's fibre supply issues—this figure includes $1.1 million in federal government funding.

AbitibiBowater is currently undertaking a review of all aspects of its operations in an effort to further reduce costs and better position itself in the global marketplace. Capital expenditures in 2008 are subject to the outcome of this review which is expected to be announced in the second quarter of 2008. In 2007, the company's local capital expenditures totalled $5.6 million which included forest access road construction, bridge building, hydro facility improvements and capital upgrades.

Lumber

The province's lumber producers are currently facing significant challenges. The sub-prime mortgage crisis in the U.S. has resulted in a substantial decline in U.S. housing starts and consequently lumber demand and prices have decreased significantly. In addition, the North American lumber market has been flooded with product from Western Canada as mills in the region have ramped up production in order to salvage timber threatened by the Mountain Pine Beetle epidemic. As a result, several local sawmills have been forced to suspend operations until market conditions improve. Provincial lumber production decreased by approximately 8% in 2007 to 120 million board feet as a result of lower demand, and further reductions are expected in 2008.

Lumber prices dropped by 13.2% in 2007 to US$284 per thousand board feet in conjunction with lower U.S. demand and market oversupply. Furthermore, the rapid appreciation of the Canadian dollar has negatively impacted local producers—in Canadian dollar terms lumber prices declined by 17.8% last year. Prices are expected to remain subdued in 2008 as the U.S. housing crisis continues.

Agrifoods

Farm Cash Receipts

Total farm cash receipts grew by 7.1% (or $6.8 million) in 2007 to $102.2 million. The main drivers of growth were dairy products which increased by 13.1% to $43.9 million and furs which increased by 51% to $5.3 million. Farm cash receipts from floriculture and nursery products declined by 11.1% to $7.4 million while egg product receipts were down 2.1% to $11.9 million. Chicken production receipts for the province are no longer published by Statistics Canada, however, according to data from the Chicken Farmers of Canada, the volume of chicken produced in the province increased by 4.0% in 2007 to 13.3 million kilograms. Receipts for most other agricultural products remained on par with 2006 levels.

Dairy Products

There are two categories of milk production, fluid milk and industrial milk. Fluid milk is used for table milk and fresh cream, and industrial milk is used to manufacture a variety of other dairy products such as butter, cheese, yogurt and ice cream. During the 2006-07 dairy year (August 1 to July 31), the province's dairy farmers produced 35.1 million litres of fluid milk and 16.9 million litres of industrial milk, representing annual increases of 2.3% and 27.3% respectively.

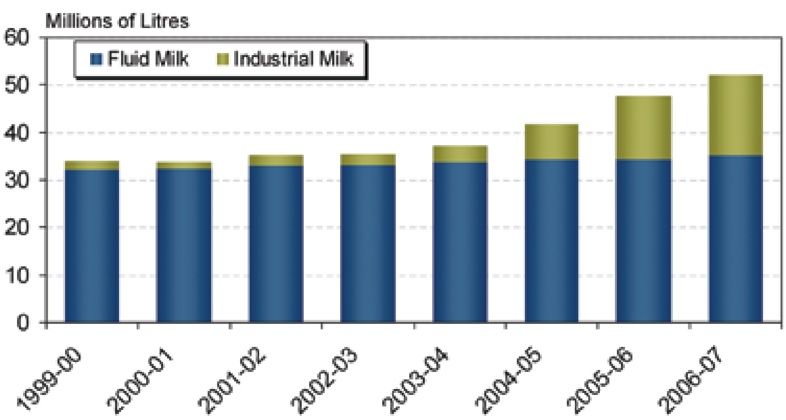
Outlook 2008

- Newsprint shipments are expected to decline by around 5% due to a reduction in capacity at Corner Brook Pulp and Paper.
- Newsprint prices are expected to increase by approximately 15%.
- Lumber production is expected to decline due to continued weakness in U.S. demand and market oversupply.
- Farm cash receipts are expected to increase moderately.

Newfoundland and Labrador's dairy industry has grown rapidly since the province's dairy farmers joined the National Milk Marketing Plan in 2001. Since then, the province's industrial milk quota has increased from 3.5 million litres in 2001-02 to 19.2 million litres in 2007-08. The industrial milk quota is expected to increase to 31 million litres by 2016.

In May 2007, the provincial government invested $1 million, under the Agriculture and Agrifoods Development Fund (AADF), to assist Central Dairies to expand into the specialty cheese market. Central Dairies is contributing $2.5 million toward the venture, which will create 10 to 15 new jobs. As part of the initiative, Central Dairies will purchase 4.7 million litres of industrial milk per year from local dairy farmers at startup, with that volume expected to at least double within seven years.

Milk Production



Source: Dairy Farmers of Newfoundland and Labrador

In November 2006, government invested $1 million through the AADF to assist Brookfield Dairy Group (which contributed $4 million) to expand its premium ice cream production operation. Under the plan, Brookfield committed to purchase one million litres of industrial milk per year from local dairy farmers and to expand its processing operation in St. John's creating 44 new full-time, permanent jobs. This process will take five years.



Manufacturing

The manufacturing industry directly accounts for about 4% of nominal GDP and 7% of employment in the province. The industry is comprised of about 600 businesses, producing a wide array of products, and is an important contributor to the province's export sector. The largest manufacturing groups in the province—in terms of output and employment—are petroleum refining, food processing (in particular fish) and newsprint manufacturing. Other firms are engaged in the manufacture of beverages, boats, lumber, secondary wood products, fabricated metal products, non-metallic mineral products and a variety of other products.

The total value of manufacturing shipments was $5.4 billion in 2007. Statistics Canada data revisions prevent comparisons with 2006, however, all indications point to a mixed performance for the manufacturing industry in 2007. Many firms in the industry that export their products have been challenged by a number of factors including the appreciation of the Canadian dollar, shortages of skilled labour, increasing energy costs and increased competition from low-wage economies, particularly China. Companies that sell their products in U.S. dollars but pay costs, such as labour, in Canadian dollars have seen their profit margins squeezed by the currency's appreciation.

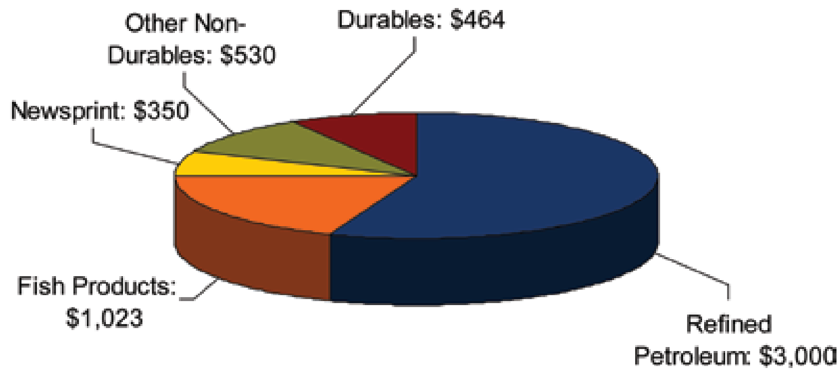
The newsprint sector has been especially hard hit due to lower U.S. newsprint prices in 2007 coupled with negative exchange rate effects. This difficulty was evidenced by Kruger's decision to shut down one of the paper machines at its Corner Brook facility last year and AbitibiBowater's ongoing operational review. Newsprint production declined by 7.6% and the value of shipments declined by 22% to $350 million in 2007. (For more information on the newsprint industry see *Forestry and Agrifoods* on page 37.)

