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YEAR 2020

GOAL 14: TOURISM EXPANSION

NEW BRUNSWICK WILL INCREASE THE AMOUNT OF GDP GENERATED THROUGH TOURISM BY 57%, REACHING \$2 BILLION BY 2025.



STATUS: NOT PROGRESSING



Overview

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 applied through Statistics Canada. This was used to determine approximate revenue amounts.

Importance

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

Recommendation

Travel and tourism industries in New Brunswick can be developed through promotions like tourist boards, guiding services, and tourist information. In addition, it is recommended to lower, and place a realistic value for, the set goal of GDP generated through tourism for 2025.

In the Numbers:

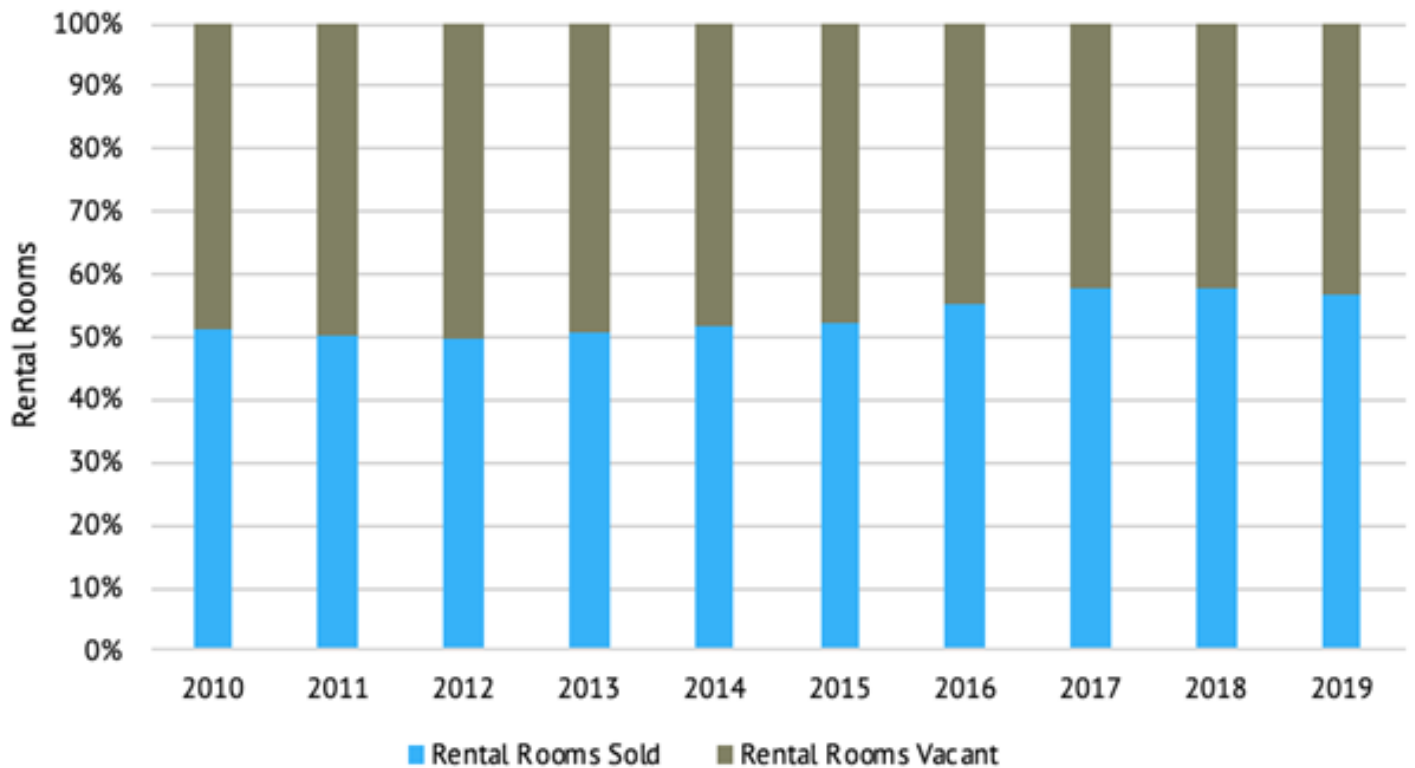
Tourism Indicators - Room Occupancy

The number of rooms rented in New Brunswick barely increased between 2010 and 2019. Specifically, it increased by 7% from 2010 to 2019, rising from 1,710,000 rooms to 1,840,000 rooms. If growth continues at this slow rate, room sales will not have a substantial impact on New Brunswick's tourism revenues by 2025.

