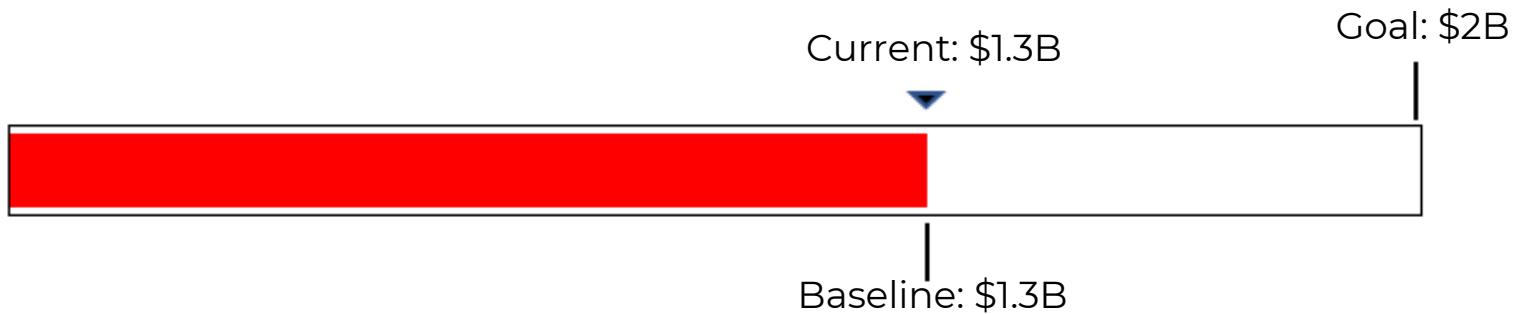




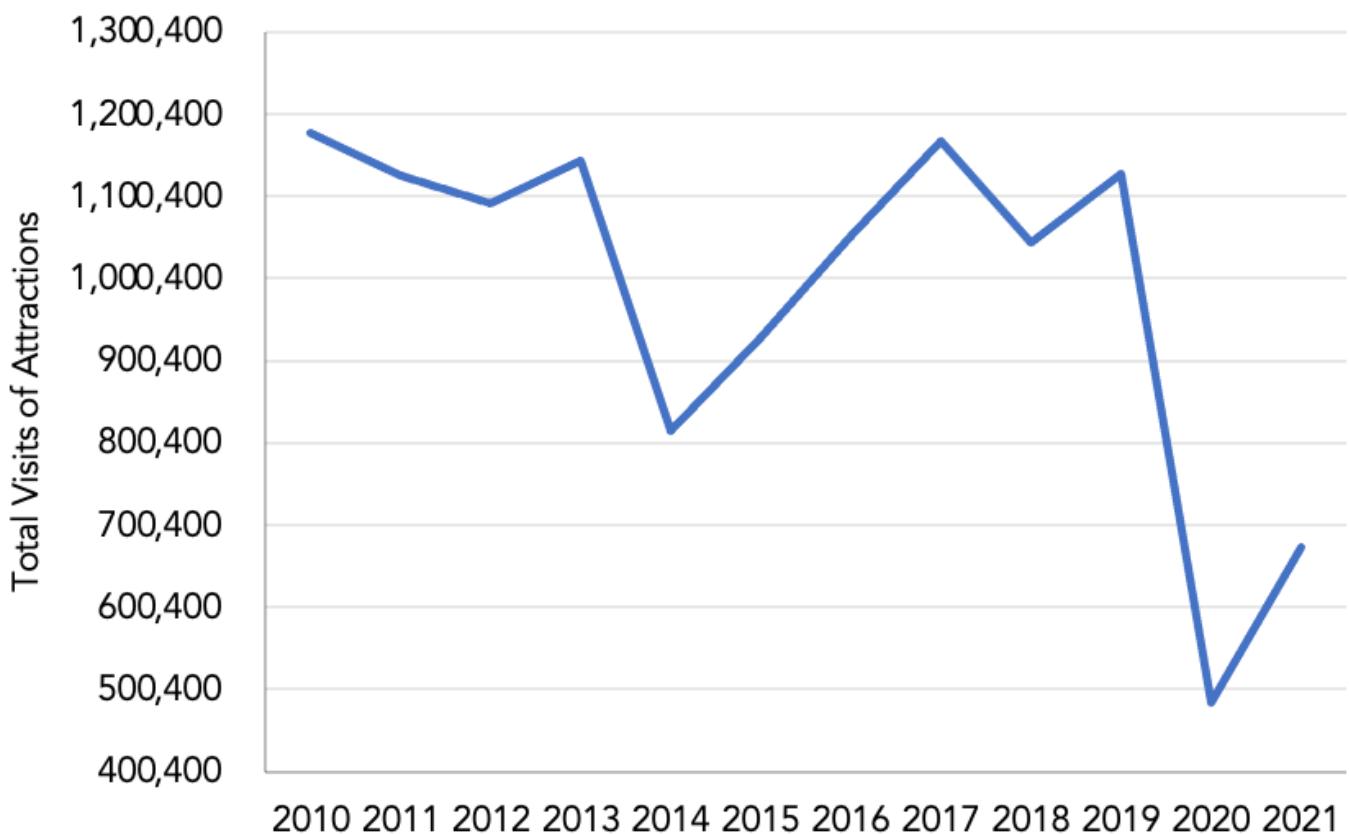
TOURISM EXPANSION

STATUS: X NOT PROGRESSING



New Brunswick will increase the amount of GDP generated through tourism by 57%, reaching \$2 billion by 2025.

Figure 1: Progression of New Brunswick Total Key Attraction Visits



(See full data in Appendix A)

HIGHLIGHTS

- The number of rooms rented in New Brunswick barely increased between 2010 and 2019. This slow growth was further disturbed by the COVID-19 pandemic as New Brunswick hotels were running at 5-10% occupancy.
- The fluctuations in gasoline prices are directly proportional to the number of visits to key attractions in New Brunswick.
- In general, New Brunswick welcomes more people from other provinces than other countries as more tourist services are purchased by people from other provinces.
- GDP contribution by tourism-related sectors has seen marginal changes since 2014, and these small changes were obscured by the changes caused due to the pandemic.

OVERVIEW

Importance

Tourism is important to New Brunswick because it has a direct impact on the development of its economy. It also contributes toward generating employment and income creation.

Problem

In a report entitled "New Tourism Economy," the Government of New Brunswick outlines its tourism growth strategy for 2018-2025, stating that the province should aim to increase GDP generated through tourism by 57%, which will raise the amount to \$2 billion by 2025. However, analyzing the tourism sector GDP growth shows that New Brunswick is going to drastically undershoot the 57% goal by 2025. Specifically, the province is likely to attain a value of only \$747 million instead of \$2 billion.

Cause

Tourism in New Brunswick has been fluctuating between 2010 to 2019. This could be due to rising gasoline prices, increasing exchange rates (USD to CAD), the economic recession, and the fact that New Brunswick is regarded as a "drive-through province" with low tourism advertisements.

Due to a lack of publicly available data for tourism revenues, the amount of GDP from tourism generated is difficult to measure. However, rental room sales and key attraction sites in New Brunswick are available through the provincial government's Tourism Indicators.

In addition, international and interprovincial trade flows data on tourism-related sectors, and some tourism-related GDP can be examined using Statistics Canada. This was used to determine approximate revenue amounts.