Outlook 2008

- The outlook for the manufacturing industry is mixed.
- Exporters will continue to be challenged by competition from low-cost producers, a high Canadian dollar and high fuel prices.
- A slowing U.S. economy could slow demand for some exports and negatively impact prices.
- The volume of refined petroleum is expected to be on par with last year.
- Newsprint production is expected to decline due to the shutdown of one paper machine at Corner Brook Pulp and Paper late last year, however, value should rise due to price increases.
- Gains are projected in groundfish and aquaculture production.

The fish processing sector was also challenged by the high dollar, but stronger demand for fish products and higher market prices have alleviated some of the pressures of the appreciating dollar. The volume of fish production declined last year due to lower fish landings, but the value of shipments increased due to higher market prices for both crab and shrimp. The value of seafood production increased by roughly 10% to $1.0 billion in 2007. (For more information on the fishing industry see *Fishery*.)

Manufacturing Shipments, 2007 ($ Millions)



Source: Statistics Canada; Department of Finance

Petroleum refining benefitted from high energy prices and strong refining margins in 2007. According to Harvest Energy Trust, the new owners of the Come-by-Chance refinery, the company refined roughly 36 million barrels of oil in 2007 with an average refining margin of US$10.05 per barrel. The final market value of refined product was roughly $3 billion last year.

The value of durable goods shipments declined slightly in 2007, as a sharp decline in fabricated metal products was mostly offset by gains in other durable goods. The total value of durable good shipments was $463.6 million last year.

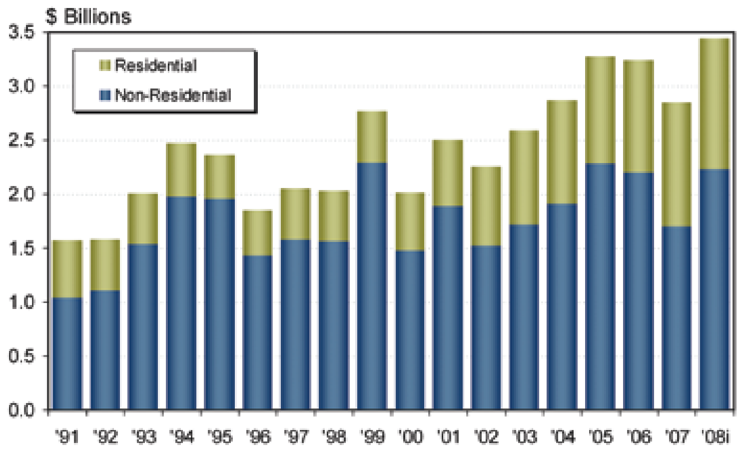
Employment in the manufacturing sector averaged 15,900 in 2007, an increase of 1.3%. Fish processing employment declined by about 900, while manufacturing employment outside of fish processing rose by 1,100. According to the Statistics Canada investment survey, manufacturing firms indicated capital investment plans totalling about $196 million in 2008, up 33% from 2007. Most of these expenditures are typically spent on machinery and equipment. The Long Harbour nickel processing facility is the largest manufacturing capital project expected to see significant development activity this year.

Construction

Construction investment decreased in 2007, according to Statistics Canada's latest investment survey, falling by 12.2% (13.5% in real terms) to $2.8 billion. The decrease was the result of a decline in non-residential construction investment relating mostly to lower expenditures in the mining and oil and gas sectors. Despite the decline, investment remained high on a historical basis.

Employment in the construction industry continued to grow in 2007, despite the decrease in investment expenditures, marking its highest level since 1980. Construction employment reached an annual average of 13,500, up 4.7% over 2006 levels. Higher demand for construction workers was reflected in a rise in average weekly earnings (including overtime) for the construction industry—rising 11.1% over 2006 and 38.2% relative to five years ago. In comparison,

Construction Investment



i: intentions
Source: Statistics Canada

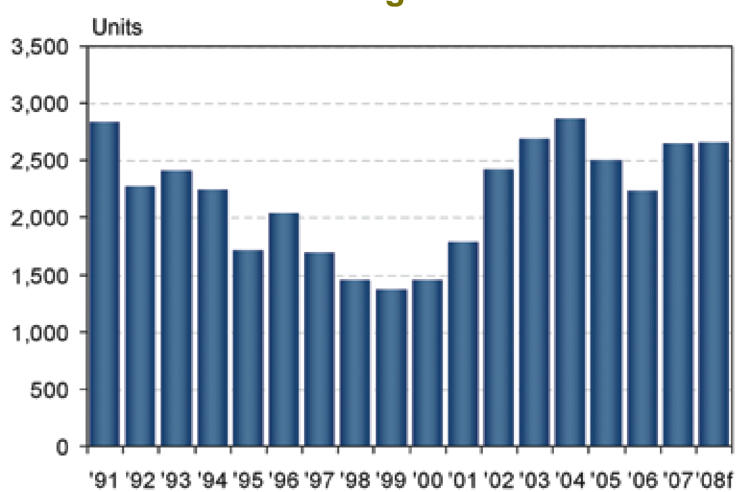
average weekly earnings for all industries grew by 3.7% over 2006 and 15.5% compared to five years ago. The local construction industry, like the national industry, has experienced rising levels of activity in recent years. The anticipated strong demand for construction workers in the near future will continue to be a challenge for contractors and companies in securing qualified skilled workers.

Non-Residential Construction

Non-residential construction investment decreased in 2007. Investment totalled about $1.7 billion, down 22.6% (23.7% in real terms) from $2.2 billion in 2006. It is believed that the decline is mainly due to a lull in major project development in the mining and oil and gas industries.

Outside mining and oil and gas, construction investment increased in most sectors. Growth was most notable in public sector industries such as public administration (up 10.1% over 2006), educational services (up 41.3%), and, health care and social assistance (up 20.6%). 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 the Cartwright to Happy Valley-Goose Bay portion of the Trans Labrador Highway; and, the continuation of the St. John's harbour clean-up. Significant increases in construction investment were also recorded in the retail trade and transportation and warehousing industries—up 16.7% and 52.2% respectively.

Housing Starts



f: forecast
Source: Statistics Canada

Residential Construction

Residential construction activity was strong in 2007. Investment increased by 9.9% (8.3% in real terms) to total $1.1 billion in 2007. Both the renovation and new home construction sectors recorded healthy gains. Renovation spending, which comprises slightly more than one-half of total residential investment, grew by 9.6%. Investment in new dwellings rose by 13.0%. The increase was consistent with a rise in the number of housing starts—housing starts were up 18.7% in 2007 to 2,652 units. Demand for new homes is rising with the prospect of new resource based employment in the near future, as well as the incentive to buy before further price increases take place.

Outlook 2008

- Construction investment is expected to increase by 20.8% to $3.4 billion, mainly due to increased spending in the oil and gas industry.
- Non-residential spending is expected to rise by 30.6% to $2.2 billion.
- Residential spending is forecast to rise by 6.0% to $1.2 billion.
- Housing starts are expected to total 2,657 in 2008, about the same as in 2007.
- Over $19 billion in project spending is planned or underway in the province according to the inventory of *Major Capital Projects* on page 52.