In 2020, some hotels in New Brunswick were running at only 5-10% occupancy due to COVID-19. However, if the number of rooms sold increases at the rates seen in 2016 and 2017 (4.55% and 4.44%, respectively), 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 room rentals indicate that tourists will be staying in the province for an extended period of time, often spending money at local businesses during their visit and consequently boosting the economy in multiple ways.

Figure 1: New Brunswick Rental Room Occupancy Rate

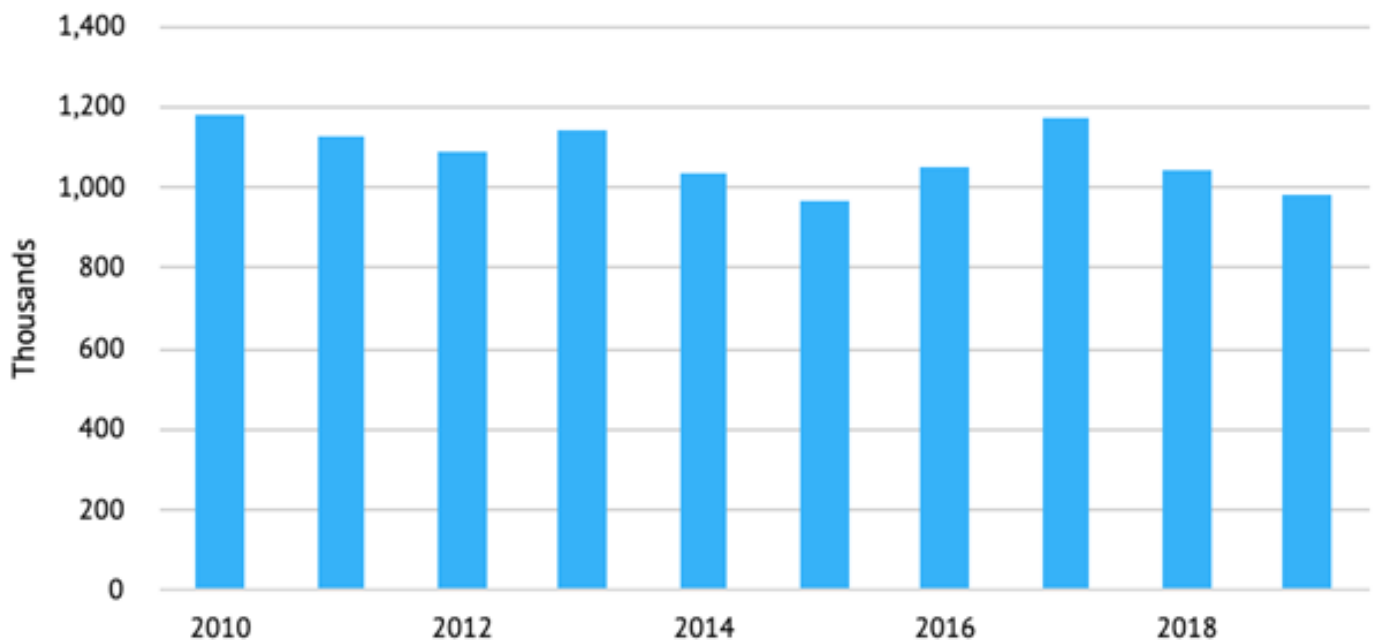


(See full data set in Appendix A)

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 2019. The dip in the years 2013 to 2014 could be the result of increased gasoline prices. During these years, gasoline prices jumped to 131.4 cents/liter in 2014 and 135 cents/liter in 2015. These prices then dropped to a low 90.8 cents/liter 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 at 0.72 USD.

