

Panel on Marine Transportation Issues
Relating to the Atlantic Gateway
May 30th, 2007
1:15 – 2:30 @ Holiday Inn
Hospitality Newfoundland & Labrador

On behalf of HNL I would like to thank the organizers for the opportunity to be a part of this panel on marine transportation issues relating to the Atlantic Gateway.

The Atlantic Gateway concept has, at its core the idea that as a region Atlantic Canada can benefit greatly from the incredible increase in shipping traffic into and out of North America forecast in the coming years. While on the surface this may not seem to be a tourism issue the fact is that any developments in transportation in the Atlantic region will impact the tourism industry.

Consistent and reliable transportation infrastructure is a critical component of a successful tourism destination. Being an island, Newfoundland is of course subject to many challenges that other provinces are not. Labrador does not have a paved highway throughout, still relies heavily on ferry service and transportation infrastructure continues to be one of the biggest obstacles to economic development.

Marine

For a moment consider the current state of our provincial ferry system. Issues with schedules, vessel age and capacity are all in the forefront of transportation concerns within our province. The importance of provincial ferries to the tourism industry cannot be underestimated and significant effort should be employed to ensure that they meet the needs of the tourism industry. Customer service is extremely important to travelers and providing friendly, efficient service is the expectation of tourists. Scheduling, reservation services, amenities and visitor services are all critical components of successful transportation infrastructure in the tourism industry.

The Marine Atlantic ferry service is also of paramount importance to the tourism industry. **The first priority** must be to gain an essential service designation for MA so that labour disputes and unrest can no longer impact a major transportation route. If a strike were to halt the MA service NL would suffer just as if the TCH were closed between Montreal and Ottawa, except of course that traffic would at least have an alternative route. For NL there is no alternative.

In 2003, the Canadian Industrial Relations Board (CIRB) ruled that “the said ferry service to be the sole actually accessible link available to significant majority of the general public, the trucking industry and its customers, as well as to the general public of Newfoundland, for whom there is no realistic alternative means of access.” The Board’s ruling, which applied to one of six unions representing employees at Marine Atlantic, also determined, in light of all evidence received, that the impact of any reduction at any time of the year would pose an immediate and serious danger to the safety of the public.

The Board concluded that there is to be no reduction in the level of Marine Atlantic Inc.'s regular ferry service between Newfoundland and Nova Scotia at any time of the year. The Canada Industrial Relations Board (CIRB) is reviewing an application made by the Federal Minister of Labour to designate the Canadian Merchant Services Guild (CMSG), which is another union representing Marine Atlantic employees, as essential to the Marine Atlantic Ferry Service.

The current situation is one where the needs of the users are not being met with efficiency or effectiveness. **A second priority** must then be a refurbishing or replacement of existing vessels. It is a weak point in the province's transportation infrastructure in terms of cost, low standards of customer service, schedules and capacity during the peak summer season. The current fleet is getting old and does not always match the needs of the user groups. It is time for an adjustment to the ferry service to meet today's needs for a more timely and efficient service that is more acceptable to its user groups.

Yet another issue that requires attention is the situation of rate stabilization. Transport Canada's current strategy for MA will result in a 30% rate increase in 5 years as a result of the compounding effect and this does not even include the fuel surcharge. A rate subsidy must be set at a level that reflects the operating costs of the service. Rates on Marine Atlantic should be linked to the Consumer Price Index (.75 of CPI) with sufficient notice to users about any increases.

Air

Air Access to NL from domestic markets has improved greatly in that past number of years with the addition of several low cost carriers to provide service to and from several regions. The trend of auto to air continues, with fewer and fewer people traveling by ferry to the province. This is a concern as people that fly tend to stay closer to the main centers and not get out into the rural areas.

Spurred by the withdraw of Air Canada's Heathrow flight and the loss of Canjet the business community came together through the NL Business Caucus in an attempt to improve air access. There is a need to be proactive and aggressively recruit air service providers, something that other centers like Halifax are currently doing. These are some of the issues to be covered in a soon to be released report by Paul Lannon that studied the air access in NL. Using survey techniques, statistical data collection and stakeholder interviews this report concludes the following: "In achieving the region's full potential, it is essential for all agencies to work toward the same objective." As one example he points to the creation of *Enterprise Greater Moncton* as a unified economic voice for the entire Moncton area.

Atlantic Gateway

So then how does the creation of an Atlantic Gateway impact these tourism issues? The possibilities mostly focus on better access and increases in infrastructure that can be utilized by the tourism industry. Improved infrastructure in the other Atlantic Provinces could mean easier access to and from the rest of the country and continent. Increased shipping and the possibility of new larger ports in the region could lead to increases in

cruise ship tourism. With more and more people and goods entering North America there could also be a need to pre-screen people and cargo here in NL to prevent a customs bottleneck in other major centers. Becoming a short sea shipping hub could open NL to a new era on increased visibility on the world stage and that too could lead to increases in tourism with visitors coming from further and further away.

Successful development of the Atlantic Gateway could mean significant infrastructure development that would have positive impacts on the tourism industry but only through significant cooperation of all stakeholders. The size and location of NL means that we must be both smart and strategic in our planning. “Silo” thinking will not help us reach our true potential as a region and as a province. All user groups must work cooperatively on the issues of access and infrastructure so we can all benefit from future developments.

Thank you.