Lower Churchill Project

The lower Churchill River hydroelectric resource has the potential to become a major energy source for Newfoundland and Labrador that will more than double the province's amount of renewable electricity available and dramatically increase the amount of power accessible for economic growth in Labrador and on the Island.

As Canada's lowest cost, undeveloped hydroelectric resource, the lower Churchill River has the potential to substantially reduce Canada's greenhouse gas emissions by displacing fossil fuel fired electricity generation. The Lower Churchill Project could displace up to 16 megatonnes of carbon dioxide emissions from comparable coal thermal generation. The 2000 MW Gull Island site and the 824 MW Muskrat Falls site have a combined capacity to power 1.5 million homes.

Planning for the Build

Scheduling for the Project involves extensive planning and timely execution to ensure success. The Project has developed a six-phase process, with five 'gateways' which chart progress and ensure all development goals are met. Currently, the Project is in Phase 2, which involves initial planning and consultation. Gate 2 will be opened upon completion of all predetermined deliverables. Such deliverables have been the major tasks of the past year.

Engineering Investigation

In 2007, Newfoundland and Labrador Hydro (Hydro) conducted an extensive engineering program which included further field investigation work at both the Gull Island and Muskrat Falls project sites, as well as along the potential transmission routes. The field program consisted of surveying, test pitting, exploratory drilling and seismic investigations as well as sub-sea surveying of the Strait of Belle Isle and Cabot Strait. This engineering work will assist in preparation for environmental and engineering activities leading to project sanction.

Proceeding with Environmental Assessment

Advancement of the Environmental Assessment process is an important project deliverable. The Provincial and Federal Governments have decided that the Project will be subject to a joint environmental assessment and to an Independent Review Panel. This past year, a series of sessions were held throughout Labrador, allowing community members to speak directly to project members and have their feedback factor into the planning and development of the Project. These sessions assist in ensuring that the potential environmental and social effects of developing the lower Churchill resource are included in the Environmental Impact Statement (EIS) for the Project. These consultations will continue in preparation of the EIS submission in 2008.

Assessing Market Access Options

Market options have been further considered and reviewed and a portfolio of market destinations for power remain under consideration including Ontario, the Maritime Provinces and the northeastern United States. Potential routing options being explored include the Maritimes submarine route and transmission through Hydro-Quebec's transmission system. Discussions are also underway with potential large-scale domestic power customers.

To complement initiatives currently underway in other jurisdictions, two Memorandums of Understanding (MOU) have recently been signed to assess the merits of exporting lower Churchill power to other jurisdictions. On June 27, 2007 the Province of Newfoundland and Labrador signed a MOU with the State of Rhode Island and on January 14, 2008 as part of the analysis of the sub-sea option, Hydro, Emera Inc. and Nova Scotia Power Inc. (NSPI) announced the signing of a MOU to explore the possibility of bringing energy from the Lower Churchill Project to the Maritimes and New England markets. As a result of this MOU, Hydro, Emera and NSPI are working collaboratively to study in detail the technical, economic, financial and regulatory aspects related to exporting power from the Lower Churchill Project to these markets. At the conclusion of this preliminary assessment, the parties will decide if there is merit in advancing potential joint initiatives.

As the demand for energy production and environmental responsibility are simultaneously rising, so too does the demand for renewable, predictably priced, clean energy. The Lower Churchill Project has the potential to generate significant financial rewards and investment returns in addition to being a viable solution that will assist in building a greener economy.

Prepared by: *Newfoundland and Labrador Hydro*

Tourism

Global and National Tourism

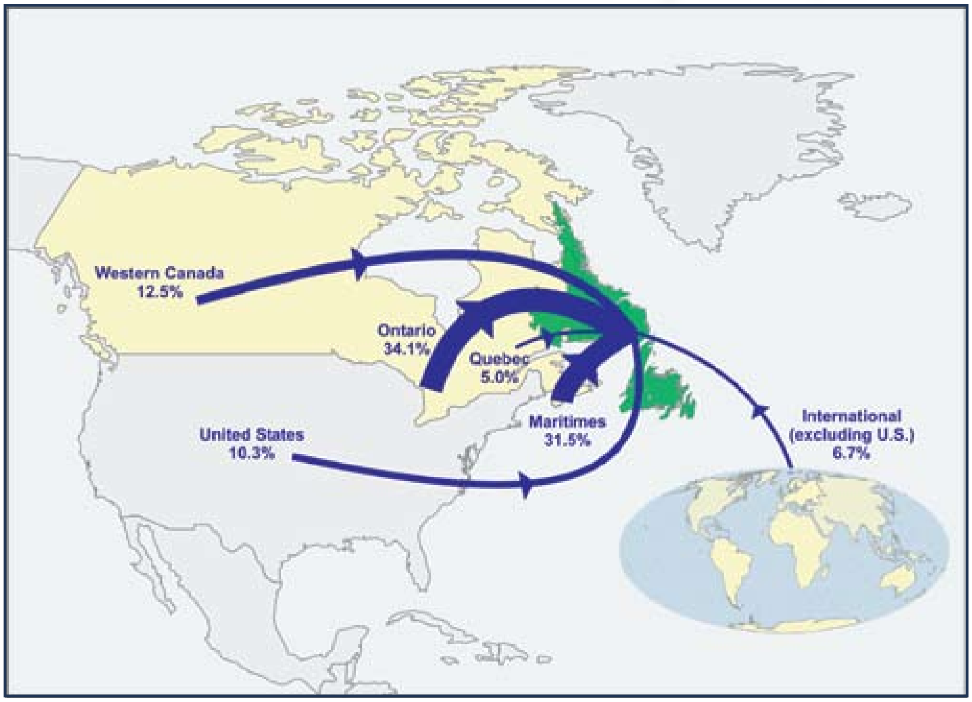
Global tourism continued to grow in 2007 with international tourist arrivals reaching a new record of 898 million (according to the World Tourism Organization). This represents an increase of 6% over 2006. The top three world destinations in 2006 were Europe (comprising over 50% of total tourist arrivals), North-East Asia (11%) and North America (11%). Canada received 2% of all international tourist arrivals.

At the national level, tourism activity in Canada was somewhat mixed in 2007. International inbound travel to Canada (i.e., same day and overnight trips) recorded a 9.0% decline relative to 2006—due mainly to less travellers coming from the United States. Visitors from the U.S. account for about 85% of total international visits to Canada. Despite the decrease in international tourist visits, spending increased marginally by 0.3% in 2007 compared to 2006. Domestic spending on tourism rose 8.1% last year.

Provincial Tourism

Provincial tourism is composed of both residents travelling within Newfoundland and Labrador, and non-residents visiting the province. Because of its small population, Newfoundland and Labrador has focussed its attention on non-resident markets to drive tourism growth. Nevertheless, the resident market is a substantial component of the province's tourism industry representing over 50% of total tourism spending in the province in 2006 (most recent data available). Resident trips have trended downwards over the past decade and 2006 marked a 10% decline relative to 2005. The decrease in resident tourism reflects a declining population, escalating gas prices, and a rising Canadian dollar (making international travel more attractive).