Figure 2: New Brunswick Total Key Attraction Visits

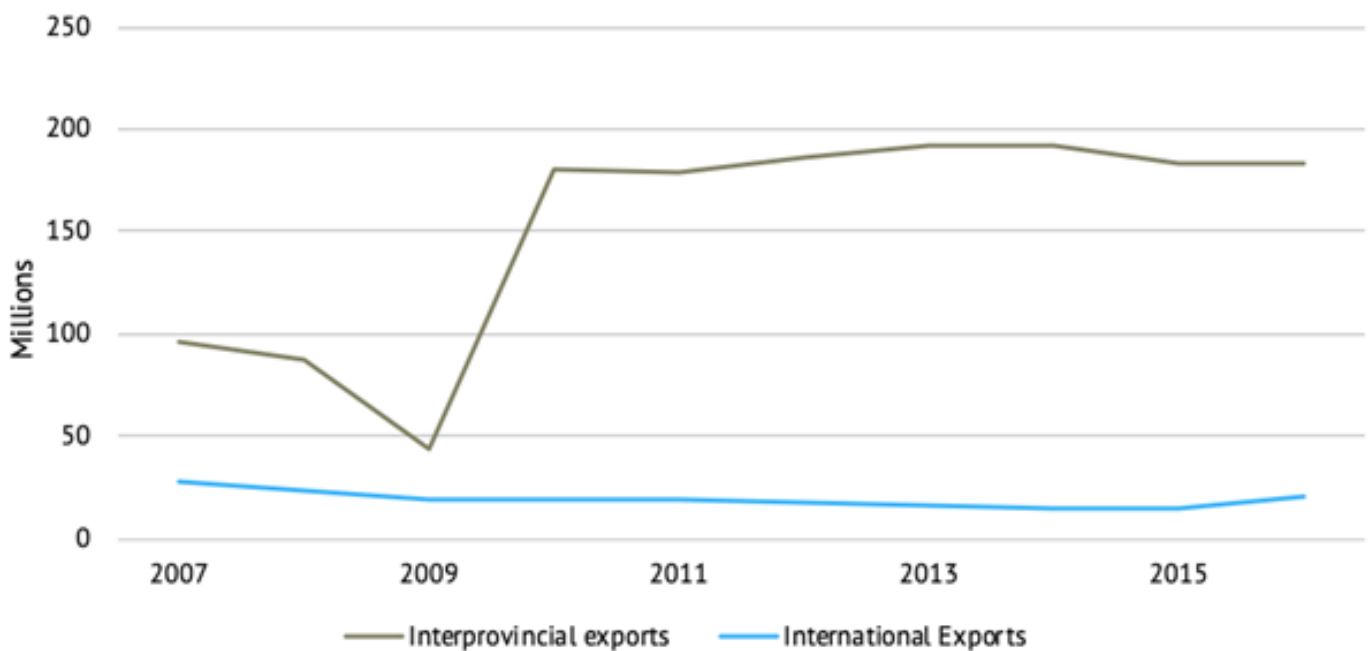


(See full data set in Appendix A)

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. From Figure 3, 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 are visiting New Brunswick, and 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 \$180 million.

