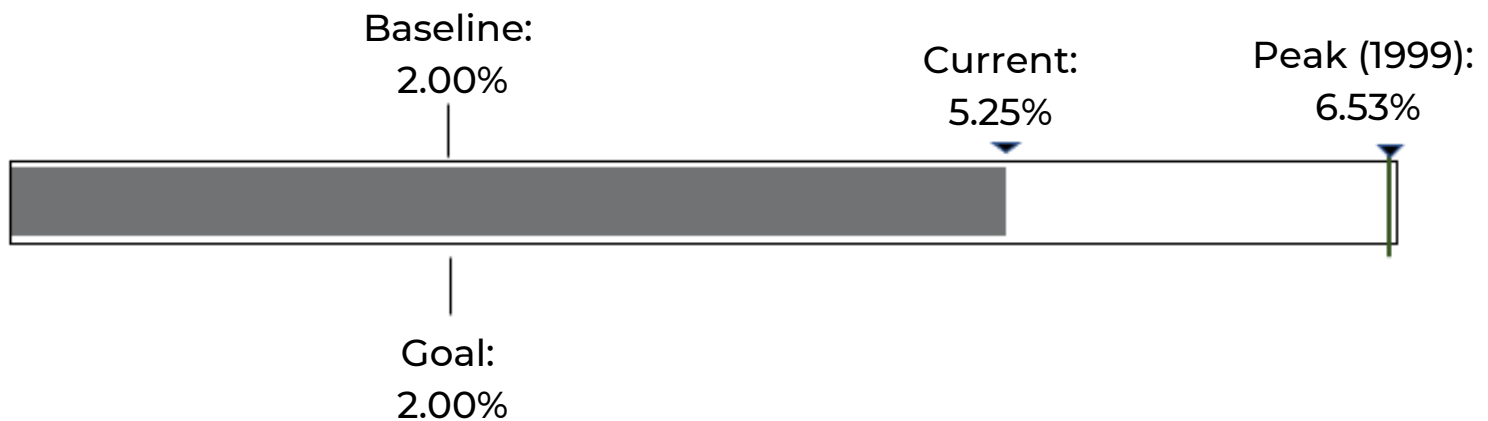




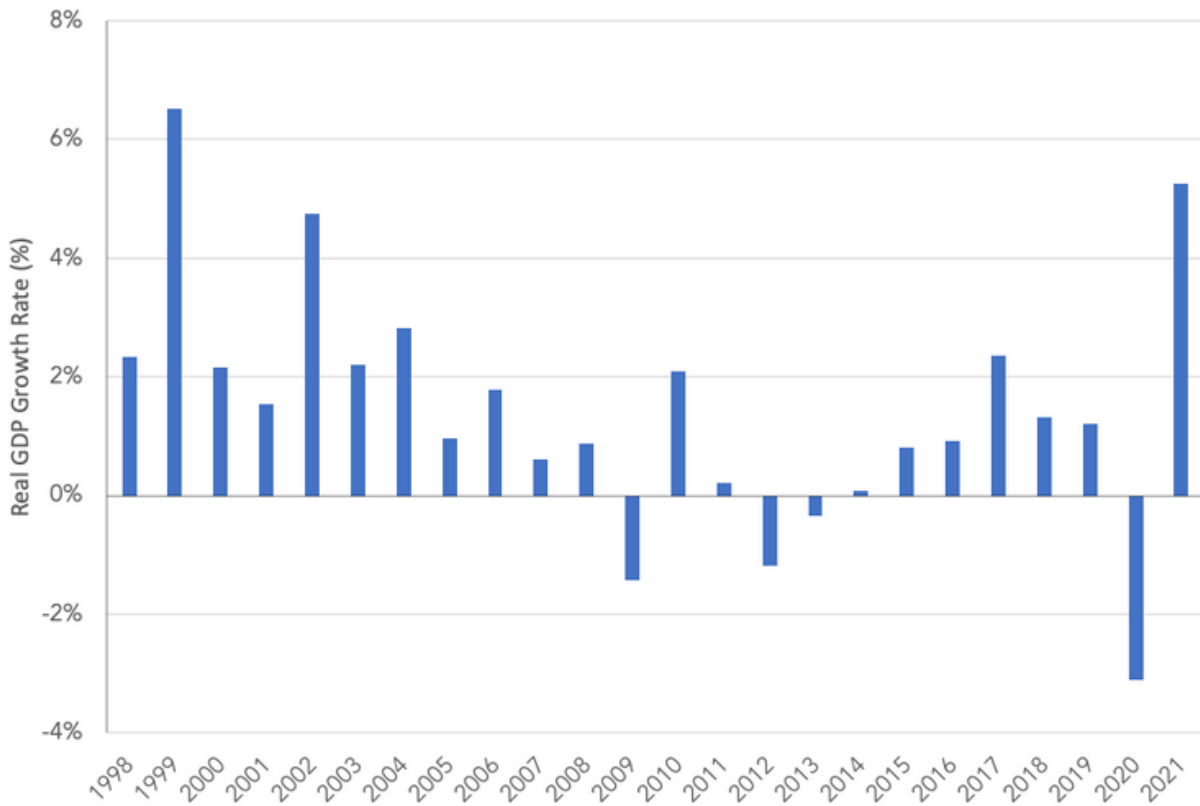
REAL GDP GROWTH

STATUS: ? UNCERTAIN



By 2028, New Brunswick seeks to experience an upward trend that returns its GDP growth rate to 2008 levels

Figure 1: Real GDP Growth Rate



(See full data in Appendix A)

HIGHLIGHTS

- The province experienced an increase in real GDP growth rate by 5.25% in 2021.
- The province's GDP share has been declining, but at a slower rate than the population share.
- In 2021, 75% of the province's GDP came from service industries such as health services, educational services, etc.
- In 2021, 47% of the province's GDP came from privately owned service industries.

OVERVIEW

Importance

For New Brunswick, having GDP growth rates above 2% would indicate that the province is on par with the Canadian GDP growth average for all other provinces. Having higher GDP growth rates results in higher tax revenue and more funding for public services without needing to raise tax rates.

Problem

Between 1982 and 2008, New Brunswick's real GDP grew consistently at around 2% per year. From 2008 to 2012, the province's GDP did not grow. Since 2012, the GDP growth rate has seen a steady but small increase until the pandemic in 2020 which resulted in an increase of 5.25% in 2021.

Cause

The recession in 2008 severely impacted GDP growth in New Brunswick in the following year. Then, during the rebuilding process in 2012, the federal government had a tight fiscal year, so only provinces with strong ties to commodity markets were able to sustain growth. Following 2012 and up until the pandemic, New Brunswick had seen continuous growth. This steady growth was heavily sabotaged by the impact of lockdowns during the Coronavirus pandemic.

