

1 Q. For the Labrador City Terminal Stations project, provide the approximate
2 percentage of increase in civil, mechanical and electrical contractor unit costs from
3 2005 to 2013 and explain if and how construction activity, in general, in Labrador
4 changed each year from 2005 through 2013 and how that construction activity
5 affected the project.

6

7

8 A. During the course of the Labrador City Terminal Stations project, Newfoundland
9 and Labrador experienced unprecedented load growth and infrastructure builds.
10 This resulted in a growth of average weekly earnings for labour, which contributed
11 to cost increases from the time of when the budget was created in 2007 to project
12 completion.

13

14 The infrastructure builds in Labrador were fairly flat up to 2005 to 2006. However,
15 2007 onward saw the demand for construction labor in Labrador grow as a result of
16 several constructions projects, including:

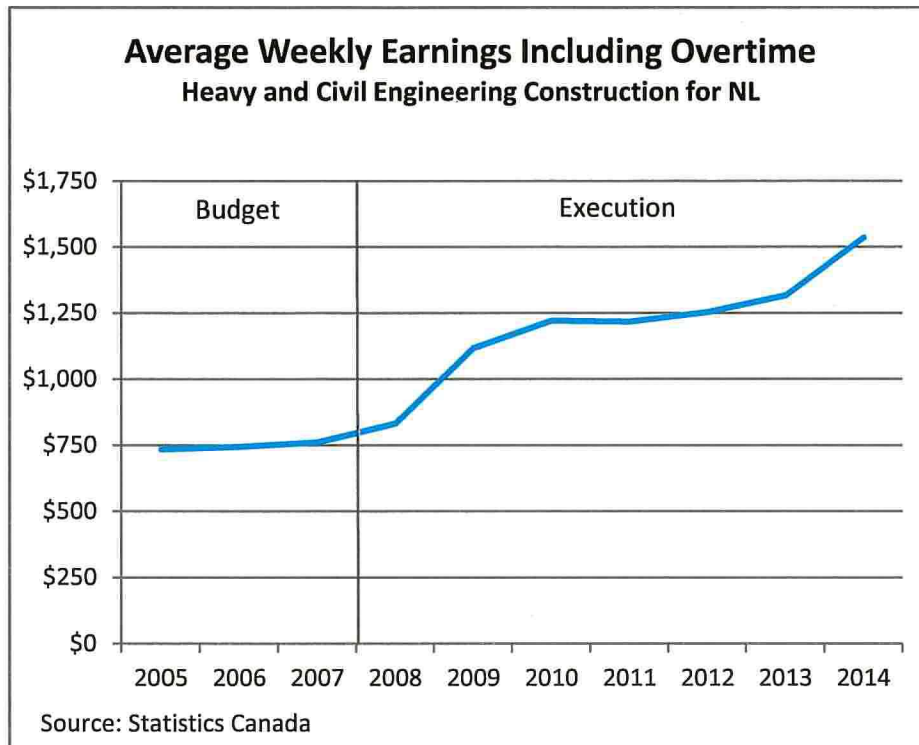
- 17 • Large scale expansion of IOC and Wabush mines;
- 18 • New College of the North Atlantic in Labrador City constructed;
- 19 • Expansion of the College of the North Atlantic in Happy Valley Goose
20 Bay;
- 21 • New Health Care Center in Labrador City constructed;
- 22 • New Long Term Care facility in Happy Valley Goose Bay constructed;
- 23 • Goose Bay Airport expansion; and
- 24 • Unprecedented residence builds in both Labrador City and Wabush to
25 support the infrastructure expansion.

As a result of this unprecedented growth, using 2008 as a baseline, there was over an 80% increase in average weekly earnings for the construction trades, 2008 (\$832.36) to 2014 (\$1,535.72). See PR-PUB-NLH-083 Attachments 1 and 2.

This impact was reflected in contract costs increasing significantly in comparison to the original budget, as outlined below.

Contract Costs: Original Budget (2007) vs Actual Contract Costs (Year)

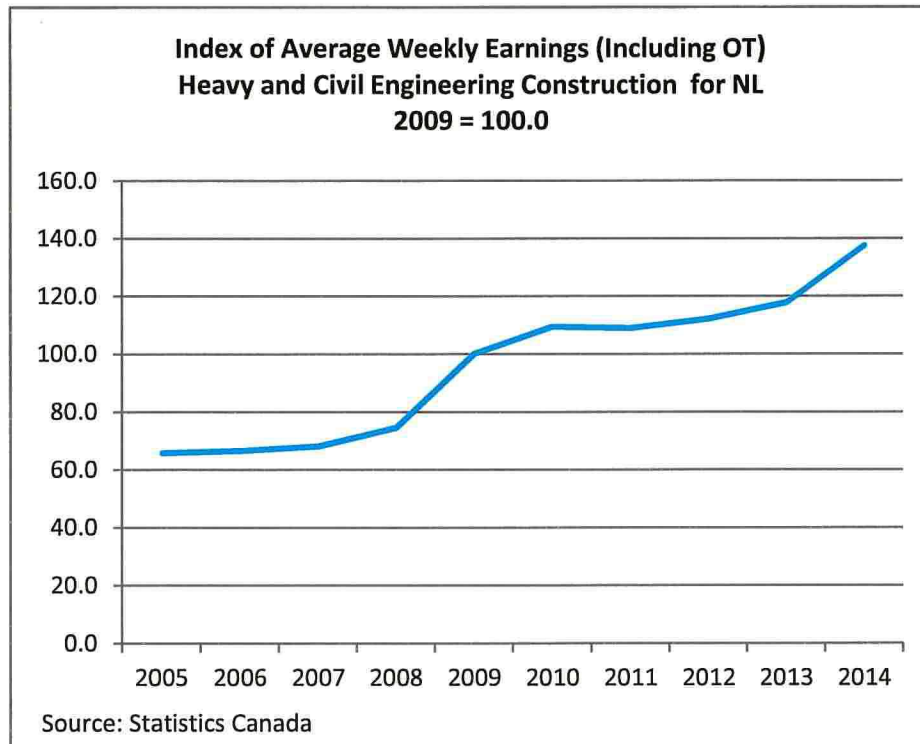
Contract	Budget (2007)	Actuals (Year)
Fibre Optics	\$86,000	\$240,000 (2011)
Electrical Contract	\$800,000	\$1,200,000 (2011)
Civil Contract	\$1,300,000	\$2,800,000 (2011 and 2012)
- Concrete	\$1,000/m3	\$1,900/m3 (2011)
		\$3,000/m3 (2012)
Buildings Contract	\$1,000,000	\$3,100,000 (2011)



Average Weekly Earnings Including OT
Heavy and Civil Engineering Construction for NL

2005	\$733.90
2006	\$743.46
2007	\$760.93
2008	\$832.36
2009	\$1,116.45
2010	\$1,221.02
2011	\$1,216.61
2012	\$1,252.89
2013	\$1,315.83
2014	\$1,535.72

Primary Data Source: Statistic's Canada, CANSIM Table 281-0026:
Average weekly earnings (SEPH)



2009 = 100.0

2005	65.7
2006	66.6
2007	68.2
2008	74.6
2009	100.0
2010	109.4
2011	109.0
2012	112.2
2013	117.9
2014	137.6

Primary Data Source: Statistic's Canada, CANSIM Table 281-0026:
Average weekly earnings (SEPH)