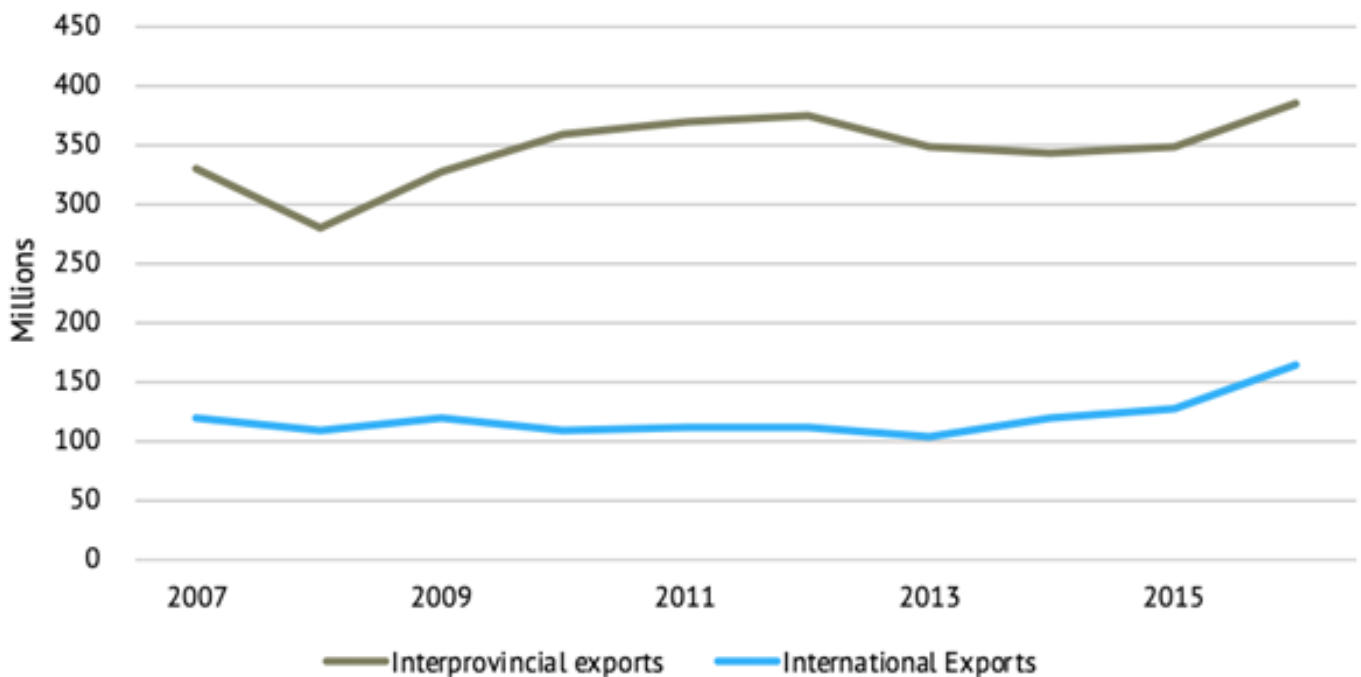
Figure 3: Arts, Entertainment and Recreation Services: Exports



(See full data set in Appendix B)

Similarly, in Figure 4, 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 \$280 million to \$359 million. Low international exports may be due to the perception that New Brunswick is a drive-through province and to low tourism advertisements. Compared with Nova Scotia, New Brunswick has \$170 million less in export revenue on average.