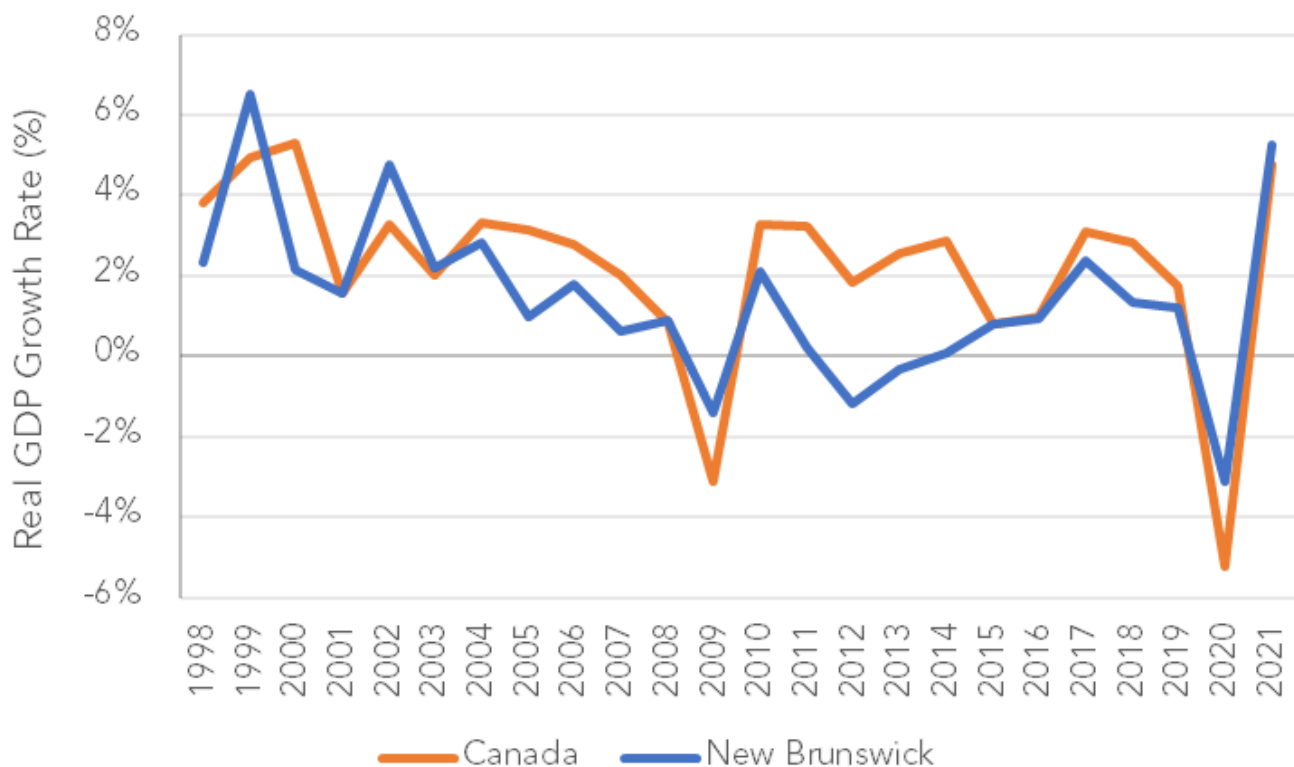
IN THE NUMBERS

GDP Growth Rates

As shown in Figure 2, GDP growth for the province peaked in 1983 with a growth rate of 7.4%, and it was at its lowest in 2020, with a rate of -3.17%. New Brunswick has experienced several years of negative or minuscule GDP growth rates beginning after the 2008 recession. However, the province appeared to be recovering, as the real GDP growth rate for the province showed an upward trend from 2012 to 2019, with a dip in 2018 followed by an increase of 5.25% in 2021.

*These growth rates are calculated using 2012 chained dollars

Figure 2: Comparing NB's Real GDP Growth Rate to National GDP Growth Rate (2012 chained dollars)



