

Prince Edward Island Ferry Task Force Final Report



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Task Force on the Wood Islands, PEI – Caribou, NS Ferry: Final Report

INTRODUCTION

The Task Force for the Wood Islands – Caribou, NS, Ferry, comprised of Audrey Shillabeer, Scott Annear and Ray Keenan with departmental support provided by Chris Blaisdell and Alicia Bruce from Rural and Regional Development, was established on 21 February 2017.

Since its establishment, the Ferry Task Force has met with community and business leaders, Northumberland Ferries Ltd. executives, as well as members of the Provincial and Federal governments. In the midst of its mandate, the Task Force was pleased to receive notice that the Government of Canada was committing to a long-term service agreement, which would include a new ferry. The request for information process is currently underway and a request for proposals process is expected to follow. This announcement is a testament to the work done by not only the Ferry Task Force, but of proponents of the ferry service in the region. At the same time, the Task Force recognizes that the need to advocate for appropriate service standards will be ongoing through the Federal request for proposals process and as such makes the recommendations contained herein.

BACKGROUND

Northumberland Ferries Ltd. was founded in 1941 with 2016 being the 75th anniversary of providing transportation service across the Northumberland Strait.

Currently there are two ferries offering transportation services at Wood Islands to Caribou, the MV Holiday launched in 1971 and the MV Confederation launched in 1993.

The ferry service contributes an estimated \$27 million annually to the economy of PEI. Approximate annual traffic is well over 475,000 passengers, 160,000 passenger vehicles and 18,000 commercial trucks. The ferry service provides upwards to 200 seasonal jobs. During the summer of 2016, the MV Holiday Island spent time on dry dock for unexpected repairs, leaving many businesses and residents in the region calling for not only an improved ferry service but also a guarantee of longevity for the ferry service.



SUMMARY OF WORK

24 February 2017

Initial meeting of the task force was held. Information was shared and stakeholders were identified. A letter to the Honourable Marc Garneau, Minister of Transport, was drafted.

9 March 2017

Meeting held with Premier Wade MacLauchlan. Discussions held regarding impact on economy, potential green technology and ice-breaking ferry service opportunities as well as the need for interprovincial advocacy for the ferry service. The Premier indicated that the Prime Minister is aware of the ferry situation.

Letter was sent to the Honourable Marc Garneau, Minister of Transport (Appendix A), with carbon copies sent to Hon. Lawrence MacAulay, Hon. Scott Brison, Hon. William Francis Morneau, Hon. Dominic LeBlanc, MP Sean Fraser, Premier Wade MacLauchlan and Premier Stephen McNeil. The letter outlines the Task Force's concerns and calls for the Government of Canada to recognize that an enhanced, reliable service with a long-term funding commitment will allow for significant economic growth opportunities for both NS and PEI, and to strongly consider replacing at least one of the aging ferries in service.

14 March 2017

The Task Force met with the Honourable Lawrence MacAulay to discuss his ongoing efforts in advocating for this ferry service.

20 March 2017

Press release issued inviting public to provide feedback via online submissions was released. Submissions were accepted until April 30th, 2017 and 52 responses were received (Appendix B).

29 March 2017

Met with local MLA for Belfast-Vernon River, Darlene Compton and discussed significance of ferry on her district. Discussed possible replacement ferry options with Russ Compton, President, NorCan Marine. Contacts in Pictou, NS were identified for follow-up.

31 March 2017

Interim Report submitted.

11 April 2017

Committee met with executives from Northumberland Ferries Ltd who outlined the history of the ferry service, the current contract and operations structure, and the challenges they face.

25 April 2017

Response from the Honourable Marc Garneau received underlining the Government of Canada's commitment to a long-term approach and high-quality and reliable service for the Wood Islands – Caribou ferry service (Appendix C).



Among the responses received through this process was a written submission from the Tourism Industry Association of PEI (TIAPEI) noting that while tourism numbers in 2016 were great, the disruption to the ferry service left a gap in travel options for visitors and seriously impacted tourism operators, accommodation occupancy numbers and retail sales in the region (Appendix D).