Air and Auto Non-Resident Visitors to Newfoundland and Labrador By Market, 2007



Source: Department of Tourism, Culture and Recreation; Department of Finance

Retaining resident travellers is vital for realizing a sustainable, year-round tourism industry.

Non-resident tourism activity contracted slightly in 2007. An estimated 490,100 non-resident visitors came to the province—representing a 1.3% decline over 2006 levels. A reduction in non-resident air visitation caused the overall decrease, more than offsetting gains in both automobile and cruise travel. Spending by non-resident visitors to the province also decreased—totalling $357 million in 2007, down 2.2% over 2006. Despite the small decline, non-resident visitation remains high on a historical basis.

While non-resident tourists come to Newfoundland and Labrador from around the world, most come from within Canada (see map above). The province's main tourism export markets are the Maritimes and Ontario, an expected outcome given that these provinces have traditionally received substantial numbers of expatriates, and, they are primary target markets for the province's tourism advertising campaign.

Air Travel

Air passenger travel accounts for about two-thirds of non-resident tourist visits each year. In 2007, non-resident air visitation recorded its first decline since 2002. The number of non-resident air visitors to the province totalled 333,900

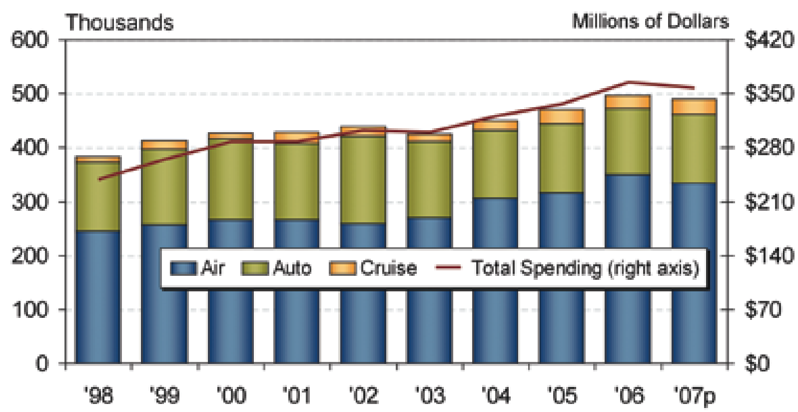
Lonely Planet BLUELIST

Newfoundland and Labrador has been listed as a top travel destination by the Lonely Planet Publications "Bluelist" for 2008—one of the world's most respected travel guidebook publishers. The "Bluelist" is a selection of the world's top 30 travel destinations based on newest travel trends, experiences, journeys and unique destinations.

and spending was $279 million—representing declines of 4.5% and 4.2% respectively. The decrease in non-resident air visitation reflects, in part, a loss of air access (i.e., total number of seats available) to the province in 2007 and a reduction in the availability of low cost seats. Domestic air access decreased during the critically important summer season. For example, in August 2007 there were 1,188 fewer seats available compared to August 2006. The fall season showed improvement with a 3,605 seat increase in October, relative to October 2006. Government's new air transportation strategy (expected in 2008) will address air access issues in a more focused, coordinated way.

Total air passenger movements (i.e., enplaning and deplaning at provincial airports) recorded a slight decline (-0.1%) in 2007. St. John's International Airport recorded the most significant reduction in air passenger movements—down 4.6% or 57,700 passenger movements over 2006. Increases in air passenger movements were recorded at all other provincial airports, with the exception of Stephenville which marked a 16.6% decline. The most notable increases were recorded at Deer Lake Regional Airport and Gander International Airport—up 18.4% and 14.3% respectively.

Non-Resident Tourists and Spending By Mode of Transportation



p: preliminary
Source: Department of Tourism, Culture and Recreation

Automobile Travel

Despite high gas prices, the high Canadian dollar and increased interprovincial ferry costs, the number of non-resident visitors travelling to the province by automobile rose in 2007. Non-resident automobile tourists reached 127,500—representing an increase of 4.6% over 2006 and marking the first significant upward movement in this mode of travel since 2002. The growth was driven mainly by automobile visitors from Ontario—up 12.1% over 2006. Growth was also recorded in automobile visitors from Western Canada (6.4%) and the Maritimes (3.0%). Ontario and the Maritimes were primary target markets for last year's tourism advertising campaign.

Cruise Travel

Along with non-resident automobile travel, an increase in cruise visitation helped to moderate the decline in overall non-resident tourist activity. Unique cruise ship passenger visits totalled 28,732 for the 2007 season, representing an increase of 15.9% over 2006, while port calls decreased slightly from 105 to 102 in 2007. The large increase in cruise ship visitors, despite the decrease in port calls, was due to the rise in the number of large ships frequenting the ports of the province. There were 45 different ports visited in 2007, the most popular included: St. John's, Corner Brook, Battle Harbour, St. Anthony and L'Anse aux Meadows.

Convention Travel

Meeting and convention related visitation performed well in 2007. Destination St. John's reported 22,600 major[5] meeting and convention delegates for the year, representing a 19.2% increase over 2006. There were 99 major conventions recorded for the year compared to 77 in 2006—this was reflected in an increase in convention related room night sales, up 13% over 2006. This growth is due to a large increase in delegates in two of the six event categories (i.e., *sport and cultural events* and *provincial associations conventions*).

Growth in major meetings and conventions goes hand-in-hand with growth in available infrastructure. Expansion in provincial meeting and convention infrastructure (i.e., convention space and hotel/motel room supply) has been ongoing throughout the past decade. This trend will continue in 2008 with construction confirmed for three major projects—a 175-room hotel in St. John's, an 85 to 100-room hotel in Deer Lake, and a 78-room hotel in St. John's. When completed, the number of rooms[6] available in the province will reach almost 9,100 compared to 8,726 rooms as of March 2008.

Beyond 2008

The province will be celebrating several historic milestones in the coming years. They include the Life and Voyages of Captain Robert Bartlett of Brigus in 2009 and the 400th Anniversary of the founding of Cupers Cove Colony (Cupids) in 2010.

Outlook 2008

- Tourism will face a number of challenges in 2008 including: the high Canadian dollar; poor U.S. economic performance; high fuel prices; and, higher air travel costs.
- Air capacity is expected to improve in 2008.
- Cruise Newfoundland and Labrador has 157 port calls tentatively booked for the 2008 cruise season—significantly exceeding the 102 reported for 2007.
- Convention bookings are higher than those booked in the first quarter of last year.
- Marble Mountain is expecting growth of about 20% in skier visits in the 2008 season. If realized, this would be a record level.
- Total requests for travel information through the provincial website and 1-800 number show an increase of 15% in January 2008, over January 2007.

5 Major meetings/conventions are those booking 50 or more guest rooms per night.

6 Total number of rooms include rooms at hotels, motels, B&B's, Inns, cottages, and cabins as listed and licenced in the Department of Tourism, Culture and Recreation's Tourism Destination Management System.


Artist's Conception - Easter Seals House

Major Capital Projects

Major Projects ($ Millions)	
Mining, Oil and Gas	13,318.0
Industrial/Manufacturing	2,195.5
Municipal Infrastructure	803.6
Residential	715.3
Tourism/Culture/Recreation	596.6
Transportation	493.4
Health/Personal Care	344.8
Utilities	220.5
Education	211.6
Agriculture/Fishery/Forestry	199.4
Environmental	198.4
Other Investment	150.4
Total	**19,447.4**

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

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 public[7] 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 February and April 2008.