IN THE NUMBERS

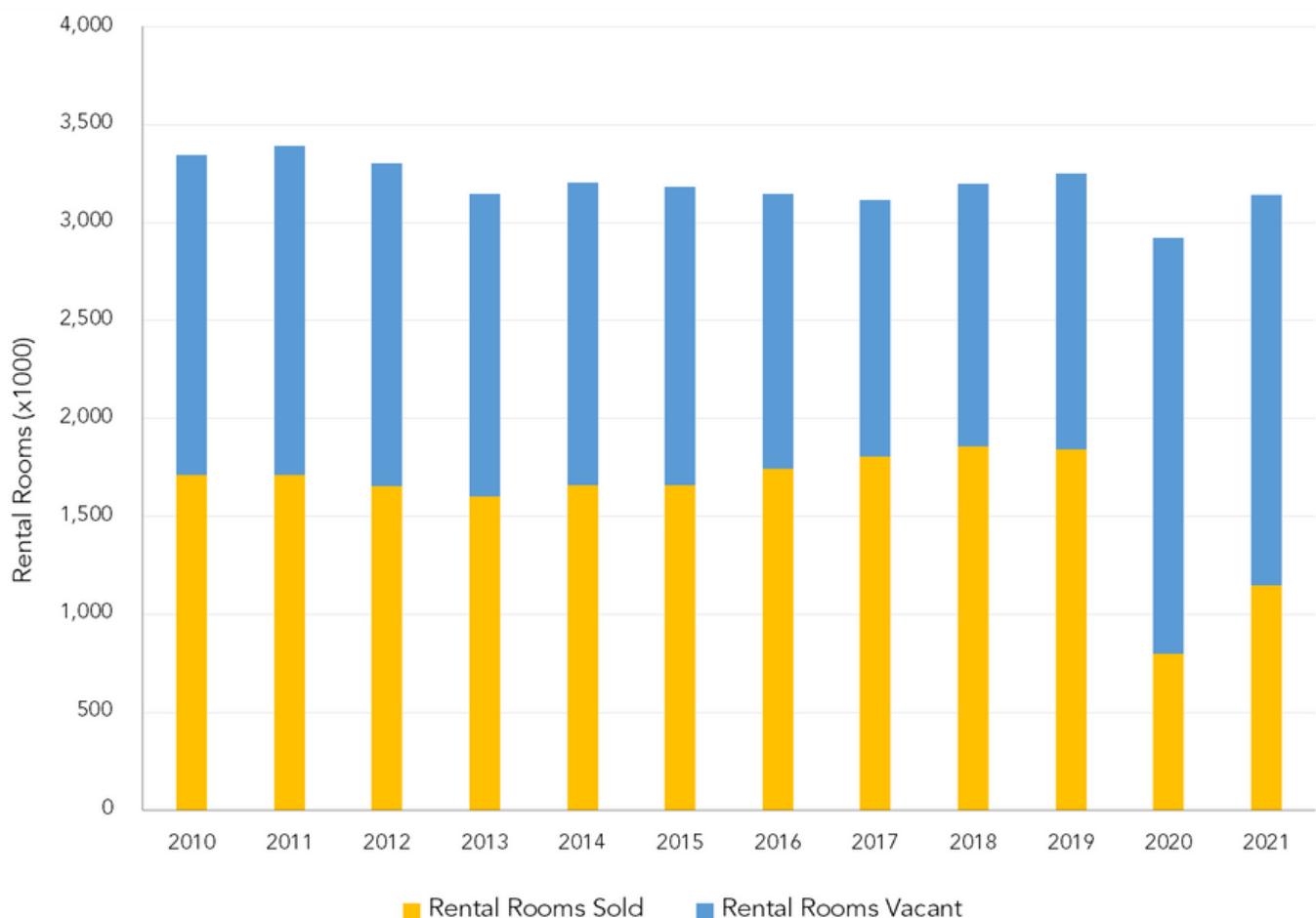
Tourism Indicators - Room Occupancy

The number of rooms rented in New Brunswick barely increased between 2010 and 2019. Precisely, it increased by 7% between 2010 and 2019, rising from 1,710,000 rented rooms to 1,840,000 rented rooms. Even if growth had continued at this slow rate, room sales will not have had any substantial impact on New Brunswick's tourism revenues by the targeted year of 2025.

In 2020, when COVID-19 hit, some hotels in New Brunswick were running at only 5-10% occupancy, and therefore there was a 57% decline in rooms sold. Despite high hotel vacancy in 2020, in 2021 a 43% increase in rooms sold was observed, implying that New Brunswick's hotels are approaching pre-COVID numbers for rooms leased. New Brunswick must try to attain the growth rate that the province witnessed in 2017 of 5% as revenue from rental rooms could comprise a much larger share of the tourism revenue being generated in the province.

It is important to note that rental room sales have a large impact on the economy, as they indicate that tourists will be staying in the province for an extended period, often spending money at local businesses during their visit and consequently boosting the economy in multiple ways.

Figure 2: New Brunswick Rental Room Occupancy Rate



(See full data in Appendix A)