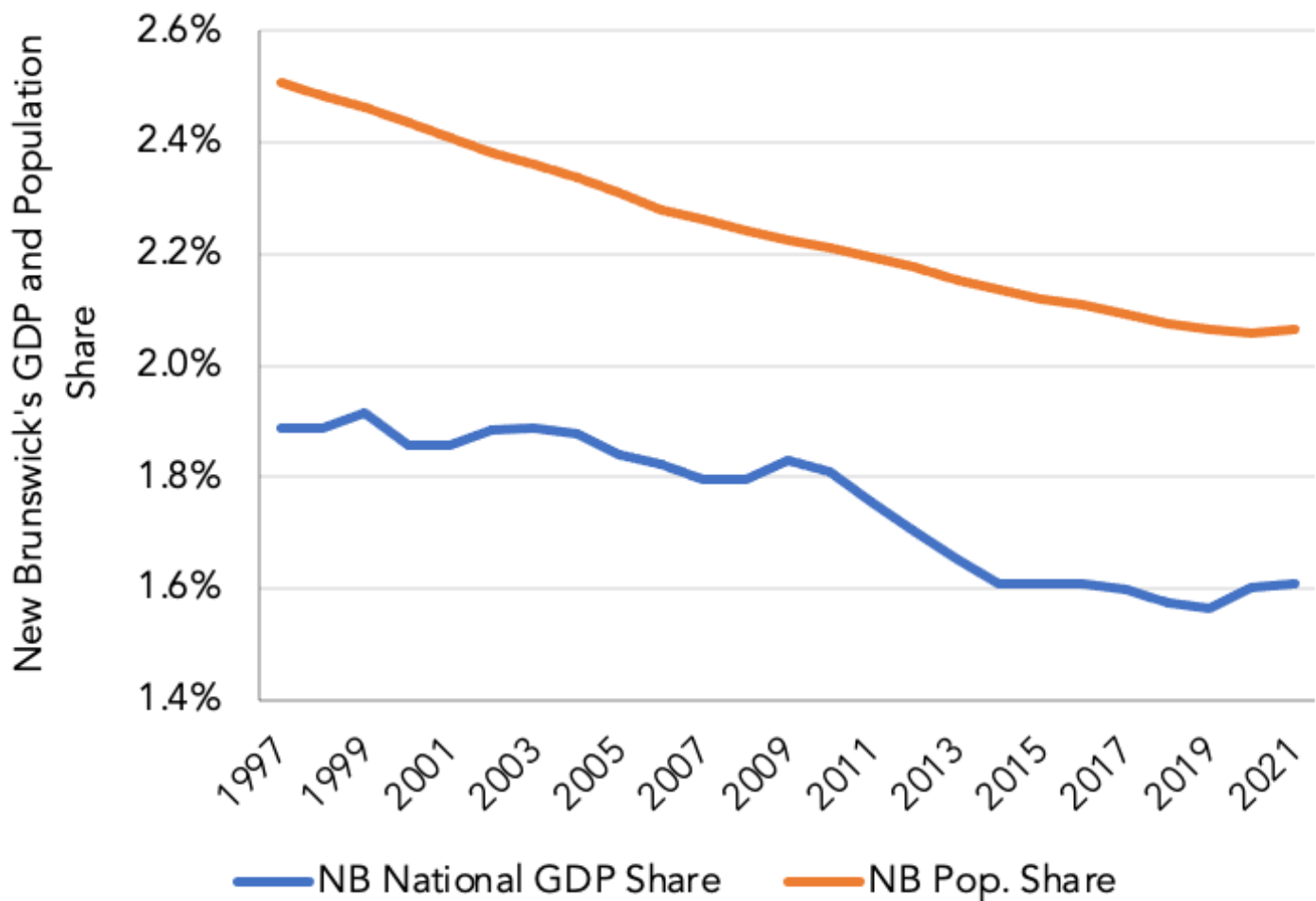
(See full data in Appendix A)

A CLOSER LOOK

GDP And Population Share

As seen in Figure 3, New Brunswick's national population share (i.e., the population of the province divided by the population of Canada) has been declining for years. This may be 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 declining, but at a slower rate than the population share.