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 $13 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 White Rose expansion at $3.5 billion followed by the $500 million expansion at the Iron Ore Company of Canada. *Industrial/Manufacturing* is the second largest expenditure category in the listing this year—the estimated US$2.177 billion nickel processing facility at Long Harbour is the major activity behind expenditures in this category.

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 as a feature which allows readers to help us identify projects for future lists.

7 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 confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Aquaculture Development	155.0	2007/2010	13	Cooke Aquaculture Inc. - aquaculture development including a salmon farming operation, the necessary infrastructure for a hatchery, processing plant, equipment and trucking. Some federal ($10 million) and provincial ($10 million) funds. (Fortune Bay)
Aquatic Veterinary Diagnostic Facility	4.7	2007/2009*	13	Construction of a facility to enable diagnostic testing of farmed fish. Provincial funds. (St. Alban's)
Cod Demonstration Farm	10.0	2007/2010*	N/A	Collaboration of private and public sector funds to commercialize cod aquaculture. (Various)
Cranberry Industry Investment	1.4	2007/2010	N/A	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	4.7	2008*	N/A	Construction of access roads on Crown land. Provincial funds. (Various)
Harbour Development	18.0	2008/2009*	N/A	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of fishing harbour repairs, maintenance and development. Federal funds. (Various)
Mink Farm	3.0	2004/2008	12	Botwood Fur Ranch Inc.- construction and development of a mink farm. (Botwood)
Mink Farm	1.0	2008/2010	15	Clarenville Fur Farm Inc.- construction and development of a mink farm. (Clarenville)
Mink Farm	1.6	2005/2008	8	Gin Furs Inc. - construction and development of a mink farm. (Deer Lake)
Commercial				
Commercial Development	4.0	2008	14	Construction of a home improvement store. (Gander)
Funeral Home	1.5	2007/2008	19	Carnell's Funeral Home Limited - new funeral home. (Mount Pearl)
Waterfront Property Renovation	1.0-1.5	2007/2009	8	The Corner Brook Port Corporation - renovation of the 61 Riverside building. (Corner Brook)

* Projects containing public funding are denoted on a fiscal year basis (e.g., 2008 refers to fiscal year 2008-09; 2008/2009 reflects fiscal years 2008-09 and 2009-10). All other years are reported on a calendar year basis.

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Education				
Academic Building Renovations and Extension	10.1	2006/2011*	8	Renovations and extension to the Academic Building at Sir Wilfred Grenfell College. Projected expenditures of $6.8 million for the 2008/09 fiscal year. Provincial funds. (Corner Brook)
Atlantic Computational Excellence Network (ACEnet)	6.5	2005/2009	19	Memorial University of Newfoundland (ACEnet) - nine university partnership to build research computing infrastructure led by Memorial University. It is also part of a national initiative to build a pan-Canadian high performance platform. The $6.5 million figure reflects the cost of purchasing computing infrastructure within Newfoundland and Labrador. The entire ACEnet project is budgeted at $28 million including salaries and other expenses. Funded by the Canadian Foundation for Innovation and private sector contributions. (St. John's)
Campus Maintenance/ Renovation	4.0	2008*	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)
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 $17.8 million for the 2008/09 fiscal year. Provincial funding of $62.5 million. (Corner Brook, St. John's)
School Construction	18.6	2007/2009*	3	Construction of a new school for Sheshatshiu Innu First Nation. Federal funds $14.6 million and provincial funds $4.0 million. (Sheshatshiu)
School Construction and Renovations	86.8	2008*	N/A	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
Environmental				
Environmental Remediation	2.3	2008/2012*	9	Environmental remediation work at the Stephenville Airport. Federal funds. (Stephenville)
Environmental Remediation	106.0	1996/2008*	18	Public Works and Government Services Canada - environmental remediation of the former U.S. Naval Base. Planned expenditure for the 2008/09 year is $5 million, which is associated with soil remediation, site monitoring, close-out reporting and other miscellaneous projects. Federal funds. (Argentia)
Environmental Remediation/ Demolition	17.0	2006/2012*	N/A	Environmental remediation and/or demolition of vacant public buildings. Projected expenditures of $3.5 million for 2008/09 fiscal year. Provincial funds. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
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)
Refinery Upgrades	63.0	2008	15	North Atlantic Refining Ltd. - ongoing productivity, environmental and safety improvements including reducing sulphur dioxide emissions. (Come By Chance)
Health Care/Personal Care				
Building Extension	1.0	2008	16	Marystown Retirement Centre Inc. - extension to an existing personal care home to accommodate 13 additional rooms. (Marystown)
Centre for Clinical Research	5.0	2007/2009*	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 and semi-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)
Grand Bank Health Centre and Blue Crest Nursing Home Redevelopment	13.1	2005/2008*	16	Construction of a new primary health clinic and repairs and renovations to the Blue Crest Nursing Home. Provincial funds. (Grand Bank)
Health Care Facilities	85.5	2008/2009*	N/A	Expenditures for renovations and upgrades to existing health facilities. Includes $52 million for equipment purchases. Provincial funds. (Various)
Hospital Redevelopment	15.7	2006/2011*	14	Redevelopment of space in the old wing at James Paton Memorial Hospital. Provincial funds. (Gander)
Hospital Redevelopment	4.8	2007/2009*	19	Renovations and redevelopment of the forensic and developmentally delayed units at the Waterford Hospital site. Provincial funds. (St. John's)
Humberwood Provincial Addictions and Treatment Centre	3.6	2006/2008*	8	Construction of a new inpatient and outpatient treatment centre for persons with addictions. Provincial funds. (Corner Brook)
Labrador West Health Centre	59.0	2007/2011*	2	Construction of a new Labrador West Health Centre to replace the existing Captain William Jackman Memorial Hospital. Provincial funds. (Labrador West)
Lewisporte Health Centre	29.9	2006/2011*	14	Construction of new resident spaces and redevelopment of the existing long-term care home to include 63 long-term care beds, physicians' offices, lab and x-ray clinics and offices for community based services. Provincial funds. (Lewisporte)
Long-Term Care Facility	22.0	2005/2008*	15	Construction of a new 44 bed long-term care facility to be built adjacent to the Dr. G. B. Cross Memorial Hospital. Provincial funds. (Clarenville)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Long-Term Care Home	20.0	2007/2009*	3	Construction of a 50 bed long-term care facility. Building design contains flexibility to expand to 72 beds. Provincial funds. (Happy Valley-Goose Bay)
Long-Term Care Home and Dementia Care Residences	69.0	2005/2009*	8	New long-term care home with 236 beds including a 16 bed protective care unit, a veterans' wing, 4 bungalows with 10 beds each to accommodate residents with mild and moderate dementia, as well as teaching and research space for Sir Wilfred Grenfell College. Provincial funds. (Corner Brook)
Office Building	3.7	2007/2008*	3	Construction of an office building adjacent to the Labrador Health Centre to accommodate corporate and administrative services for the Labrador-Grenfell Regional Health Authority. Provincial funds. (Happy Valley-Goose Bay)
Personal and Community Care Homes	4.0	2005/2008*	N/A	Installation of sprinkler systems in personal and community care homes. Provincial funds. (Various)
Personal Care Home	1.5	2007/2008	14	Construction of the Golden Years Estate personal care home. (Gander)
Industrial/Manufacturing				
Automatic Food Inspection Machine	1.0	2008	19	Baader-Canpolar Inc. - further development of a system that identifies defects (such as bones) in fish and poultry products. (St. John's)
Commercial Nickel Processing Plant	2,177 US$	2008/2011	18	Vale Inco Newfoundland and Labrador Limited - construction of a plant with an annual capacity of 50,000 tonnes of finished nickel. (Long Harbour)
Facility Expansion	3.5	2007/2008	19	Central Dairies - expansion of existing facility to accommodate the production of specialty cheese. $1.0 million contributed by the provincial government. (Mount Pearl)
Improvement of Fish Processing Facilities	8.0	2008/2009	N/A	Ocean Choice International Inc. - expenses for capital improvements at the plants acquired from FPI. (Various)
Paper Mill Expenditures	4.0	2008	8	Corner Brook Pulp and Paper Limited - various infrastructure and power related projects. This includes $1.5 million in expenditures on the construction of forest access roads. (Corner Brook)
Water Bottling Plant	2.0	2008	19	Karwood Estates Inc. - construction of a water bottling plant. (Paradise)
Mining/Oil and Gas				
Gold Mine	5.5	2007/2008	11	Anaconda Gold Corp. - capital expenditures to bring Pine Cove gold project into production. (Baie Verte)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Hebron Oil Development	7,000-11,000	2008/2036	N/A	Chevron Canada and partners - development of the Hebron-Ben Nevis oil field as the fourth offshore oil project in the province. On August 22, 2007, the province announced that it had reached a Memorandum of Understanding (MOU) with the project proponents (ExxonMobil Canada, Chevron Canada, Petro-Canada and Norsk Hydro Canada) to develop the Hebron-Ben Nevis (Hebron) oil field. The field is estimated to contain 731 million barrels of recoverable reserves. Expenditures cover all capital costs over the life of the project. (Offshore Newfoundland)
Mine and Mill Reactivation	7.0	2007/2008	14	Beaver Brook Antimony Mine Ltd. - equipment, refurbishment and reactivation of the Beaver Brook Mine. Approximately $1.5 million remaining to be spent in 2008. (Glenwood)
Mine Expansion	500.0	2008/2009	2	Iron Ore Company of Canada - IOC and Rio Tinto announced a plan to increase IOC's annual production of iron ore concentrate to 22 million tonnes. The investment is the first phase of an expansion program that may see a 50% increase in production capability by 2011 pending board approval. (Labrador City)
Mineral Exploration	133.0	2008	N/A	Estimate prepared by the Department of Natural Resources. Regional breakdown: $76 million in Labrador and $57 million for the Island. (Various)
Oil Exploration	41.0	2007/2009	9	Tekoil & Gas Corporation and Ptarmigan Resources Ltd. - drilling of the onshore to offshore exploration well, Glori E-67. (Bay St. George)
Oil Related Capital Expenditures	120.0	2008	N/A	Husky Energy Inc. - Husky has a 72.5% share in White Rose. The figures reflect Husky's planned expenditures for the existing White Rose oil field. (Offshore Newfoundland)
Onshore Oil Exploration	11.5	2008	9	Canadian Imperial Venture Corp. and Shoal Point Energy Inc. - exploration drilling of the 2K-39 well to a subsurface target beneath Port au Port Bay from an onshore location at Shoal Point. (Port au Port)
White Rose Expansion	3,500.0	2008/TBA	N/A	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 the province of Newfoundland and Labrador has an equity ownership of 5%. (Offshore Newfoundland)