5 May 2017

Announcement made in Belfast by Federal MP Lawrence MacAulay that the Government of Canada is moving towards long-term contracts for the ferry service, as well as changing from its current model of Transport Canada owning and leasing ferries to a model where the company that operates the service will also own the ferry. New ferries procured by service-providing companies must be no greater than 10 years old. The Government of Canada is currently at a request for information stage and is seeking feedback from companies (Appendix E).

RECOMMENDATIONS

Numerous discussions were held between Task Force members and local business owners as well as other ferry users both on Prince Edward Island and Nova Scotia who were impacted by the reduced ferry service during the 2016 season. Each discussion was insightful and provided qualitative foundations for the need of the Wood Islands – Caribou ferry service. It is from these consultations that the Ferry Task Force makes the following recommendations:

Recommendation #1

An independent economic impact study be undertaken to understand the importance of the ferry service in the region both now and in the next five to ten years.

Recommendation #2

A standard of service requirement be included in upcoming Request for Proposals from Transport Canada. As the sole-service provider, the winning bidder must have requirements in place to ensure public funds are being used to provide optimal service in this non-competitive environment.

Recommendation #3

When considering replacement ferries, emphasis should be placed on green technologies that will allow us to reach emissions reduction targets and create opportunities for economic development within the region with regards to producing and storing energy.

Recommendation #4

With ice being a lesser problem in the Northumberland Strait in recent years and with the provision of proper ice-breaking capabilities, the committee recommends research into the implementation of winter crossings be done. In the event of a catastrophe or unforeseen impact



to the Confederation Bridge, it is imperative that another link to the mainland be maintained year-round for the security of islanders' health, safety, food supply and economy.

Recommendation #5

As the ferry service provides an essential link for trade and exports from Prince Edward Island, research should be done and a mitigation strategy developed to ensure exports leaving Prince Edward Island via the ferry are not adversely affected through carbon pricing.

Recommendation #6

Prior to the procurement of a new ferry, priorities must be established regarding ferry usage. Allocating a certain percentage of space to commercial vehicles should be considered.

FERRY TASK FORCE COMMITTEE

SCOTT ANNEAR

Scott Annear graduated from the Business Administration program in 1987, and has been a driving force within the trucking industry in PEI for the past 25 years. In 1991, he joined his father in the family business, Morley Annear Ltd., and in 2002, became the general manager. Under Scott's leadership, Morley Annear Ltd. has continued to thrive and expand. He has recently partnered in a new venture, River Run Dining Cruises, offered out of Montague and Georgetown.

Scott is very active in the Montague Rotary Club, serves as Chair of the Lower Montague Council, is president of the Montague Curling Club, and the PEI Trucking Sector Council, serves on the board for the Atlantic Provinces Trucking Association, and is a member of the Masons and the Shriners service clubs.

RAY KEENAN

Ray Keenan is the CEO of Rollo Bay Holdings Ltd in Souris PEI. The company is a major potato growing and packaging operation.

Apart from being a member of the task force for the Northumberland Ferry Service, Ray has served as a member of the Board of Governors for the JA Business Hall of Fame, and presently is Chairman of the United Potato Growers of Canada and Vice Chair of the Inspire Campaign of Global and Experimental learning for UPEI.

Ray resides on Souris River with his wife Betsy. They have a son and daughter and four grandchildren.

AUDREY J. SHILLABEER

Started working first in her family's pharmacy, and then 10 years of owning a retail business in southern Alberta. During this time, she began her lifetime work with Chambers of Commerce at the local and regional levels. Following the sale of her store she attended the University of



Alberta earning a Bachelor of Arts in Canadian Studies (with distinction) in 1991 and a Master of Arts (Political Science) in 1995.

Subsequently she worked at times with each level of government beginning with the provincial government (Alberta Culture and Multiculturalism, specifically in Historic Sites); then, several terms with policy and strategic planning for the federal government (Western Economic Diversification, and specifically in constitutional issues). She served for five years as co-ordinator of a large water and wastewater project involving 10 municipalities, 2 counties, and four First Nations.