Figure 3: New Brunswick's GDP and Population Share

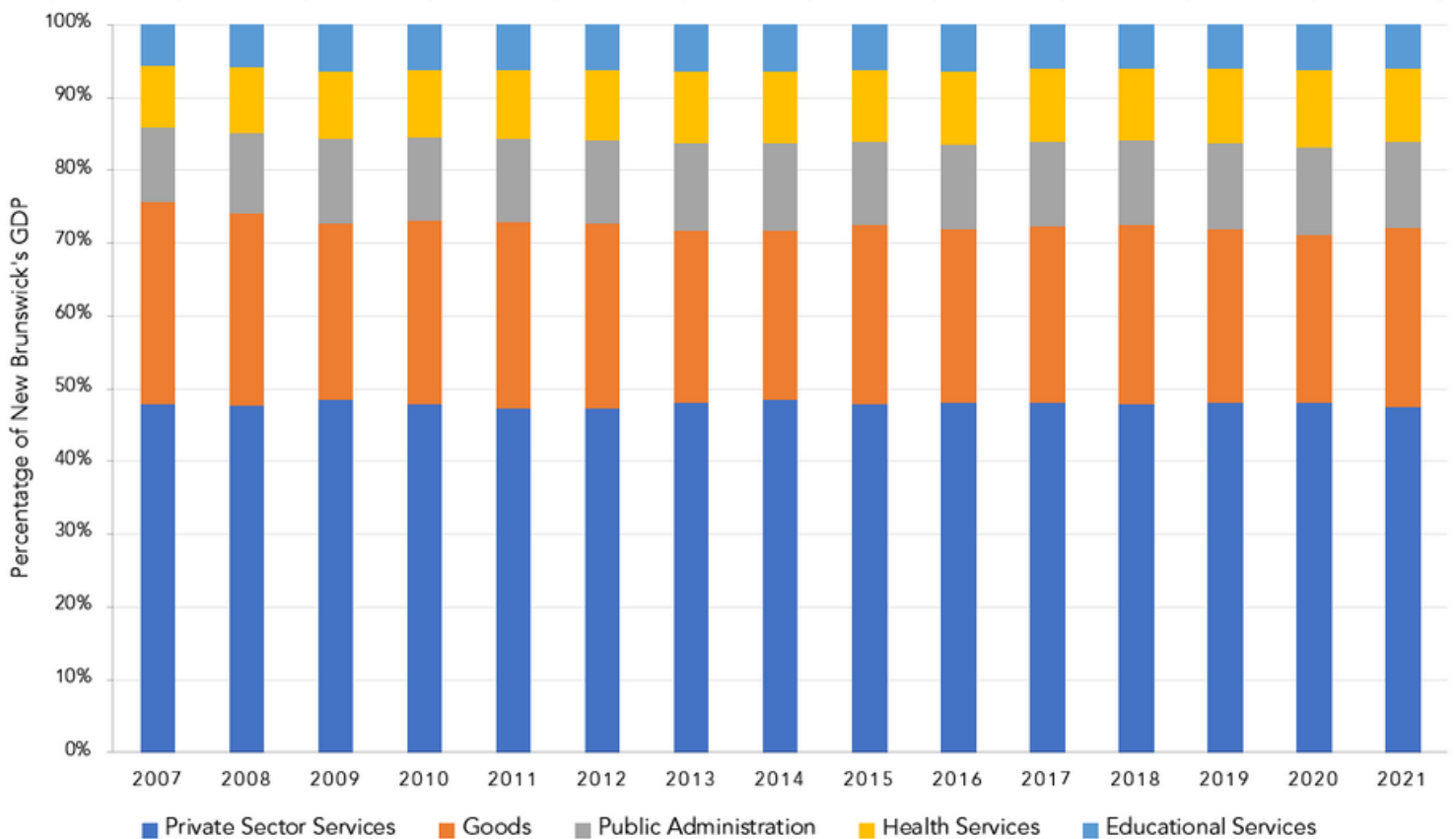


(See full data in Appendix B)

Delving Into Industries

The composition of the New Brunswick economy across 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), with the remainder coming 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 2007-2021.