Figure 4: Accommodation and Food Services: Exports

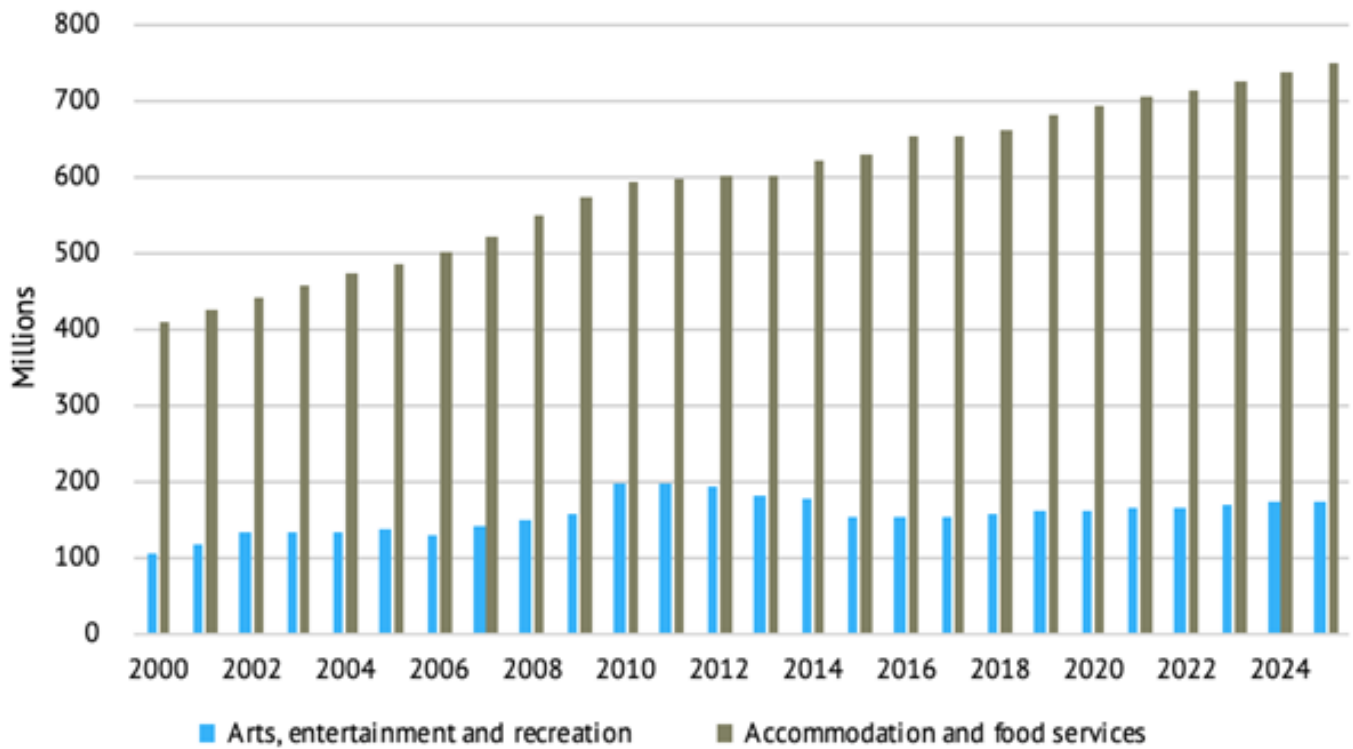


(See full data set in Appendix C)

GDP Related Tourism

It may appear that reaching \$2 billion from \$1.3 billion between 2016 and 2025 is a significant increase in the GDP contribution from tourism-related activities. However, GDP from these sectors does not differentiate between use by New Brunswickers and use 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. From Figure 5, the recent trends in GDP growth in “Arts, Entertainment and Recreation” and “Accommodation and Food Services” show that New Brunswick is going to significantly undershoot the 57% increase by 2025, reaching a value of about \$747 million. This observation is off base, as much of that spending is related to New Brunswickers; however, it is a good indicator to be used as a proxy on an annual basis.

Figure 5: GDP Tourism



(See full data set 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 towards the generation of employment and income creation. Following the evaluation of tourism indicators, as well as international and interprovincial trade flows, it was found that GDP from tourism sectors is unlikely to reach \$2 billion in revenue by 2025. As such, this goal is not progressing. It is recommended that travel and tourism industries in New Brunswick be developed through marketing efforts such as information for tourists, guiding services, and advertisements.

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

Source: GNB.ca New Brunswick Tourism Indicators

New Brunswick Total Key Attraction Visits

Year	Total Attractions
2010	1,177,693.00
2011	1,125,596.00
2012	1,091,148.00
2013	1,143,930.00
2014	1,037,447.00
2015	967,624.00
2016	1,051,401.00
2017	1,168,549.00
2018	1,043,659.00
2019	979,858.00

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

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)

Accommodation and Food services: Exports

Year	Interprovincial exports	International exports
2007	330,100,000	119,900,000
2008	280,100,000	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

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

GDP Tourism

Year	Arts, entertainment and recreation	Accommodation and food services
2000	105,000,000	408,400,000
2001	118,100,000	422,600,000
2002	131,300,000	441,200,000
2003	133,400,000	456,400,000
2004	134,000,000	470,600,000
2005	137,500,000	482,900,000
2006	129,100,000	501,100,000
2007	139,300,000	519,200,000
2008	149,300,000	548,100,000
2009	155,900,000	570,900,000
2010	197,100,000	591,500,000
2011	197,700,000	595,400,000
2012	191,100,000	600,600,000
2013	180,600,000	598,400,000
2014	175,100,000	619,200,000
2015	152,400,000	630,000,000
2016	153,700,000	651,000,000
2017	154,000,000	653,000,000
2018	156,000,000	662,000,000
2019	159,000,000	682,000,000
2020	161,000,000	692,000,000
2021	164,000,000	703,000,000
2022	166,000,000	714,000,000
2023	169,000,000	725,000,000
2024	171,000,000	736,000,000
2025	174,000,000	747,000,000

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), in addition to data provided by David Campbell