

Year 2021

GOAL 0: REAL GDP GROWTH

BY 2028, NEW BRUNSWICK WILL EXPERIENCE
AN UPWARD TREND THAT RETURNS ITS GDP
GROWTH RATE TO 2008 LEVELS.



STATUS: PROGRESSING

Overview

Importance

For New Brunswick, regularly having GDP growth rates above 2% would mean the province is on par with the Canadian GDP growth average for all provinces.

Having higher GDP growth rates results in higher tax revenue and more funding for public services without needing to raise tax rates. A higher GDP also makes prospective businesses more interested in the growing economy of New Brunswick.

Problem

New Brunswick's real GDP growth rate has not been above 2% since 2006, largely due to the 2008 recession.

Cause

The recession in 2008 severely impacted GDP growth for New Brunswick the following year. Then, during the rebuilding process in 2012, the federal government had a tight fiscal year, and only provinces with strong ties to commodity markets were able to sustain growth. Following 2012, however, New Brunswick has seen continuous growth.

In the Numbers

GDP Growth Rates

As shown in Figure 1, GDP growth for the province peaked in 1983 with a growth rate of 7.4%, and it was at its lowest in 2009, with a rate of -1.45%. New Brunswick has experienced several years of negative or minuscule GDP growth rates beginning after the 2008 recession. However, the province appears to be recovering, and GDP growth has shown an upward trend from 2012 to 2019, with a dip in 2018.

Figure 1: Comparing Real GDP Growth Rate



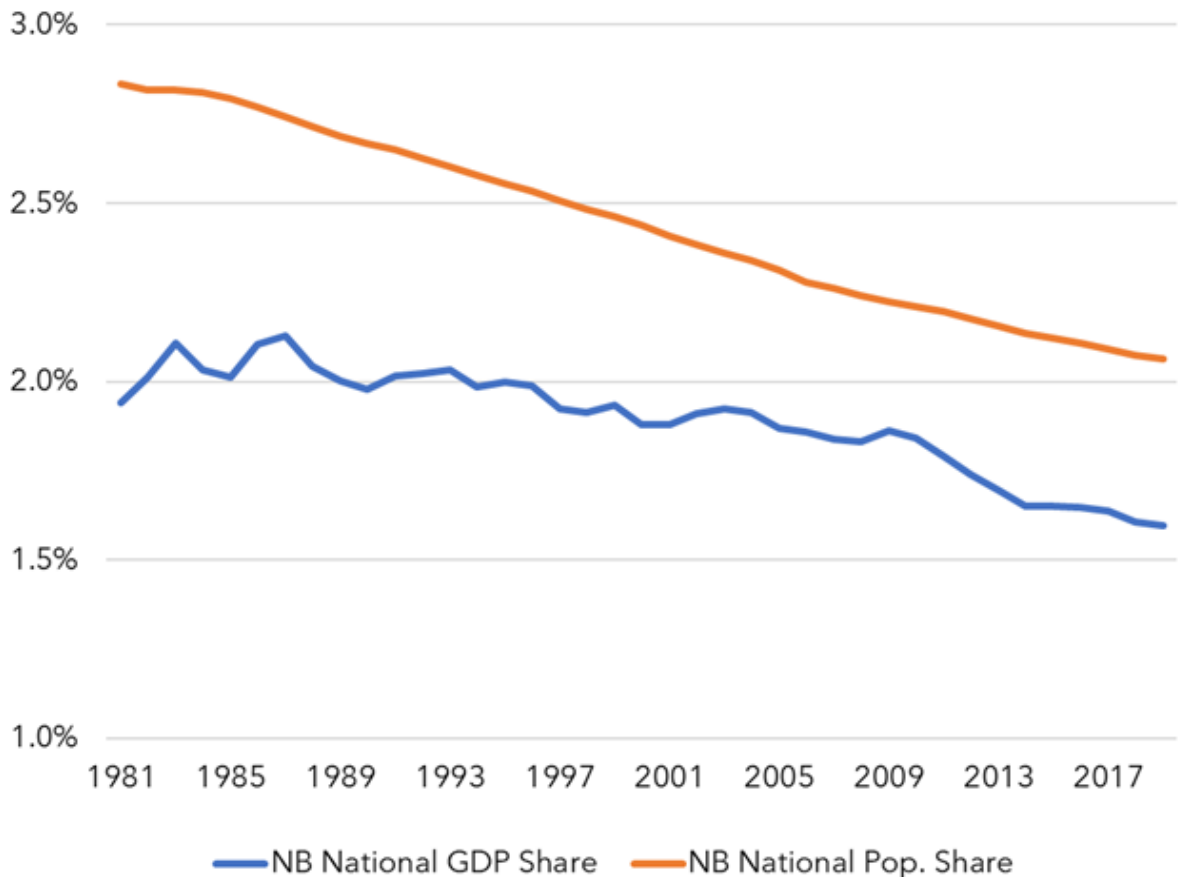
(See full data set in Appendix A)