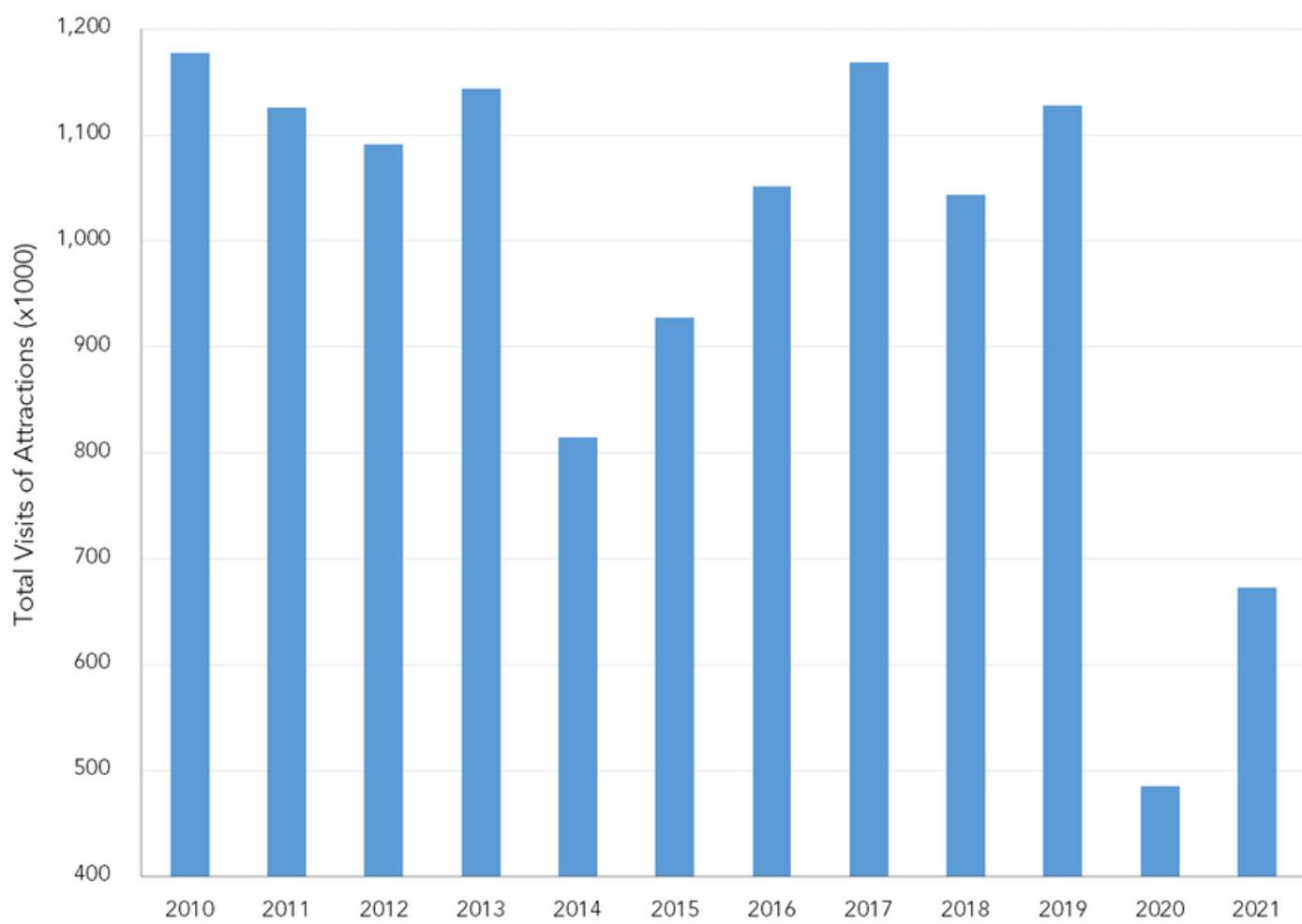
Trade Flows: International and Interprovincial

New Brunswick has many attraction sites, including the Beaverbrook Art Gallery, Fundy National Park, Hopewell Rocks, Kings Landing Historical Settlement, and more. Figure 2 below shows the fluctuation of the total number of attractions visited through the years 2010 to 2021. The dip between 2013 and 2014 could be the result of increased gasoline prices. During these years, gasoline prices jumped to 131.4 cents/litre in 2014 and 135 cents/litre in 2015. These prices then dropped to a low of 90.8 cents/litre in 2016, when there was an increase in the total attractions visited.

In addition, the exchange rate between USD and CAD dropped significantly in 2016, with a value of 0.72 USD. As well, in early July of 2014, tropical storm Arthur hit New Brunswick, which consequently affected NB tourism, keeping tourists away for some prime summer weeks.

There is a very large decline in key attraction visits in 2020 which was most likely caused by the Coronavirus pandemic, while most key attractions were not open to tourists. However, in 2021 visits to these attractions increased as restrictions were eased.