At the time that she relocated to rural Alberta, Audrey established her own consulting business with specialities in business plan development, incorporation/objectives/by-laws, writing web copy and grant applications

Audrey is never very far from her passions of rural economic development and community development. She has held charter or leadership positions in eighteen community groups to date. She remembers most fondly a rural library project for which she was featured in the book, *Super Ordinary Heroes: True Stories of Big-hearted Albertans*.

Most recently, and here on Prince Edward Island, she (together with members of the Belfast Historical Society) has turned her volunteering energy to coordinating the vision of “Big Belfast: a Model Rural Community from Orwell Cove to Little Sands.”

Audrey is currently employed by the Wood Islands and Area Development Corporation. As Wood Islands is a major gateway to Prince Edward Island, Audrey was more than pleased to serve upon the Task Force for the Ferry.

COMMITTEE SUPPORT

Chris Blaisdell

Community Development Officer Eastern PEI
Department of Rural and Regional Development

Alicia Bruce

Policy Analyst
Department of Rural and Regional Development



APPENDICES

Appendix A: Letter to Honourable Minister Marc Garneau, Transport Canada

Appendix B: Summary of feedback received via online submissions

Appendix C: Response from Honourable Minister Marc Garneau, Transport Canada

Appendix D: Letter from TIAPEI

Appendix E: Federal Government of Canada press release





**Rural and Regional
Development**

**Développement
rural et régional**



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March 8, 2017

Honourable Marc Garneau
Minister of Transport
House of Commons,
Ottawa, Canada
K1A 0A6

Dear Minister Garneau:

Recently the Province of Prince Edward Island appointed us as a three-member task force with a mandate to provide recommendations to Executive Council and to you for the sustainability of the Wood Islands, PEI – Caribou, Nova Scotia ferry service.

We all live in eastern Prince Edward Island and are active in community development, tourism and private business. We are also deeply committed to the Wood Islands-Caribou ferry service and understand how critical full ferry service is to eastern Prince Edward Island and to the economy of the province as a whole.

The Wood Islands ferry service contributes \$27 million annually to the PEI economy with about 475,000 passengers traveling per year. There are two ferries currently in operation by Northumberland Ferries Ltd. The MV Confederation launched in 1993 and the MV Holiday Island launched in 1971.

In June of 2016, Northumberland Ferries Ltd. announced that the MV Holiday Island would be removed from service for repairs and scheduled to be back in operation in October 2016. The MV Confederation also had mechanical failures during 2016 leaving Prince Edward Island without ferry service for extended periods of time.

The objectives of our study are:

- Identify the significance of the Wood Islands-Caribou Ferry Service to the economy of Eastern Prince Edward Island and to the rest of Prince Edward Island.
- Highlight the policy objectives that should be addressed by both levels of government
- Understand from engaging with community leaders and businesses the potential ferry traffic volumes for the next 5-10 years.
- Identify, where available, information on ferry revenues, operational costs, and long-term capital costs.
- Identify and solidify the role of the Wood Islands-Caribou ferries as an emergency link to the mainland should an issue occur with the Confederation Bridge.
- Provide recommendations on the appropriate length of a Federal Funding Agreement that will provide certainty to Northumberland Ferries, its employees, businesses and customers.
- Solicit and consider public and expert input.
- Work collaboratively with the appropriate Federal and Provincial Agencies.

Our appointment underscores the importance the Province of Prince Edward Island sees in the Wood Islands – Caribou ferry service and the role it plays in the province’s economy.

Thank you for your past commitments to the Wood Island – Caribou Ferry as we work towards a future goal to provide continued long term Ferry Service to PEI.

Sincerely,



Chris Blaisdell
Community Development Officer
On behalf of Wood Islands-Caribou Ferry Task Force
Audrey Shillabeer
Ray Keenan
Scott Annear

CC: Honourable Minister MacAulay
Premier Wade MacLauchlan



WOOD ISLANDS-CARIBOU FERRY SERVICE

In total, 52 respondents provided comments through the online public consultation process. This included 51 individuals and one industry association.