A Closer Look

GDP and Population Share

As can be seen in Figure 3, the population share of Canada in New Brunswick has been on a declining trend for years. This is due to a combination of provincial out-migration and low net in-migration compared to the rest of Canada. The province's GDP share has also been in decline, but at a slower rate than the population share.

Figure 3: New Brunswick's GDP and Population Share

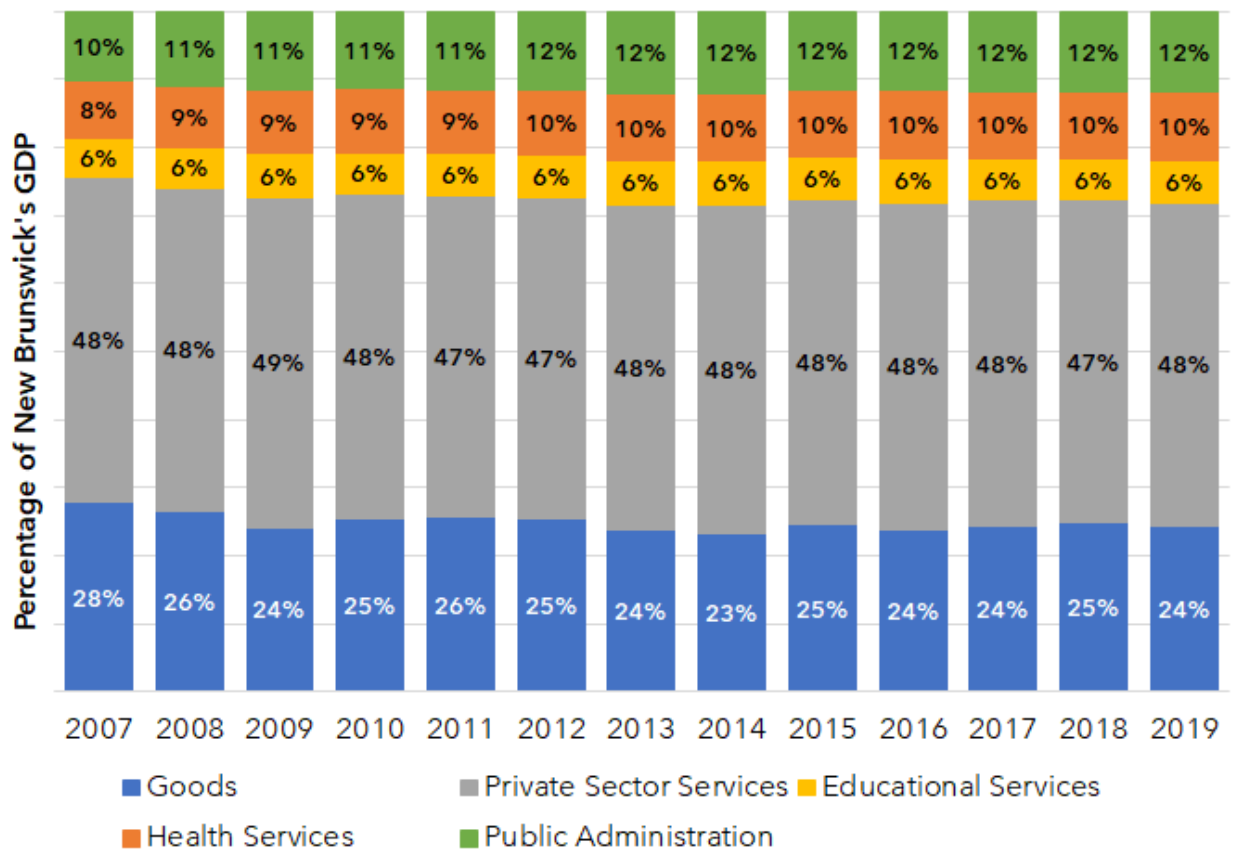


(See full data set in Appendix B)

