



# CFA • ACT

Canadian Ferry Association • Association canadienne des traversiers



## Canadian Ferry Association

Written Submission for the Pre-Budget Consultations in Advance of the  
2021 Budget

August 2020

## List of Recommendations

- **Recommendation 1:** That the government make changes to the eligibility criteria of the Canada Emergency Wage Subsidy program so that ferry operators across the country are able to continue to provide vital transportation links.
- **Recommendation 2:** That the government provide flexibility in how the Canada Emergency Wage Subsidy program is administered.
- **Recommendation 3:** That the government create a recovery program for vital transportation services.

## About Canadian Ferry Association

The Canadian Ferry Association (CFA) is the national voice of the ferry industry in Canada. Our members adhere to the highest professional and operational standards and promote the safe delivery of ferry services across Canada.

CFA is a member-based organization representing Canadian ferry owners, operators and industry stakeholders across the country and internationally. CFA has more than 100 members, with our owner/operator members accounting for nearly all of the major ferry routes in Canada.

Ferries are an integral part of Canada's transportation system. Collectively, ferries in Canada:

- Run a fleet of more than 260 vessels;
- Employ – directly and indirectly – over 43,000 people.
- Carry more than 55 million passengers and 22 million vehicles annually

## Ferries & COVID-19

The COVID-19 pandemic has had profound impacts across Canada's economy, and the marine sector is no different.

Throughout the crisis, the ferry sector has provided vital service for Canadians and their communities by:

- Enabling the continuous delivery of goods to remote and rural regions;
- Allowing for the safe passage of first responders; and
- Transporting residents for essential travel.

Unlike other sectors of the economy which were forced to shut down (nearly) completely, the ferry sector's unique position required our members to continue operating (and incurring expenses) but also suffer significant decreases in revenue.

Our sector is regulated by the federal government and shortly after the pandemic began in Canada, the government asked that our sector take various measures to protect the health and safety of passengers. This resulted, in most cases, with vessels reducing the maximum number of passengers allowed on each crossing, removing fare collection mechanisms, implementing additional health and safety measures and more.

While no one is debating whether or not these measures should have been initiated, there can be no argument that these measures are taking an economic toll on ferry operators across the country which could negatively impact the communities they serve.

Indeed, our members have seen significant decreases in revenue (by up to 80% in some cases) while costs (fuel, maintenance, labour, payments on ships) remained the same.

## Canada Emergency Wage Subsidy Program and the Ferry Sector

As one of the hallmark components of the federal government's COVID-19 recovery plan, the Canada Emergency Wage Subsidy program, aimed at supporting employers and encouraging them to retain their employees, has little impact on Canada's ferry sector.

In reality, the eligibility criteria for the program excludes the vast majority of ferry operators – these same ferry operators who are providing essential transportation services across Canada and are regulated by the federal government.

As an example, Canada's largest ferry operator – BC Ferries – is excluded from the program due to its unique ownership structure. Others, such as Owen Sound Transportation Company and Société des Traversiers du Québec, are excluded as they are arms of their respective provincial governments. Both are heavily dependent on fares paid by passengers in order to cover the most basic of expenses.

We estimate the sector's losses at over \$450 million between March 15 and August 31, 2020.

This will impact ferry-dependent communities across the country, which could include: fleet renewal delays, cancellation of shore-based infrastructure upgrades, delays on implementing green technologies into existing fleets.

***The Canadian Ferry Association is recommending that the government make changes to the eligibility criteria of the Canada Emergency Wage Subsidy program so that ferry operators across the country are able to continue to provide vital transportation links.***

Increased flexibility is also needed to ensure that the Canada Emergency Wage Subsidy is having as full an impact as possible.

As an example, ferry routes that cross the Ottawa River are currently not eligible for the Canada Emergency Wage Subsidy. One of the stipulations of the program is that revenue for 2020 is compared against the similar months in 2019. However, these same ferry operators were victims of the 2019 Ottawa River flooding, and not able to operate during these months. As such, they are not eligible to receive federal support through the Canada Emergency Wage Subsidy program. Surely these ferry operators should not be penalized because they were victims of two disasters instead of just one.

Allowing flexibility in the administration of this program would allow these ferry operators to receive support from the federal government and continue to serve their communities.

***The Canadian Ferry Association is recommending that the government provide flexibility in how the Canada Emergency Wage Subsidy program is administered.***

## Program for vital transportation services

Across Canada, ferries are operated by provincial, territorial and municipal governments, indigenous groups, private companies, crown corporations and more. Despite their ownership and location, they are all regulated by Transport Canada.

Regardless of who owns and operates the vessel, ferries provide vital transportation services in communities across the country, and currently the organizations operating the ferries are operating at a loss.

These losses have not only short-term impacts (employment, etc), but will also impact the operation over the long term. For example, maintenance schedules may need to be altered, repairs extended, capital projects such as efforts to “green” the sector would be put on hold.

The federal government has offered support to other transportation sectors as part of the COVID-19 recovery plan. Other measures, such as the recently announced \$19 billion transfers to the provinces may support some ferries, but only those that operate as a part of public transit systems. Again, the vast majority of the federally-regulator sector is ignored.

***The Canadian Ferry Association is recommending that the government create a recovery program for vital transportation services.***