Figure 3: New Brunswick Total Key Attraction Visits

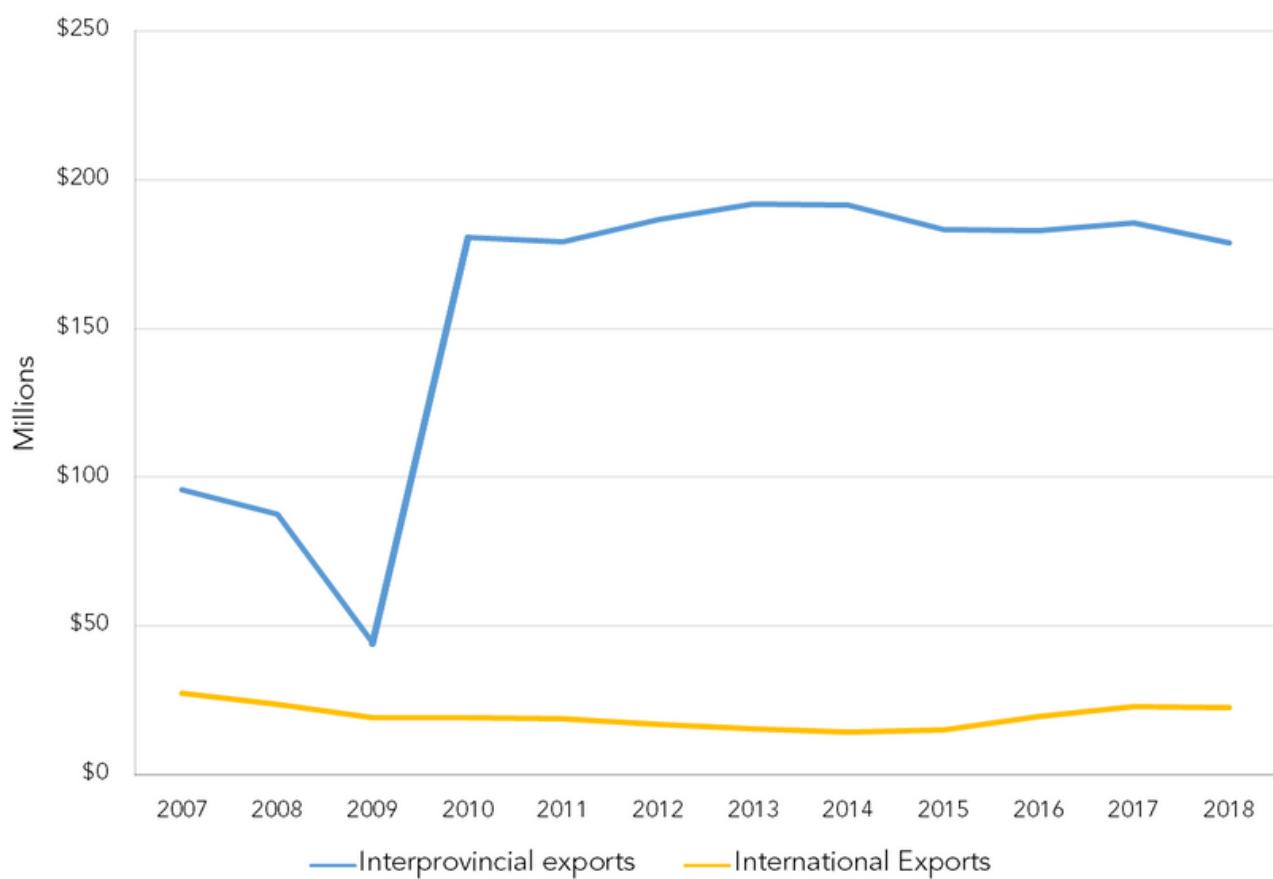


(See full data in Appendix A)

A CLOSER LOOK

Export revenue is a top tourism expansion indicator as it shows people from outside New Brunswick purchasing a service from the province. In Figure 4, it can be seen that for “Arts, Entertainment, and Recreation Services,” interprovincial exports are much higher than international exports. Moreover, an increasing amount of people from other provinces is visiting New Brunswick, while very few people from other countries are visiting New Brunswick. Unlike interprovincial exports, international exports have not been affected by the economic recession (2007-2009). Following the economic recession, interprovincial exports increased from \$44.2 million to \$179 million in 2018.

