

1 **Q. Dr. Cleary’s Evidence, Page 17, Line 9 to Page 18, Line 11**

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3 **Dr. Cleary provides an assessment of Newfoundland Power’s revenue growth**
4 **to the Province of Newfoundland and Labrador’s GDP growth. Did Dr. Cleary**
5 **review key economic indicators relating to the Province’s labour force,**
6 **population, employment, household disposable income, retail sales, and**
7 **housing starts? If so, what were his observations and conclusions? If not, why**
8 **not?**
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10 A. As noted in response to PUB-CA-016, in its’ Summer 2018 Provincial Outlook, the
11 Conference Board of Canada (CB) forecast real GDP growth of 0.3% in 2018, followed by
12 4.8% growth in 2019 and 1.3% growth in 2020. Hence, average growth over the 2018-2020
13 period is forecast to be 2.13% annually.
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15 Dr. Cleary focused his assessment on GDP growth which is a culmination of all of the
16 factors mentioned in the question above, as well as other factors. However, he did note that
17 over the 2018-2020 period, household disposable income and retail sales are forecast to
18 grow slower than overall GDP growth, while population and employment are forecast to
19 decline slightly, with household starts declining considerably from previous levels.
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21 All of these observations are consistent with the forecast for moderate GDP growth for NL
22 during 2018-2020 and slow forecast growth beyond 2020. Dr. Cleary focused his analysis
23 on the test period, since future changes can be addressed during future proceedings.
24 However, he does recognize that the forecast for longer term NL growth is approximately
25 zero according to the CB. Dr. Cleary addresses the potential impact of slow economic
26 growth on pages 17-18 of his evidence, where Figure 4 demonstrates the resilience that
27 NP’s revenue has displayed with respect to previous periods of negative or slow growth.
28 He summarizes this point on page 18 (lines 10-11): “In other words, the evidence suggests
29 that NP’s sales have been resilient to economic decline.”