

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

By: Greater Victoria Harbour Authority



August 7, 2020

- **Recommendation 1:** That the federal government recapitalize and broaden the eligibility scope of the Canadian Experiences Fund through Canada's Regional Development Agencies with a specific focus on ensuring businesses most impacted by COVID-19, such as those that rely on the cruise tourism, are eligible.
- **Recommendation 2:** That the federal government prioritize and invest in sustainable tourism development projects, such as shore power technology, that will generate jobs and help to ensure the re-emergence of a stronger, more competitive, and greener global tourism market.
- **Recommendation 3:** That the federal government, based on input from public health authorities as well as the cruise industry, ensure all efforts are made to encourage and promote cruise tourism in Canada for the 2021 season, in order to ensure the viability and sustainability of the sector.

The Greater Victoria Harbour Authority ("GVHA") is proudly Canada's busiest cruise port of call. During the 2019 cruise season alone, the harbour's cruise terminal at Ogden Point welcomed over one-million cruise ship passengers and crew over the course of 256 port calls, representing 70% or \$12.5million of the GVHA's operating revenues and an economic injection of more than \$130 million to the regional economy. It also constituted 800 direct and indirect jobs in Greater Victoria.

Given this significance of cruise tourism to the GVHA and its operating revenues, the impact of COVID-19 and subsequent decision to prohibit cruise ships to Canada for the 2020 season will have a very significant financial impact on the authority. It should be noted, however, that the harbour authority is, and remains, fully supportive of the Government of Canada's decision to extend the delay to cruise ships in Canadian waters until at least October 31, 2020. The health and safety of Canadians, and of all visitors, should be the number one priority. It was the right thing to do.

Nevertheless, it does not change the fact that Victoria was planning to welcome a record year, including 300 cruise ship calls. As a not-for-profit, community-based organization that does not operate as a Canadian Port Authority, the GHVA is mandated to directly invest any revenue surplus back into the rehabilitation and development of our four high-profile, strategic community properties, which it owns and operates. The loss in revenue from cruise in 2020 (once again, 70%, \$12.5 million) has resulted in temporary layoffs, a reduction in expenses, and especially the deferment of major capital projects.

Tourism is an important economic driver in Canada. As such, as the Government of Canada looks for opportunities to restart the Canadian economy and help the country recover from the COVID-19 pandemic, the GVHA would recommend the following recommendations be carefully considered for the sector.

Recommendation 1: That the federal government recapitalize and broaden the eligibility scope of the Canadian Experiences Fund through Canada's Regional Development Agencies with a specific focus on ensuring businesses most impacted by COVID-19, such as those that rely on the cruise tourism, are eligible.

The Canadian Experiences Fund (CEF) was the first dedicated tourism fund of its kind offered by the Government of Canada. This was significant for the sector given that Canada's tourism industry is a driver of the Canadian economy, supporting 1.8 million jobs across the country and contributing to economic growth and opportunities. With that said, because of the importance of tourism and the need for such a fund, its allocations were quickly exhausted.

One of the main assets of the CEF was that it permitted use of funds for the development and upgrade of "tourism facilities." While GVHA's major capital development projects may have to be put on hold for the foreseeable future given the revenue reality of 2020, there are a number of small harbour asset projects in need of upgrades due to marine wear-and-tear.

The CEF originally had a focus on five categories for funding: (1) winter and shoulder-season businesses; (2) growth of rural and remote communities; (3) Indigenous tourism; (4) the promotion of LGBTQ2 communities; and, (5) boosting culinary and farm-to-table experiences. All of these categories remain important, but the GVHA suggests broadening the scope of eligibility criteria under the fund in order to help support a wider range of organizations across the sector in their recovery.

Recommendation 2: That the federal government prioritize and invest in sustainable tourism development projects, such as shore power technology, that will generate jobs and help to ensure the re-emergence of a stronger, more competitive, and greener global tourism market.