Delving into Industries

The composition of the New Brunswick economy based in certain industries has remained relatively unchanged since 2007. Approximately 75% of the province's GDP comes from service industries (public administration, education, health, and private sector services), and the remainder comes from goods producing industries. In recent years, the province's economy has become slightly more service-based. This is mostly due to the expansion of public services such as public administration, educational services, and healthcare services. Privately owned service industries consistently made up roughly 48% of the province's GDP during the sample period of 2007-2019.

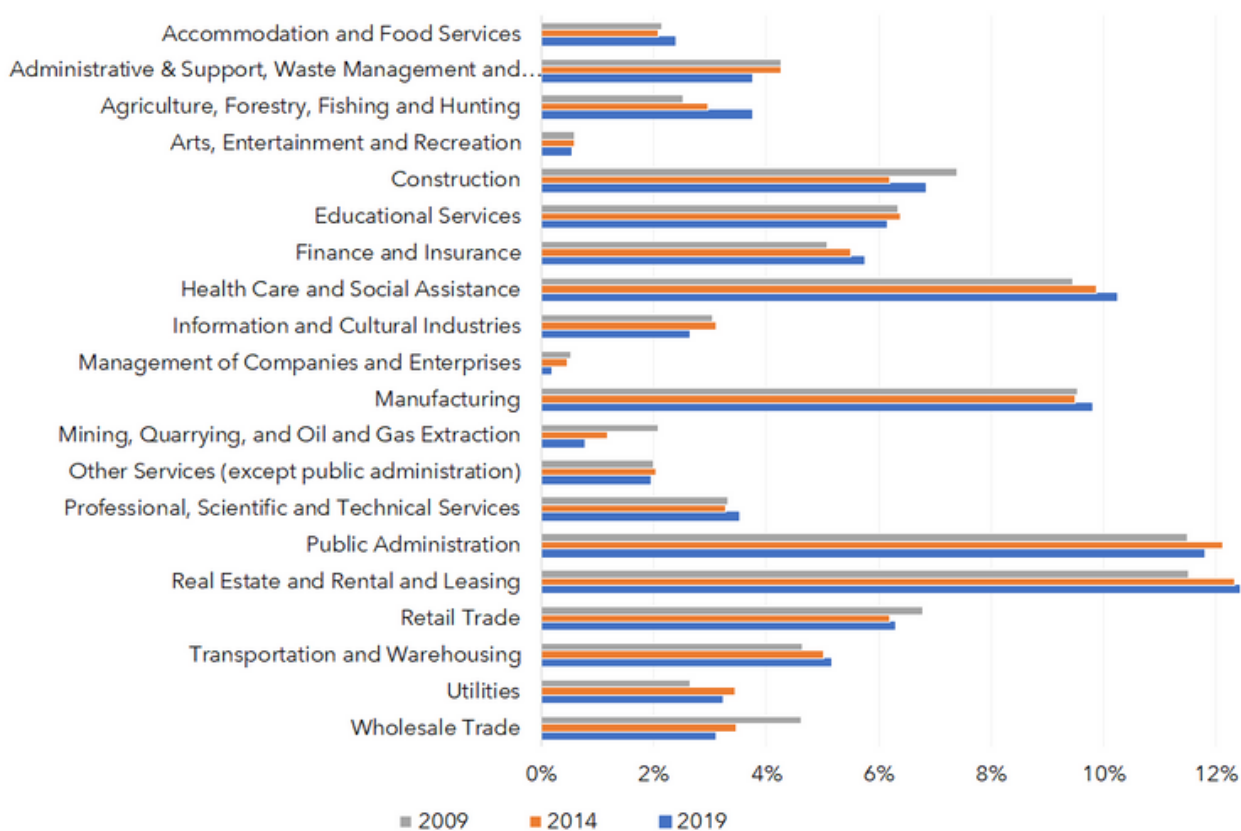
Figure 4: Share of Provincial GDP by Broad Sector