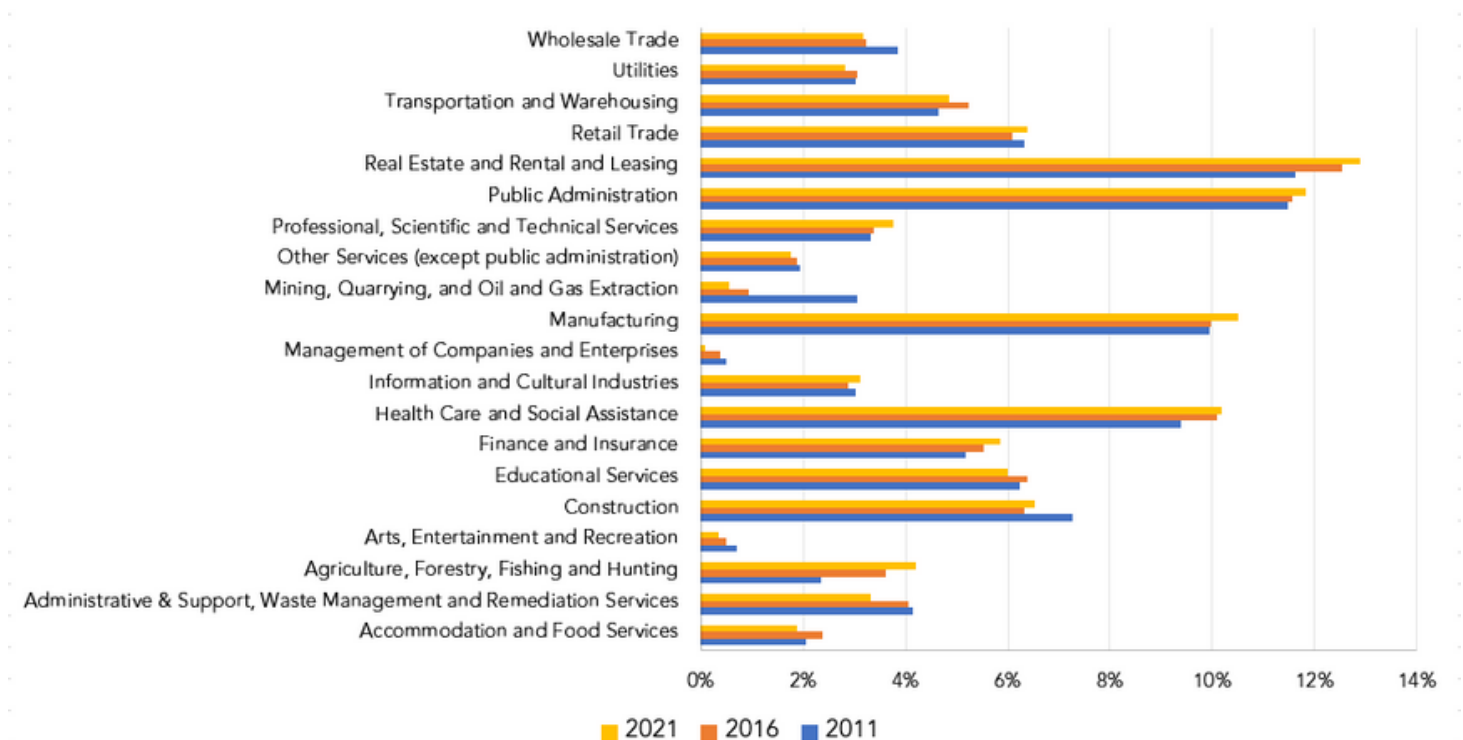
Figure 4: Share of Provincial GDP by Broad Sector



(See full data in Appendix C)

From 2011 to 2021, there was little to no fluctuation in various industries' contributions to provincial GDP (see Figure 5). However, there are a few exceptions. New Brunswick has seen growth in public administration, and health care and social assistance, which indicates that the province's public sector is growing. Meanwhile, decreases in the mining, construction, and entertainment and recreation industries contributed to a decline in the province's private sector share of GDP. After the 2016 period, several industries related to college-level certification grew, such as manufacturing, real estate, and forestry, meaning there could be a potential increase in college attendees as employment opportunities open up.