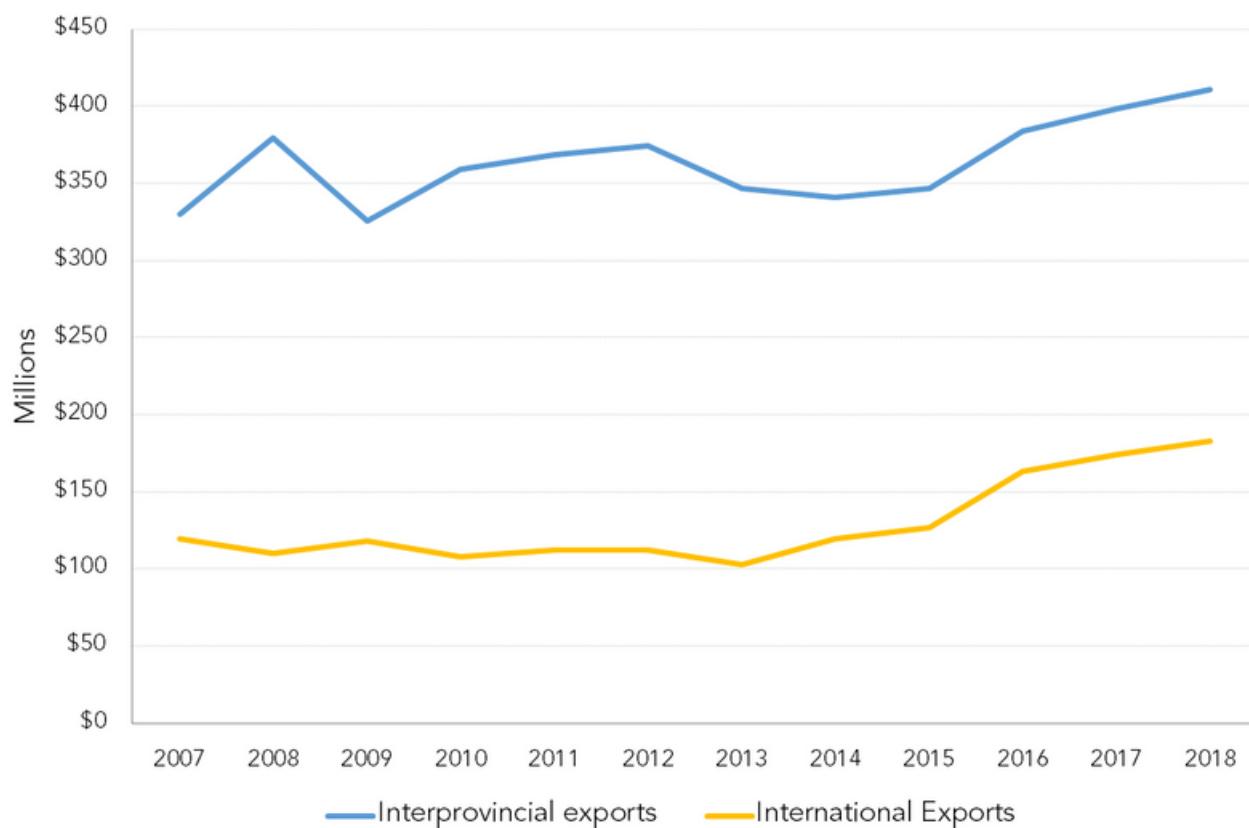
Figure 4: Arts, Entertainment and Recreation Services Exports



(See full data in Appendix B)

Similarly, in Figure 5, it can be seen that for “Accommodation and Food Services,” interprovincial exports are much higher than international exports. In addition, international exports have not been as affected by the economic recession (2007-2009). Following the economic recession, interprovincial exports increased from \$325 million to \$411 million. Low international exports may be due to the perception that New Brunswick is a drive-through province as well as the province's low tourism advertisements. Compared with Nova Scotia, New Brunswick has \$200 million less in export revenue on average.