TBA: To be announced

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Municipal Infrastructure				
Canada/Newfoundland and Labrador Infrastructure Program	153.7	2000/2009*	N/A	Program assists municipalities in improving infrastructure. 1/3 federal funds, 2/3 provincial/ municipal cost-shared according to municipal financial capacity. Projected expenditures of $1.6 million for the 2008/09 fiscal year. (Various)
Canada/Newfoundland and Labrador Municipal Rural Infrastructure Fund (MRIF)	84.0	2006/2010*	N/A	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)
Federal Gas Tax Program	82.4	2006/2010*	N/A	A four-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	20.0	2006/2010	19	City of St. John's - design and construction of a water filtration plant at Petty Harbour Long Pond. (St. John's)
Fire Hall	3.2	2008/2009	14	Town of Gander - construction of a new Fire Hall. (Gander)
Micro Water Treatment Program	21.2	2008/2010*	N/A	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)
Municipal Capital Works Program	201.5	2008/2010*	N/A	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 $156.4 million and municipalities are expected to contribute $45.1 million. (Various)
St. John's Harbour Clean-up Project	137.0	1997/2009	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)
Solid Waste Management	16.5	2008/2010*	N/A	Annual program to assist in the implementation of the Provincial Waste Management Strategy. Provincial funds. (Various)
Waste Water Treatment Program	14.1	2008/2010*	N/A	Annual program to assist municipalities in eliminating untreated sewage outfalls. $12.0 million provincial funds and $2.1 million provided by municipalities. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Water and Sewage Treatment Facilities (Canada Strategic Infrastructure Fund II)	48.0	2007/2010*	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	22.0	2007/2010	19	City of St. John's - installation of a "Dissolved Air Flotation" system to reduce the amount of algae at the Bay Bulls Big Pond treatment plant. (St. John's)
Residential				
Affordable Housing Program	25.8	2003/2010*	N/A	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	2006/2008*	N/A	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 2008/09 are expected to be $5.8 million. Federal funds. (Various)
Apartment Building	2.5	2008	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	2008	19	Karwood Estates Inc. - construction of a 16 unit apartment building at the corner of Kestrel Drive and Cormorant Place. (Paradise)
Apartment Renovations	1.1	2008	14, 19	Northern Property Real Estate Investment Trust - capital improvements and upgrades on various apartment buildings. (Gander, St. John's)
Building Redevelopment	3.7	2006/2008	19	King George Properties Inc. - refurbishment and revitalization of the 1912 King George V Building into 13 condominiums. (St. John's)
Condominium Development	14.0	2008/2013	8	Bayview Estates Inc. - development of 50-unit Bayview Condominiums. (Corner Brook)
Condominium Development	1.2	2007/2008	8	KSAB Construction Ltd. - construction of 16 residential units known as Townsite Condominiums. (Corner Brook)
Housing Development	55.0	2000/2008	19	Leary's Brook Holdings Limited - construction of a housing development consisting of 300 homes, named "McNiven Estates". Phase VI has begun with 30 remaining units and project expenditures of $6.0 million. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
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". Project is 65% complete. There are 300 homes remaining with projected expenditures of $90.0 million. (St. John's)
Modernization & Improvements	14.0	2008*	N/A	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)
Property Redevelopment	12.0	2002/2009	19	BAE Newplan Group Ltd. - construction of the "McKie's Grove" subdivision. Currently 26 townhouses are completed and a 40 unit condominium complex is being developed. There are two additional vacant lots to be developed over the next four years. (St. John's)
Provincial Home Repair Program	13.9	2008*	N/A	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low income households with home repairs. Federal/provincial funds. (Various)
Residential Development	4.0	2008/2009	19	Reardon Construction & Development Ltd. - development of 3 executive townhouses and a 12 unit condominium building. (St. John's)
Residential Development	7.0-8.0	2007/2009	19	10714 Newfoundland Limited - construction of a residential development on the former General Hospital site on Forest Road. Plans call for approximately 25 condominium units, 30 townhouses and 2 semi-detached dwellings. (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 one will be completed this summer and construction of the second building will begin shortly afterwards. The buildings will be identical and constructed at a capital cost of $3.4 million each. (Wabush)
Retirement Home	5.0	2008	19	Construction of a retirement home for seniors on Karwood Drive. The facility will be named Karwood Retirement Retreat and will contain 64 rooms. (Paradise)
Seniors' Complex	3.5	2006/2008	2	Construction of a 78 bed retirement home with both Level I and Level II care. (Labrador City)
Subdivision Development	3.0	2007/2009	14	H. Wareham & Sons Limited - construction of a new housing subdivision. (Gander)
Subdivision Development	5.0-6.0	2008	2	Noble Homes Ltd. - development of the "Jean Lake Estates" subdivision. As part of Phase I of development, 20-25 new homes are expected to be constructed in the summer of 2008. (Wabush)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	13.0	2008	19	Karwood Estates Inc. - at least 50 houses are scheduled to be constructed for the "Karwood Estates" subdivision in 2008. The entire subdivision is expected to have approximately 500 houses and should be completed in 2012. (Paradise)
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	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	40.0	2006/2012	19	Cardinal Homes Ltd. - construction has begun on a subdivision development that will consist of 200 single homes, named "Pearl View Subdivision". (Mount Pearl)
Subdivision Development	40.0	2007/2012	19	William Doyle and Associates Limited - construction has begun on a subdivision development that will consist of 200 single homes, named "City View Terrace". (St. John's)
Subdivision Development	45.0	2004/2010	19	Fairview Investments Limited - construction of a subdivision consisting of 300 homes, named "Grovesdale Park". Project is 75% complete. (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 and Phase IV will include 30 units. (St. John's)
Tourism/Culture/Recreation				
Arts and Culture Centres	3.4	2006/2010*	N/A	Renovation and repairs to various Arts and Culture Centres throughout the province. Projected expenditure for the 2008/09 fiscal year is $623,000. Provincial funds. (Various)
Arts Centre	1.4	2008/2009	18	Town of Placentia - construction of the Plaisance Cultural Arts Centre to house unique Newfoundland and Labrador art, theatre, music and dance. Includes a contribution of $895,804 from the federal government. (Placentia)
Church	3.2	2007/2008	19	Construction of a new church building to house the Elim Pentecostal Tabernacle. Multi-purpose building will include a sanctuary, gymnasium and classrooms. (St. John's)