(See full data set in Appendix C)

From 2009 to 2019, there was little to no fluctuation in various industries' contributions to the provincial GDP (see Figure 5). However, there are a few exceptions. New Brunswick has seen growth in public administration, health care and social assistance, and educational services, which indicates that the province's public sector is growing. Meanwhile, decreases in the mining and construction industries contributed to a decline in the province's private sector share of GDP. After the 2014 period, several industries related to college-level certification grew, such as manufacturing, construction, and forestry, meaning there could be a potential increase of college attendees for employment opportunities opening up.

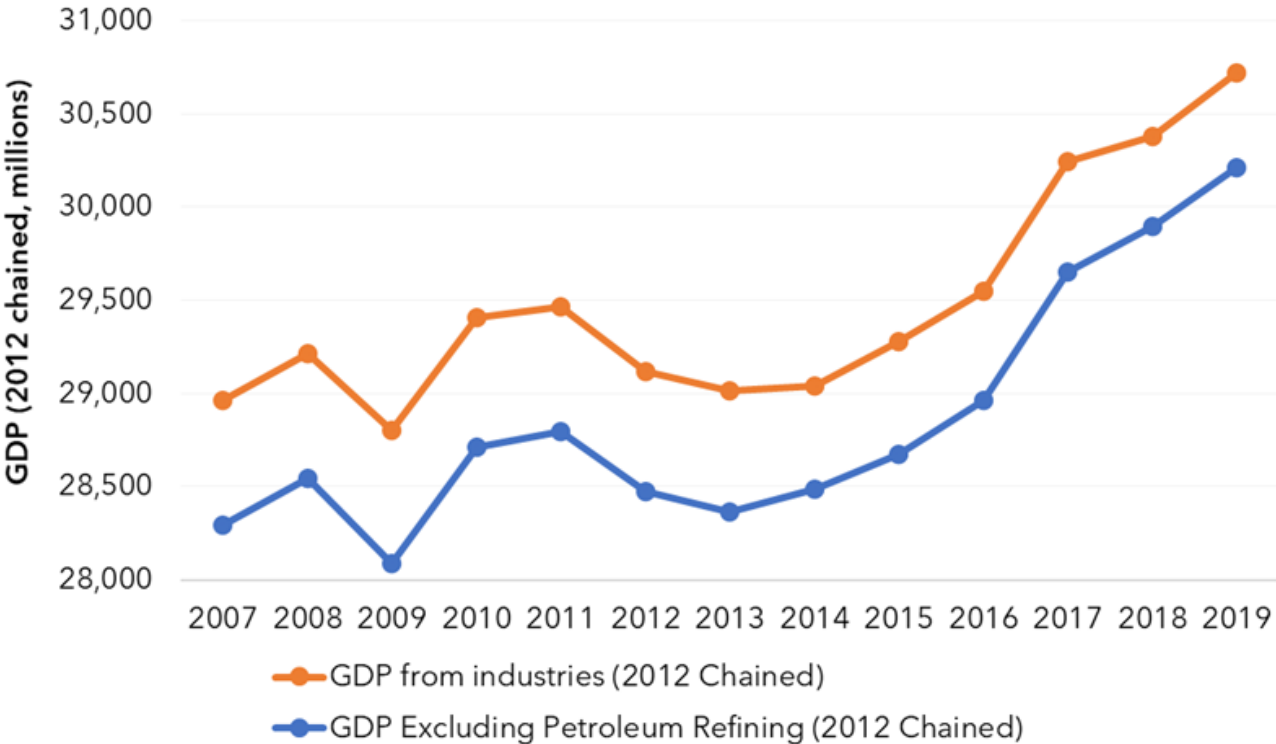
Figure 5: Industries Contributing to GDP



(See full data set in Appendix D)

For New Brunswick, petroleum industries contribute a large amount to the overall GDP. In times of crisis, the province may have to rely more heavily on larger industries such as these. Recently, however, New Brunswick has been relying less and less on the petroleum industry, as the province has successfully been expanding outside that industry, which had the smallest contribution to date in 2018 (\$487.5 million). See Figure 6 below.

