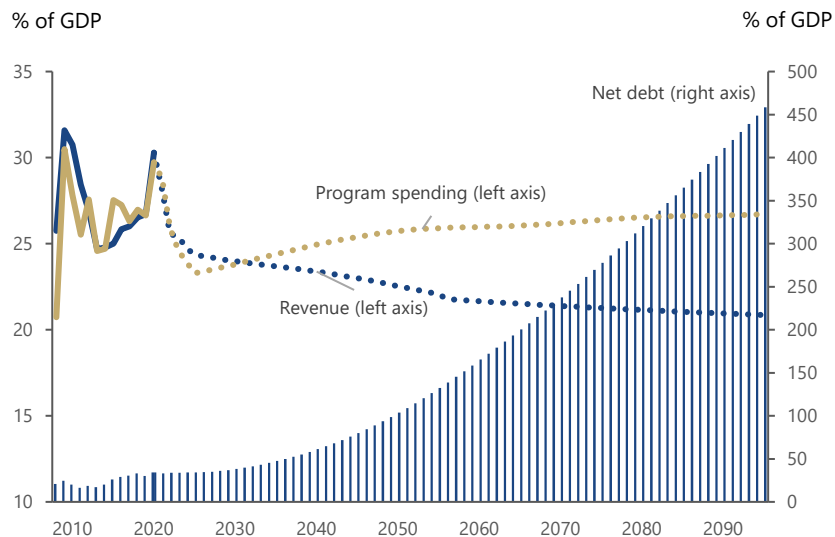


# Newfoundland and Labrador

- Newfoundland and Labrador is projected to experience population ageing to the greatest extent of any province in our projection because of low fertility and net migration rates.
- Projected decreases in the working-age population and the employment rate will reduce the size of the province's employed labour force and slow the province's GDP growth well below the national average.
- Rising health care costs due to population ageing are a key long-term fiscal pressure. Newfoundland and Labrador's projected increase in health spending (as a share of the economy) is the largest of any province in PBO's projection, except Prince Edward Island.
- PBO projects Newfoundland and Labrador will face the least favourable differential between long-run effective interest rates and economic growth of any province – a drag on sustainability.



- PBO projects that Newfoundland and Labrador will receive Equalization transfers from 2020 to 2055.
- **Current fiscal policy is not sustainable over the long term.** Permanent tax increases or spending reductions amounting to 3.7 per cent of GDP (\$1.2 billion in current dollars, growing in line with GDP thereafter) would be required to stabilize government net debt (as a share of the economy) in the long term.

	Newfoundland and Labrador			vs. national average		
	2025	2050	2075	2025	2050	2075
<b>Demographics (%)</b>						
Population growth	-0.4	-0.9	-0.7	-1.4	-1.6	-1.4
Senior dependency ratio	42.5	63.2	68.1	10.9	23.8	24.3
<b>Economics (%)</b>						
Real GDP growth	0.1	0.5	0.8	-1.3	-1.2	-0.9
Employment growth	-0.9	-1.1	-0.8	-1.8	-1.6	-1.4
Labour productivity growth	1.3	1.6	1.6	0.5	0.5	0.5
Nominal GDP growth	2.3	2.5	2.8	-1.3	-1.2	-0.9
Effective interest rate	3.1	3.9	3.9	0.0	0.2	0.2
<b>Fiscal (% of GDP)</b>						
Revenue	24.4	22.5	21.3	-0.3	-1.7	-2.6
Program spending	23.3	25.7	26.4	-0.8	1.0	1.6
Primary balance	1.1	-3.2	-5.1	0.4	-2.6	-4.1
Debt interest charges	1.9	4.4	10.6	0.4	2.6	8.1
Net debt	34.2	103.8	277.8	3.5	60.4	211.8