GEOGRAPHIC BREAKDOWN

- 42 respondents from Prince Edward Island
 - 0 respondents from Prince County
 - 20 respondents from Queens County
 - 22 respondents from Kings County
- 7 respondents from Nova Scotia
- 2 respondents from other Canadian provinces
- 1 respondent on behalf of an industry association

THEMES

THE IMPORTANCE OF THE FERRY SERVICE

The importance of the Wood Islands-Caribou ferry service was highlighted by 35 respondents (67 per cent). The main reasons given for its need can be categorized into four sections: the economy, culture, emergency planning and for the environment.

“THE PEI FERRY SERVICE IS VITAL TO ISLANDERS AND VISITORS’ TRAVEL NEEDS, BUSINESSES RELY ON THE SERVICE TO TRANSPORT GOODS AND SERVICES AND IT IS A RICH ISLAND HISTORICAL TRADITION.”

IMPORTANCE TO THE PROVINCIAL ECONOMY

Twenty three respondents (44 per cent) tied the importance of the ferry service to the success of our provincial economy including tourism implications (40 per cent), the impact to our trucking, agriculture and fishery sectors (15 per cent), and the business community’s reliance on the ferry service (12 per cent.)

Seven respondents (14 per cent) also reiterated the importance of the Wood Islands-Caribou ferry service as an employer in Eastern Prince Edward Island.

“THE FERRY CONNECTION BETWEEN PRINCE EDWARD ISLAND AND NOVA SCOTIA REINFORCES AND ENABLES COMMUNITY DEVELOPMENT AND ECONOMIC VENTURES.”



“NOT ONLY DOES IT PLAY AN IMPORTANT PART IN OUR TOURISM, IT IS ALSO VALUABLE TO OUR TRUCKING INDUSTRY. FARMERS RELY ON THIS LINK TO OUR RURAL COMMUNITIES AND THOSE IN NOVA SCOTIA.”

“DIRECT AND INDIRECT EMPLOYMENT PROVIDED BY THE FERRIES HAS A SIGNIFICANT IMPACT ON KINGS AND PICTOU COUNTIES AND BEYOND.”

IMPORTANCE TO OUR ISLAND’S CULTURE

Twelve respondents (23 per cent) identified the Wood Islands-Caribou ferry service as an important part of our province’s cultural identity and heritage.

“I HOPE THAT THE FERRY CONTINUES TO RUN, I HAVE ENJOYED IT SINCE I WAS A LITTLE KID.”

“THE FERRY IS A LANDMARK, NOT SIMPLY A RELIC BUT A BEACON. THE FERRY TRIP IS AS ISLAND AS ANNE OF GREEN GABLES AND RED MUD.”

IMPORTANCE IN EMERGENCY PLANNING

Three respondents (6 per cent) highlighted the importance of the Wood Islands-Caribou ferry service for emergency management measures.

“WITH THE VERY REALISTIC POSSIBILITY OF A CATASTROPHIC FAILURE OF THE CONFEDERATION BRIDGE DUE TO AN ACCIDENT OR MATERIAL FAILURE, THERE MUST ALWAYS BE VIABLE INFRASTRUCTURE FOR THE FERRY TO SUPPORT THE ISLAND.”

IMPORTANCE FOR THE ENVIRONMENT

Two respondents (4 per cent) linked the importance of the ferry service to its environmental benefits.

“INCREASED CO2 EMISSIONS ARE THE PRIMARY CONTRIBUTOR TO GLOBAL CLIMATE CHANGE. IF WE ARE TO MEET TARGETS, WE MUST SEEK OUT AND PROMOTE WAYS TO REDUCE OUR CARBON FOOTPRINT.”



THE CURRENT FERRY SERVICE

Twenty-three respondents (44 per cent) shared their experiences with the current ferry service including the impacts of the 2016 season (25 per cent), the management of the Wood Islands-Caribou ferry service by Northumberland Ferries Ltd. (15 per cent), the state of the current boats (12 per cent,) and most predominantly, the service's convenience for its passengers (37 per cent).