Figure 5: Accommodation and Food Services Exports



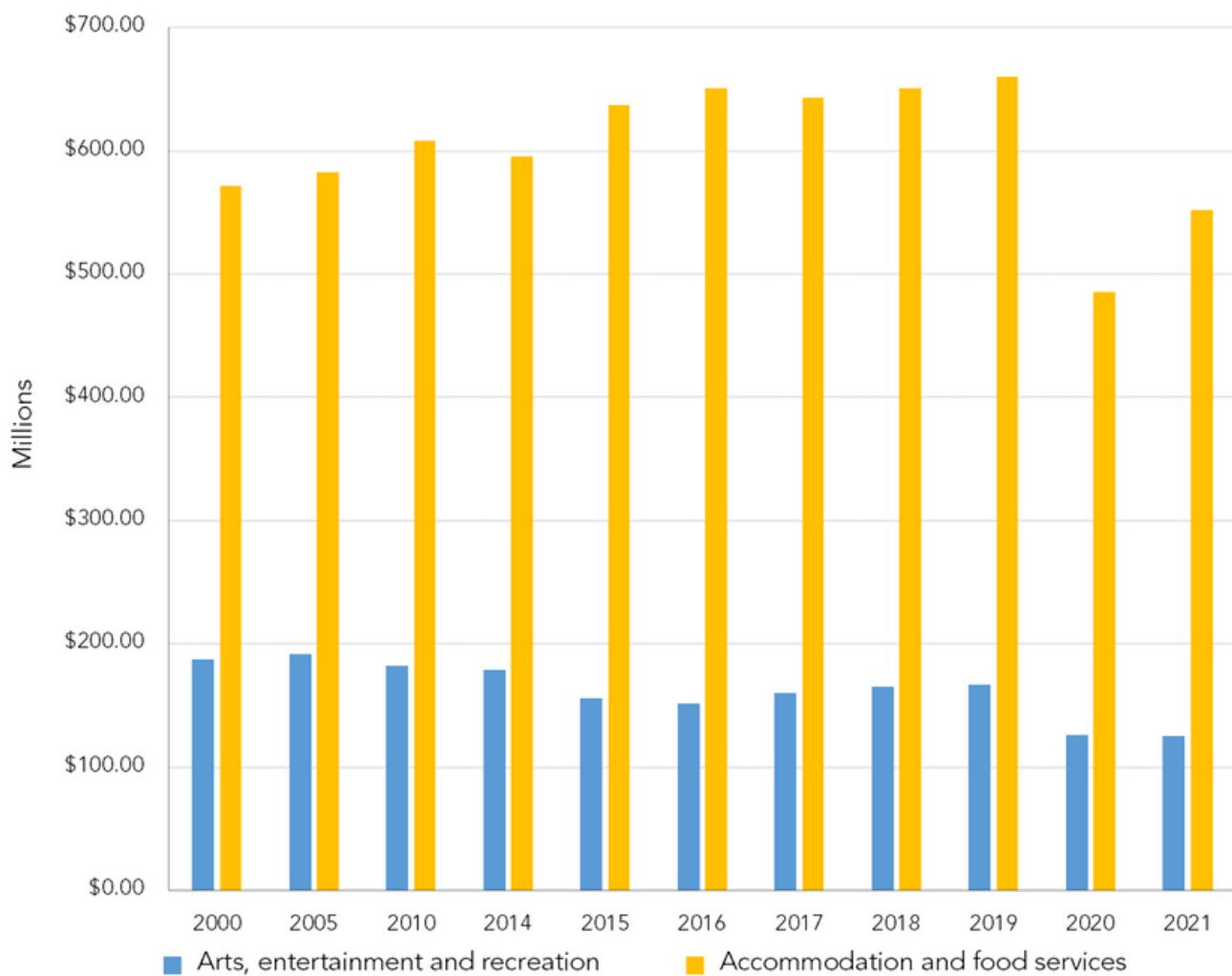
(See full data in Appendix B)

GDP Related Tourism

It may appear that reaching \$2 billion from \$1.3 billion between the years 2016 and 2025 would result in a substantial increase in the GDP contribution from tourism-related activities. However, GDP from these sectors does not differentiate between use by New Brunswickers and used by tourists (i.e., restaurant users). As an ongoing proxy, GDP from tourism-related sectors is a good indicator, as it uses trade flow data and tourism satellite account data. Figure 6 shows the recent trends in GDP growth in the “Arts, Entertainment and Recreation” and “Accommodation and Food Services” industries (in chained 2012 dollars).

Between 2014 and 2019, there were marginal changes in the GDP contributions by these industries, however in 2020 due to the Coronavirus pandemic, the GDP contributions due to these industries plummeted significantly. In 2021, there was an increase in GDP contributions by accommodation and food services by 14%. Due to these varying trends and other factors, making accurate predictions is impractical. However, if we were taking trends pre-covid then the GDP contributions by both these sectors would amount to around \$862 million which is less than half of the goal for tourism expansion.

Figure 6: GDP Tourism (in chained 2012 dollars)



(See full data in Appendix C)

Although the Government of New Brunswick has set an initiative to improve the province's tourism industry, the lack of publicly accessible data has made it difficult to accurately assess the growth of tourism revenue. This is further complicated by a lack of consistency in the methods used by the government to measure the economy, as growth targets tend to change every 2 to 3 years. To determine whether the province is progressing in this area, it is important that the government remains consistent in using the same system of measurement across multiple growth reports.

SUMMARY

- Tourism is important to New Brunswick as it has a direct impact on the development of the provincial economy. It also contributes to the generation of employment and income creation.
- Since 2016, the number of rooms rented decreased by 34% in 2021, and the number of key attraction visits decreased by 36%.
- GDP by tourism-related activities would only increase by 7.3% in 2025 from the 2016 value (assuming pre-pandemic growth).
- Following the abovementioned evaluation of tourism indicators, as well as international and interprovincial trade flows, it was found that GDP from tourism sectors is unlikely to increase by 57% to a value \$2 billion in revenue by 2025.
- As such, this goal is not progressing, and therefore New Brunswick is not on track towards the set goal.