Club Facility	2.0	2008/2009	19	New facility for the Boys and Girls Club. Funding is expected to come from private, provincial, municipal, and federal sources. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Fixed Pedestal Crane	2.8	2007/2008	8	The Corner Brook Port Corporation - replacement of a crane. $400,000 has been contributed to this project by the Regional/Sectoral Diversification Fund from the Department of Industry, Trade and Rural Development. $300,000 has been contributed by ACOA through the Innovative Communities Fund, and $300,000 was contributed by Oceanex. (Corner Brook)
Hotel	9.0	2008/2009	8	Resource Development Associates Inc. – construction of an 85 to 100 room hotel adjacent to the Trans Canada Highway. Will include meeting rooms, an indoor pool and a water slide. (Deer Lake)
Hotel	13.0	2008/2009	19	Steele Hotels - construction of a six-storey, 78 room hotel in downtown St. John's as well as 28 underground parking spaces. (St. John's)
Humber Valley Resort	500.0	2004/2015	8	Humber Valley Resort Corporation - expansion of existing world class four-season resort. At the end of 2008, there will be approximately 250 luxury chalets on one-acre lots as well as condominium style accommodations. Existing amenities include; an 18 hole golf course, clubhouse, confectionary, meeting and banquet facilities, pub and restaurant, spa, and an activities centre. Infrastructure plans include enhanced golf facilities, tennis courts, spa, and ongoing roadwork and landscaping. (Little Rapids)
Improvements to Walkway System	2.4	2008	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)
Natural Heritage Centre	1.5	2008	6	Town of Roddickton - new centre will portray the ecology in the area and the effect that humans have on the ecology. Town of Roddickton, ACOA and provincial funds. (Roddickton)
Park Improvement	1.4	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	2.2	2006/2008*	N/A	Spending on various historic sites around the province. Estimated spending of $1.4 million in 2008/09 fiscal year. Provincial funds. (Various)
Regional Museums	2.0	2006/2009*	N/A	Spending on renovations and improvements to regional museums in the province. Provincial funds. (Various)
Resort Development	30.0	2004/2010	7	Eastern Arm Enterprises Limited - development of "Gros Morne Resort". Will include a 100 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)
Restoration of Historical Building	1.4	2007/2008	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)
Revitalization of Downtown Core	6.5-8.0	1995/2008	8	Corner Brook Downtown Business Association - development and beautification of the downtown area of the City. There is a possibility that this project could extend into 2009. Funding sources include federal, provincial and municipal governments as well as members of the Corner Brook Downtown Business Association. (Corner Brook)
T'Railway Provincial Park Structure Repairs	3.1	2007/2009*	N/A	Newfoundland T'Railway Council - enhancements and repairs to 80 T'Railway trestles and bridges over a three-year period. Includes federal funds and contributions from the Trans Canada Trail Foundation. (Various)
YMCA Building	10.5	2008/2010	19	YMCA-YWCA of Northeast Avalon - construction of a new YMCA building. The City of St. John's is contributing $1.5 million and applications have been made for federal/provincial funding of $3 million. (St. John's)
Transportation				
Airport Upgrades	1.3	2007/2008	8	Deer Lake Regional Airport Authority Inc. - Taxiway Bravo upgrades and apron reconfiguration. 70% funded by Airports Capital Assistance Program. (Deer Lake)
Canada Strategic Infrastructure Fund II	51.0	2007/2011*	19	Extension of Team Gushue Highway from Kenmount Road to Pitts Memorial Drive. Total cost of project is $40.0 million. Subject to cost-sharing by the federal, provincial, municipal governments. Construction of Torbay bypass road. Total cost of project is $11.0 million. 50/50 federal-provincial cost-sharing. Projected expenditures for the 2008/09 fiscal year are $11.0 million combined. (St. John's, Torbay)
Capital Improvements	13.2	2008/2009*	18, 10	Marine Atlantic Inc. – improvements to facilities and docks. (Channel-Port aux Basques, Argentia)
Conception Bay South Bypass Extension	8.0	2008/2011*	19	Construction of bypass road extension. Projected expenditures for the 2008/09 fiscal year are $2.0 million. Proposed to be funded on a 50/50 basis between the federal and provincial governments. (Conception Bay South)
Marine Infrastructure	7.5	2008*	N/A	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	2007/2009	8	City of Corner Brook - construction of bicycle lanes on roads, a bus transfer station and replacement of bus shelters. Federal funds. (Corner Brook)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
National Highway Systems Projects	33.8	2008*	N/A	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)
Provincial Roads Improvement Program	77.6	2008*	N/A	Includes secondary road improvement projects in various parts of the province. Provincial funds. (Various)
Public Transit Improvements	27.6	2008/2010	19	City of St. John's - construction of a new Metrobus terminal and the purchase of five new buses. The terminal will cost approximately $25.5 million, funded by the federal government. The remainder will be for the new buses which will be funded by the City of St. John's. (St. John's)
Trans Labrador Highway Phase I Surfacing	117.0	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 2008/09 fiscal year is $45.0 million subject to 50/50 federal-provincial cost sharing. (Various)
Trans Labrador Highway Phase III	110.0	2004/2009*	3, 4	Construction of the Trans Labrador Highway from Cartwright to Happy Valley-Goose Bay. Projected expenditures of $17.0 million for the 2008/09 fiscal year. Provincial funds. (Various)
Vessel Refits	9.8	2008*	N/A	Includes refits of the existing fleet of 11 government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program	33.9	2008*	N/A	2008/09 cash flow for vessel replacement program. Provincial funds. (Various)
Utilities				
Electric Utility Capital Expenditure	7.7	2008	2	Churchill Falls (Labrador) Corporation - capital expenditure for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	42.0	2008/2009	N/A	Newfoundland and Labrador Hydro - capital programs which include upgrades and improvements to transmission lines, distribution systems, and generating facilities. (Various)
Electric Utility Capital Program	52.0	2008	N/A	Newfoundland Power Inc. - includes capital expenditures to further upgrade and enhance electricity system. (Various)
Wind/Hydrogen/ Diesel Generation	8.8	2007/2008	9	Frontier Power Systems Inc. - integration of a wind power project with hydrogen and diesel generation for remote communities. Includes $4.5 million in provincial funds, as well as partial funding through ACOA. (Ramea)
Wind Power Project	55.0	2007/2008	16	NeWind Group Inc. - construction of a 27MW wind generation project. (St. Lawrence)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Wind Power Project	55.0	2007/2008	20	SkyPower Corporation - construction of a 27MW wind power farm. (Fermeuse)
Other Investment				
Capital Program	5.7	2008/2009*	N/A	Royal Canadian Mounted Police - housing construction and renovation, environmental projects, building upgrades, construction of new detachments for Cartwright and Springdale and building expansion of the Stephenville detachment. (Various)
Court Facility	19.8	2007/2008*	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. Federal funds. (St. John's)
Office and Warehouse	1.3	2007/2008*	8	Newfoundland and Labrador Housing Corporation - construction of an office and warehouse. Provincial funds. (Corner Brook)
Public Buildings	12.5	2008*	N/A	Maintenance and development of public buildings. Provincial funds. (Various)