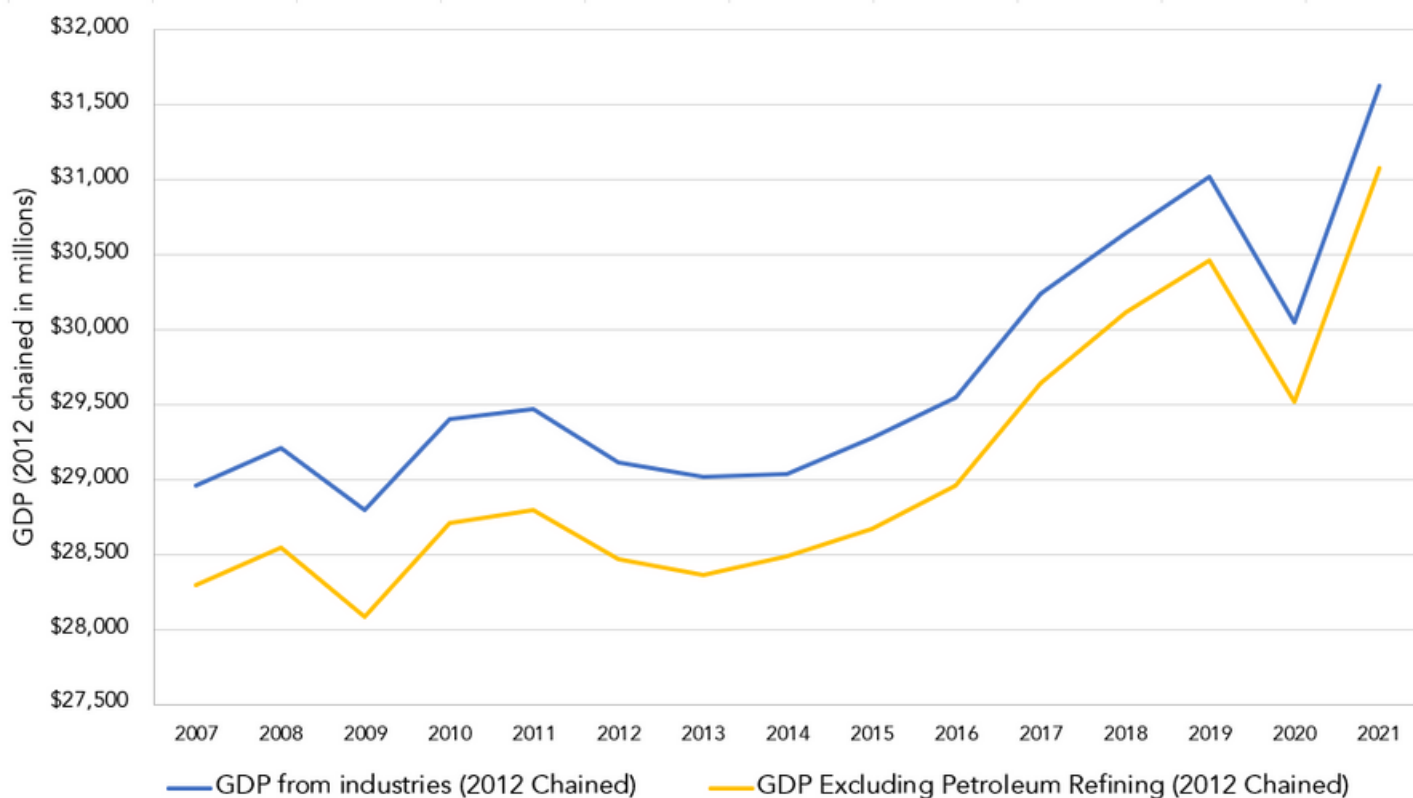
Figure 5: Industries Contributing to GDP in New Brunswick



(See full data in Appendix D)

For New Brunswick, petroleum industries contribute a large amount to 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 expanding and relying less and less on the petroleum 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 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.
- The province's economy was negatively impacted by the pandemic in 2020 as shown in Figure 1.
- Following the pandemic, NB saw a 5.25% increase in its real GDP growth rate.
- The goal of returning back to a real GDP growth rate of 2% from 1998 to 2008 is uncertain.