Figure 6: GDP Including and Excluding Petroleum Industries



(See full data set in Appendix E)

Summary

GDP growth in New Brunswick has not fully recovered since the recession of 2008; however, in the past few years there has been a steady upward trend in GDP growth. Therefore, this goal is progressing. An increase in the provincial GDP lines up with provincial tax revenues.

According to an article released by the CBC on December 18, 2019 ("*Tough to take*": *New Brunswick grabs unwanted title as Canada's poorest province*), New Brunswick is indeed the poorest province in Canada. However, an increasing GDP will reduce the need for federal funding in future.

Appendix A

Real GDP Growth Rate

Year	Canada GDP Growth rate	NB GDP Growth rate	NS GDP Growth rate
1982	-3.19%	0.51%	4.54%
1983	2.60%	7.40%	1.90%
1984	5.91%	2.24%	7.68%
1985	4.74%	3.67%	5.41%
1986	2.14%	6.78%	2.09%
1987	4.07%	5.16%	3.11%
1988	4.41%	0.33%	1.22%
1989	2.32%	0.22%	2.35%
1990	0.16%	-1.01%	-0.95%
1991	-2.09%	-0.30%	-1.24%
1992	0.90%	1.37%	1.26%
1993	2.66%	3.12%	0.54%
1994	4.49%	2.04%	-0.12%
1995	2.69%	3.39%	1.20%
1996	1.62%	1.04%	0.08%
1997	4.28%	0.92%	4.05%
1998	3.90%	3.42%	3.73%
1999	5.16%	6.26%	5.27%
2000	5.18%	2.08%	2.97%
2001	1.79%	1.84%	3.02%
2002	3.02%	4.75%	4.31%
2003	1.80%	2.49%	1.08%
2004	3.09%	2.53%	0.77%
2005	3.20%	0.79%	1.13%
2006	2.63%	2.06%	0.77%
2007	2.07%	0.94%	1.28%
2008	1.00%	0.77%	1.98%
2009	-2.93%	-1.45%	0.36%
2010	3.09%	1.99%	2.71%
2011	3.15%	0.27%	0.66%
2012	1.76%	-1.06%	-0.97%
2013	2.33%	-0.27%	-0.33%
2014	2.87%	0.12%	0.97%
2015	0.66%	0.65%	0.67%
2016	1.00%	0.81%	1.58%
2017	3.04%	2.49%	1.84%
2018	2.43%	0.49%	1.86%
2019	1.86%	1.18%	2.36%

Source: Statistics Canada, CANSIM Table 36-10-0222-01 (formerly CANSIM 384-0038): Gross domestic product, expenditure-based, provincial and territorial

Appendix B

NB National GDP and Population Share

Year	NB National GDP Share	NB National Pop. Share
1981	1.94%	2.83%
1982	2.01%	2.82%
1983	2.11%	2.82%
1984	2.03%	2.81%
1985	2.01%	2.79%
1986	2.11%	2.77%
1987	2.13%	2.74%
1988	2.04%	2.72%
1989	2.00%	2.69%
1990	1.98%	2.67%
1991	2.01%	2.65%
1992	2.02%	2.63%
1993	2.03%	2.60%
1994	1.99%	2.58%
1995	2.00%	2.56%
1996	1.99%	2.53%
1997	1.92%	2.51%
1998	1.91%	2.48%
1999	1.93%	2.46%
2000	1.88%	2.44%
2001	1.88%	2.41%
2002	1.91%	2.38%
2003	1.92%	2.36%
2004	1.91%	2.34%
2005	1.87%	2.31%
2006	1.86%	2.28%
2007	1.84%	2.26%
2008	1.83%	2.24%
2009	1.86%	2.22%
2010	1.84%	2.21%
2011	1.79%	2.20%
2012	1.74%	2.18%
2013	1.70%	2.15%
2014	1.65%	2.14%
2015	1.65%	2.12%
2016	1.65%	2.11%
2017	1.64%	2.09%
2018	1.61%	2.07%
2019	1.60%	2.06%

