

Construction



Construction of Riverhead Waste Water Treatment Facility—St. John's

Total construction investment is expected to decline by 7.6%, or \$240.3 million, to \$2.9 billion in 2006. While investment is expected to be lower than 2005, it is still very high in a historical context—being the second highest level recorded in the past couple of decades. This year's decline in construction investment is due to lower expenditures by the mining and oil and gas sectors. Although expenditures in mining and oil and gas remain substantial, spending is lower this year than 2005 as both the Voisey's Bay mine and the White Rose oil project moved from the development to the production stages last year.

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Non-residential Construction

Non-residential construction investment is expected to total \$1.9 billion this year, down \$232.1 million or 10.7% from 2005's level. In recent years, the mining and oil and gas sectors have accounted for about two-thirds of this spending. While there were no mega projects under development during 2006, Aur Resources

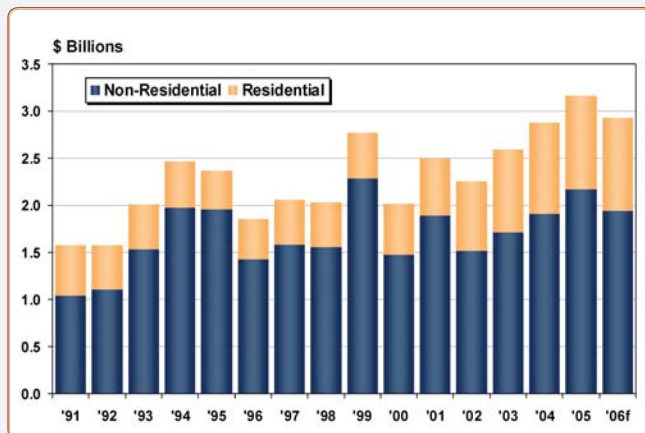
continued construction of its Duck Pond mine in central Newfoundland and producing companies continued to invest heavily to improve productivity (e.g., Terra Nova FPSO retrofit).

In addition to activity in the mining and oil and gas sectors, there are a number of other significant non-residential projects currently underway in the province including many projects in the public sector. Public sector construction investment is expected to increase by about 13% this year as governments, particularly the provincial government, address infrastructure needs. Projects in the public sector include the St. John's harbour clean-up project; construction of a long-term care facility in Corner Brook; and a number of road improvement projects throughout the province.

Residential Construction

According to Statistics Canada's *Private and Public Investment in Canada, Intentions-2006*, released in March 2006, total residential construction is expected to decline by 0.8% to \$983.7 million in 2006. Residential investment totalled \$452.5 million in the first six months of 2006, a 1.5% increase over the same period in 2005. The impact of fewer housing starts has been tempered by the construction of higher valued homes, higher spending on cottages and conversions, and steady renovation expenditures. Housing starts declined by 12.2% in the first half of the year and are currently forecast to decline by 12.7% for the year as a whole. Housing starts declined last year, and are expected to fall again this year, as pent-up demand from the mid to late 1990s has been largely satisfied and interest rates have edged upwards.

Construction Investment



Statistics Canada; f: forecast

Construction employment averaged 12,300 in the first nine months of 2006, essentially unchanged from the same period in 2005.