APPENDIX A

Real GDP Growth Rate

Year	Canada	New Brunswick
1998	3.81%	2.33%
1999	4.93%	6.53%
2000	5.30%	2.17%
2001	1.58%	1.54%
2002	3.26%	4.75%
2003	2.00%	2.20%
2004	3.33%	2.82%
2005	3.15%	0.97%
2006	2.76%	1.79%
2007	2.02%	0.61%
2008	0.84%	0.87%
2009	-3.14%	-1.41%
2010	3.27%	2.09%
2011	3.24%	0.21%
2012	1.86%	-1.19%
2013	2.55%	-0.34%
2014	2.87%	0.08%
2015	0.80%	0.81%
2016	0.97%	0.92%
2017	3.12%	2.36%
2018	2.85%	1.33%
2019	1.73%	1.21%
2020	-5.26%	-3.11%
2021	4.78%	5.25%

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 Pop. Share
1997	1.89%	2.51%
1998	1.89%	2.48%
1999	1.92%	2.46%
2000	1.86%	2.44%
2001	1.86%	2.41%
2002	1.88%	2.38%
2003	1.89%	2.36%
2004	1.88%	2.34%
2005	1.84%	2.31%
2006	1.82%	2.28%
2007	1.80%	2.26%
2008	1.80%	2.24%
2009	1.83%	2.22%
2010	1.81%	2.21%
2011	1.76%	2.20%
2012	1.70%	2.18%
2013	1.65%	2.15%
2014	1.61%	2.14%
2015	1.61%	2.12%
2016	1.61%	2.11%
2017	1.60%	2.09%
2018	1.57%	2.07%
2019	1.57%	2.06%
2020	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 0510005: Estimates of population, Canada, provinces and territories, quarterly (persons) (1,2,3,6)

APPENDIX C

Industries Breakdown

Year	Private Sector Services	Goods	Public Administration	Health Services	Educational Services
2007	48%	28%	10%	8%	6%
2008	48%	26%	11%	9%	6%
2009	49%	24%	11%	9%	6%
2010	48%	25%	11%	9%	6%
2011	47%	26%	11%	9%	6%
2012	47%	25%	12%	10%	6%
2013	48%	24%	12%	10%	6%
2014	48%	23%	12%	10%	6%
2015	48%	25%	12%	10%	6%
2016	48%	24%	12%	10%	6%
2017	48%	24%	12%	10%	6%
2018	48%	25%	12%	10%	6%
2019	48%	24%	12%	10%	6%
2020	48%	23%	12%	11%	6%
2021	47%	25%	12%	10%	6%

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 for the years 2011, 2016 and 2021

Type of Industry	2011	2016	2021
Accommodation and Food Services	2.06%	2.38%	1.87%
Administrative & Support, Waste Management and Remediation Services	4.14%	4.05%	3.32%
Agriculture, Forestry, Fishing and Hunting	2.34%	3.61%	4.19%
Arts, Entertainment and Recreation	0.69%	0.49%	0.35%
Construction	7.27%	6.31%	6.52%
Educational Services	6.24%	6.39%	5.99%
Finance and Insurance	5.16%	5.52%	5.86%
Health Care and Social Assistance	9.38%	10.1%	10.19%
Information and Cultural Industries	3.02%	2.88%	3.12%
Management of Companies and Enterprises	0.49%	0.36%	0.08%
Manufacturing	9.96%	9.99%	10.5%
Mining, Quarrying, and Oil and Gas Extraction	3.05%	0.94%	0.56%
Other Services (except public administration)	1.93%	1.86%	1.75%
Professional, Scientific and Technical Services	3.33%	3.37%	3.75%
Public Administration	11.47%	11.58%	11.84%
Real Estate and Rental and Leasing	11.64%	12.55%	12.88%
Retail Trade	6.31%	6.1%	6.39%
Transportation and Warehousing	4.64%	5.23%	4.84%
Utilities	3.03%	3.05%	2.81%
Wholesale Trade	3.86%	3.24%	3.18%

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

APPENDIX E

Comparing total GDP to GDP Excluding Petroleum Industries

Year	GDP from industries (2012 Chained)	GDP Excluding Petroleum Refining (2012 Chained)
2007	28,962	28,293
2008	29,215	28,546
2009	28,802	28,085
2010	29,404	28,709
2011	29,468	28,794
2012	29,117	28,474
2013	29,017	28,363
2014	29,040	28,488
2015	29,276	28,675
2016	29,546	28,963
2017	30,243	29,649
2018	30,645	30,116
2019	31,017	30,463
2020	30,052	29,521
2021	31,630	31,083

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)