As Canada and the world continue to grapple with the realities posed by the threat of climate change, the concept of sustainable tourism within the sector has continued to attract greater attention given the sector's growth and susceptibility to the threat. With Canada's recent commitment to joining the Three Percent Club, working collaboratively with international partners, including 15 other countries, to increase energy efficiency, accelerate the clean energy transition and help meet climate change goals, it is clear that the tourism industry needs to be part of that mission. Estimates suggest that tourism outputs create 5 per cent of overall greenhouse emissions in the world "primarily due to emissions resulting from energy use in buildings and transportation¹."

At the GVHA, actions and decisions are continuously guided by five guiding principles, which include accountability and the commitment to generating broad economic and social benefit from the use of our properties, while continuously mitigating adverse social and environmental impacts in local neighbourhoods and to our land, air and water. For this reason, in early 2020, the GVHA was very happy to have received City of Victoria Council support to extend the development of our Master Plan for The Breakwater District at Ogden Point, allowing the harbour authority to focus on aging infrastructure at our facilities and, importantly, on a series of environmental initiatives, including establishing shore power.

Shore power or shore supply is the provision of shore side electrical power to a ship at berth while its main and auxiliary engines are shut down. Shore power saves consumption of fuel that would otherwise be used to power vessels while in port and eliminates the air pollution associated with consumption of that fuel, as well as reducing noise. Provided the shore power is generated through clean energy, as it would be in British Columbia, it can eliminate most emissions associated with running diesel engines.

There are a lot of reasons shore power has not been installed at the Victoria Cruise Terminal, but one of the biggest reasons has been determining if the terminal has access to enough power to adequately support a full-size cruise vessel. Recently, B.C. Hydro determined there is enough power on the Island for shore power.

The GHVA estimates that shore power would result in a 51 per cent reduction in greenhouse-gas emissions from ships in port and 47 per cent reduction in all other emissions with an estimated cost of \$20-million. In 2019, GHVA worked with Synergy Enterprises on a full-scale emissions inventory of the entire terminal, including ship emissions, ground transportation, and our building infrastructure. With this baseline information, GVHA hired Moffatt & Nichol to conduct a fully-developed feasibility and business case to further reduce emissions, continue our path forward to improving energy efficiency, and determine the best options on the topic of shore power.

Having a fund in place to support this type of sustainable technology would make the decision to access shore power far more attainable and would help align Victoria with competitors in the United States, including the Port of Seattle and ports in Alaska. It will also allow Canada to re-emerge as a stronger, more cost-competitive global tourism competitor.

¹ United Nations World Tourism Organization. (December 2007). Promoting climate friendly travel.

Recommendation 3: That the federal government, based on input from public health authorities as well as the cruise industry, ensure all efforts are made to encourage and promote cruise tourism in Canada for the 2021 season, in order to ensure the viability and sustainability of the sector.

Protecting the health and safety of Canadians should always be the number one priority of the Canadian government. As aforementioned, the GVHA was in full agreement with the Minister of Transport's decision to delay the cruise season in Canada until at least October 31, 2020, with the hope that by the 2021 cruise season (April-October) the public health authorities, provincial and federal governments, and the cruise industry have deemed it safe to welcome these cruise ships back to Victoria and the rest of Canada's cruising ports.

When that time does come, the federal government, alongside its provincial partners, will need to express the strong encouragement and promotion of the cruise tourism in Canada. This would help ensure the viability and sustainability of the sector, and importantly it would also ensure a large economic injection into the economy as it continues to recover.

Indeed, each year, the cruise ship industry in British Columbia contributes more than \$2 billion to the provincial economy, and an economic impact in Canada of more than \$3.2 billion overall. The number of jobs generated by the industry in Canada – direct and indirect – is estimated at 23,198, paying just over \$1 billion in wages. Moreover, direct and indirect business taxes generated by cruise lines, passengers and crew in 2016 totaled \$347 million. These numbers reflect the importance of cruise to the Canadian economy and to the tourism sector writ large.

There is no doubt that there will be apprehension by both visitors and residents alike when it is once again safe to cruise. Strong signals from the federal government, backed by marketing efforts from Destination Canada, would go a long way to shoring up public trust for cruise for 2021.