	Gross Domestic Product 2006e		Employment 2007	
	($ Millions)	% of Total	(Person Years, 000s)	% of Total
GOODS PRODUCING INDUSTRIES	11,481.5	52.8%	48.6	22.4%
Agriculture	38.8	0.2%	1.3	0.6%
Forestry & Logging	126.0	0.6%	0.5	0.2%
Fishing, Hunting & Trapping	220.7	1.0%	7.4	3.4%
Mining	1,286.3	5.9%	3.7	1.7%
Oil Extraction and Support Activities*	7,521.9	34.6%	4.6	2.1%
Manufacturing	926.7	4.3%	15.9	7.3%
Fish Products	202.8	0.9%	5.8	2.7%
Other	723.8	3.3%	10.1	4.7%
Construction	719.4	3.3%	13.5	6.2%
Utilities	641.6	3.0%	1.7	0.8%
SERVICE PRODUCING INDUSTRIES	10,264.1	47.2%	168.6	77.6%
Wholesale Trade	590.5	2.7%	4.3	2.0%
Retail Trade	953.6	4.4%	32.6	15.0%
Transportation & Warehousing	552.6	2.5%	10.2	4.7%
Finance, Insurance, Real Estate & Business Support Services	2,448.7	11.3%	15.9	7.3%
Professional, Scientific & Technical Services	430.9	2.0%	8.2	3.8%
Educational Services	1,046.4	4.8%	17.1	7.9%
Health Care & Social Assistance	1,464.9	6.7%	31.5	14.5%
Information, Culture & Recreation	632.8	2.9%	8.3	3.8%
Accommodation & Food Services	337.0	1.5%	14.8	6.8%
Public Administration	1,381.8	6.4%	16.5	7.6%
Other Services	424.8	2.0%	9.3	4.3%
TOTAL, ALL INDUSTRIES	**21,745.6**	**100.0%**	**217.1**	**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

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Page	Photo	Credit
1	*Frenchman's Cove*	Irene Hurley
	Iceberg, Coast of NL	Dept. of Tourism, Culture and Recreation
	Skiers	Dept. of Tourism, Culture and Recreation
2	*SeaRose FPSO*	Husky Energy
	Voisey's Bay	Vale Inco NL
	Home Construction	Trudy Finlay
3	*Retail and Car Sales*	Trudy Finlay
	Crab Processing	Chris Hodder
	Skipper Ben's B&B	Barry C. Parsons
4	*IOC Train*	Iron Ore Company of Canada
	Henry Goodrich	Transocean Offshore Deepwater Drilling, Inc.
	Cages	Cooke Aquaculture Inc.
5	*Row Housing*	Dept. of Tourism, Culture and Recreation
	Aurora Energy's Michelin Exploration Camp	Aurora Energy Resources
	Commercial Nickel Processing Plant Area	Vale Inco NL
6	*Great Wall of China*	Digital Vision
	White House	Digital Vision
	U.S. and Canadian Flag	Digital Vision
12	*Boat Scenic*	Dept. of Tourism, Culture and Recreation
	Bonavista	Dept. of Tourism, Culture and Recreation
	Pitcher Plant	Dept. of Tourism, Culture and Recreation
17	*SeaRose FPSO*	Husky Energy
	Hibernia Platform	Hibernia Management & Development Company Ltd.
	Sample Testing	Husky Energy
25	*Loading, Haulage Equipment*	Iron Ore Company of Canada
	Voisey's Bay	Vale Inco NL
	Duck Pond	Teck Cominco Limited
32	*Capelin Processing*	Chris Hodder
	Packaging	Chris Hodder
	Lobster Fishery	Chris Hodder
37	*Newsprint Mill*	Corner Brook Pulp and Paper Limited
	Felling	Dept. of Natural Resources
	Seed Planting	Newfoundland and Labrador Federation of Agriculture
41	*Steel Fabrication*	D.F. Barnes Group
	Production Line	Central Dairies
	Oil Refinery	North Atlantic Refining
43	*Residential Buildings*	Florence Harnett
	Road Infrastructure	Dept. of Transportation and Works
	Grand Bank Health Centre	Jim Kennedy
46	*Churchill River*	Newfoundland and Labrador Hydro
	Engineers	Newfoundland and Labrador Hydro
	Artist Rendition, Gull Island Hydro	Newfoundland and Labrador Hydro
48	*Cruiseship*	St. John's Port Authority
	Gros Morne National Park	Dept. of Tourism, Culture and Recreation
	Aircraft at Gander International Airport	Trevor Lush
52	*Artist Rendition, Easter Seals House*	Neville Mills
66	*Bauline East*	Barry C. Parsons
	Classroom	Dept. of Education
	Food Services	Barry C. Parsons