APPENDIX A

New Brunswick Rental Room Occupancy Rate

Year	Rental Rooms Available	Room Occupancy Rate	Rental Rooms Sold	Rental Rooms Vacant
2010	3,342,612	0.51	1,710,803	1,631,809
2011	3,392,056	0.50	1,708,792	1,683,264
2012	3,304,395	0.50	1,652,770	1,651,625
2013	3,145,690	0.51	1,601,019	1,544,671
2014	3,205,344	0.52	1,660,967	1,544,377
2015	3,182,819	0.52	1,660,529	1,522,290
2016	3,146,048	0.55	1,743,584	1,402,464
2017	3,115,868	0.58	1,803,851	1,312,017
2018	3,200,082	0.58	1,855,573	1,344,509
2019	3,251,474	0.57	1,841,697	1,409,777
2020	2,923,231	0.27	798,877	2,124,354
2021	3,140,721	0.37	1,146,667	1,994,054

Source: GNB.ca New Brunswick Tourism Indicators

New Brunswick Total Key Attraction Visits

Year	Total Visits of Attractions
2010	1,177,693.00
2011	1,125,596.00
2012	1,091,148.00
2013	1,143,930.00
2014	814,184.00
2015	927,624.00
2016	1,051,401.00
2017	1,168,549.00
2018	1,043,659.00
2019	1,127,763.88
2020	485,077.00
2021	672,959.00

Source: GNB.ca New Brunswick Tourism Indicators

APPENDIX B

Arts, Entertainment, and Recreation Services: Exports

Year	Interprovincial exports	International Exports
2007	\$95,900,000	\$27,500,000
2008	\$87,600,000	\$23,600,000
2009	\$44,200,000	\$19,300,000
2010	\$180,500,000	\$19,300,000
2011	\$179,000,000	\$19,000,000
2012	\$186,600,000	\$17,100,000
2013	\$191,900,000	\$15,500,000
2014	\$191,400,000	\$14,500,000
2015	\$183,200,000	\$15,000,000
2016	\$183,000,000	\$19,700,000
2017	\$185,600,000	\$23,200,000
2018	\$178,600,000	\$22,700,000

Source: Statistics Canada: Table: 12-10-0088-01 (formerly CANSIM 386-0003), Interprovincial and international trade flows, basic prices, summary level (x 1,000,000)

APPENDIX B

Accommodation and Food services: Exports

Year	Interprovincial exports	International Exports
2007	\$330,100,000	\$119,900,000
2008	\$379,200,000	\$109,800,000
2009	\$325,400,000	\$118,300,000
2010	\$359,400,000	\$107,900,000
2011	\$368,800,000	\$112,600,000
2012	\$374,600,000	\$112,300,000
2013	\$347,100,000	\$102,600,000
2014	\$341,200,000	\$119,500,000
2015	\$347,000,000	\$126,900,000
2016	\$384,000,000	\$163,400,000
2017	\$398,400,000	\$174,100,000
2018	\$411,000,000	\$182,800,000

Source: Statistics Canada: Table: 12-10-0088-01 (formerly CANSIM 386-0003),

Interprovincial and international trade flows, basic prices, summary level (x 1,000,000)

APPENDIX C

New Brunswick Tourism GDP

Year	Arts, entertainment and recreation	Accommodation and food services
2000	\$187,700,000.00	\$571,500,000.00
2001	\$193,700,000.00	\$582,500,000.00
2002	\$206,100,000.00	\$595,200,000.00
2003	\$196,600,000.00	\$600,000,000.00
2004	\$194,200,000.00	\$597,100,000.00
2005	\$191,900,000.00	\$582,700,000.00
2006	\$178,200,000.00	\$585,200,000.00
2007	\$185,800,000.00	\$572,900,000.00
2008	\$179,900,000.00	\$585,000,000.00
2009	\$171,900,000.00	\$614,700,000.00
2010	\$182,300,000.00	\$608,100,000.00
2011	\$188,800,000.00	\$607,800,000.00
2012	\$191,100,000.00	\$600,600,000.00
2013	\$189,600,000.00	\$584,600,000.00
2014	\$178,800,000.00	\$595,700,000.00
2015	\$156,000,000.00	\$637,300,000.00
2016	\$151,800,000.00	\$651,200,000.00
2017	\$160,100,000.00	\$643,400,000.00
2018	\$165,200,000.00	\$650,800,000.00
2019	\$166,800,000.00	\$660,400,000.00
2020	\$126,300,000.00	\$485,400,000.00
2021	\$125,700,000.00	\$552,100,000.00

Source: Statistics Canada: 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)