Source: Statistics Canada, CANSIM Table 36-10-0222-01 (formerly CANSIM 384-0038): Gross domestic product, expenditure-based, provincial and territorial, and CANSIM Table 051-0005: Estimates of population, Canada, provinces and territories, quarterly (persons) (1,2,3,6)

Appendix C

Industry Breakdown

Year	Services	Goods	Public Administration	Educational Services	Health Services	Private Sector Services
2007	72.20%	27.80%	10.14%	5.72%	8.49%	47.85%
2008	73.51%	26.49%	10.96%	5.92%	9.02%	47.61%
2009	75.81%	24.19%	11.49%	6.35%	9.45%	48.52%
2010	74.65%	25.35%	11.32%	6.19%	9.38%	47.76%
2011	74.35%	25.65%	11.47%	6.24%	9.38%	47.26%
2012	74.59%	25.41%	11.56%	6.27%	9.60%	47.16%
2013	76.35%	23.65%	12.10%	6.41%	9.85%	47.99%
2014	76.72%	23.28%	12.11%	6.38%	9.87%	48.36%
2015	75.40%	24.60%	11.56%	6.18%	9.85%	47.81%
2016	76.10%	23.90%	11.58%	6.39%	10.10%	48.03%
2017	75.71%	24.29%	11.69%	6.09%	9.95%	47.98%
2018	75.13%	24.87%	11.76%	6.10%	9.84%	47.43%
2019	75.68%	24.32%	11.78%	6.13%	10.22%	47.55%

Source: CANSIM Table 36-10-0400-01 (formerly CANSIM 379-0028): Gross domestic product (GDP) at basic prices, by industry, provinces

Appendix D

Industry Breakdown

Industry	2009	2014	2019
Accommodation and Food Services	2.15%	2.09%	2.37%
Administrative & Support, Waste Management and Remediation Services	4.27%	4.27%	3.74%
Agriculture, Forestry, Fishing and Hunting	2.52%	2.97%	3.73%
Arts, Entertainment and Recreation	0.59%	0.59%	0.52%
Construction	7.39%	6.20%	6.83%
Educational Services	6.35%	6.38%	6.13%
Finance and Insurance	5.08%	5.50%	5.74%
Health Care and Social Assistance	9.45%	9.87%	10.22%
Information and Cultural Industries	3.04%	3.12%	2.62%
Management of Companies and Enterprises	0.52%	0.47%	0.17%
Manufacturing	9.54%	9.49%	9.78%
Mining, Quarrying, and Oil and Gas Extraction	2.08%	1.17%	0.76%
Other Services (except public administration)	1.99%	2.03%	1.93%
Professional, Scientific and Technical Services	3.32%	3.28%	3.51%
Public Administration	11.49%	12.11%	11.78%
Real Estate and Rental and Leasing	11.51%	12.33%	12.42%
Retail Trade	6.78%	6.19%	6.28%
Transportation and Warehousing	4.64%	5.03%	5.15%
Utilities	2.65%	3.45%	3.22%
Wholesale Trade	4.63%	3.47%	3.09%

Source: Statistics Canada, CANSIM Table 36-10-0400-01 (formerly CANSIM 379-0028): Gross domestic product (GDP) at basic prices, by industry, provinces, *Under "Total GDP," the slight variances from 100%, are due to rounding errors

Appendix E

	GDP from industries (2012 Chained)	GDP from Refining	GDP Excluding Petroleum Refining (2012 Chained)
2007	28,962.40	669.1	28,293.30
2008	29,215.20	669.7	28,545.50
2009	28,802.10	717.2	28,084.90
2010	29,404.40	695.5	28,708.90
2011	29,467.60	673.9	28,793.70
2012	29,117.40	643.3	28,474.10
2013	29,017.00	653.9	28,363.10
2014	29,039.60	551.2	28,488.40
2015	29,275.70	600.3	28,675.40
2016	29,546.00	582.9	28,963.10
2017	30,243.00	594	29,649.00
2018	30,381.60	487.5	29,894.10
2019	30,720.80	508.4	30,212.40

Source: Statistics Canada, CANSIM Table: 36-10-0402-01 (formerly CANSIM 379-0030): Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000)