THE 2016 SEASON

Twenty-five percent of respondents provided comments on the 2016 ferry service. All of these respondents indicated a negative experience including the unreliability of the service, the long wait times, and the emotional and economical impact.

"I TRAVEL REGULARLY BETWEEN PRINCE EDWARD ISLAND AND NOVA SCOTIA AND HAD TO RESORT TO DRIVING ALL THE WAY AROUND DUE TO THE MESS OF THIS SERVICE AND CANCELLED CROSSINGS, BREAKDOWNS AND ALWAYS SOME EXCUSE."

"LAST YEAR'S REDUCED CROSSINGS WAS HURTFUL TO OUR FAMILY. MY PARENTS LIVE IN NEW GLASGOW, NOVA SCOTIA AND THEY DID NOT COME OVER FOR A VISIT BECAUSE LINEUPS WERE TOO LONG."

"LAST SUMMER, THE DISRUPTION OF SERVICE WAS THE NUMBER ONE COMPLAINT OF VISITORS TO OUR ISLAND."

NORTHUMBERLAND FERRIES LTD. MANAGEMENT

Eight respondents (15 per cent) expressed opinions about the current management of the Wood Islands-Caribou ferry service by Northumberland Ferries Ltd.

"NFL IS KNOWN FOR SHUTTING DOWN THE FERRY SERVICE IN THE FALL TO SAVE MONEY WHEN IN FACT, IF YOU HAVE EXPERIENCED CREWS, THESE RUNS CAN STILL BE MADE SAFELY WITH WEATHER ROUTING."

"[THERE IS] LOW MORALE OF NFL STAFF DUE TO UNCERTAINTY, LACK OF MANAGEMENT SUPPORT AND ABSENTEE OWNERSHIP."

"IT IS SHAMEFUL THIS SERVICE IS NOT RUN IN A MORE PROFESSIONAL MANNER."

"WE HAVE A LARGE FAMILY OF 15 AND THEREFORE DRIVE A SMALL BUS AND HAVE BEEN FORCED TO WAIT FOR UP TO 3 HOURS BECAUSE OF THE"



SIZE OF OUR VEHICLE. THE LAST TIME WE WERE TOLD THAT THE EMPLOYEES TEND TO LEAVE LARGE GROUPS FOR LAST AND THEN LEAVE THEM BEHIND BECAUSE THEY WILL SPEND MONEY ON FOOD AND AT THE SHOP.”

One respondent suggested that the contract to operate the Wood Islands-Caribou ferry service should be open to a competitive tender or request for proposal process.

MV HOLIDAY ISLAND

Six respondents (12 per cent) referenced the current shape of the MV Holiday Island as a major concern for the current ferry service. Five respondents (10 per cent) suggested the need for a new ferry.

“THE HOLIDAY ISLAND FERRY IS GETTING OLD AND NEEDS RENOVATIONS AND/OR GRADUAL REPLACEMENT WITH A NEW FERRY FOR YEARS TO COME!!!”

“THE MV HOLIDAY ISLAND IS NOW WAY OUT OF DAY AND SHOULD BE REPLACED WITH A NEW FERRY.”

“WE NEED A NEW, MODERN FERRY WHICH IS RELIABLE AND SEAWORTHY.”

FEES

Five respondents (10 per cent) took issue with the current fees for travelling with the Wood Islands-Caribou ferry. Three respondents (6 per cent) compared the cost of the service with the price to cross the Confederation Bridge.

“THE COST TO USE THE FERRIES IS ALMOST TWICE THAT OF THE FIXED LINK.”

“ONE THING THAT ANGERS ME IS THE FUEL SURCHARGE THAT THEY STILL CHARGE ON THE FEES EVEN THOUGH WORLD OIL PRICES HAVE FALLEN SINCE THEY FIRST IMPLEMENTED THE SURCHARGE.”

CONVENIENCE OF THE FERRY

Eighteen respondents (37 per cent) highlighted the convenience of taking the Wood Islands-Caribou ferry service in particular for medical appointments, travel and tourism and to ease driver and passenger fatigue.



“PEOPLE TRAVELLING TO NOVA SCOTIA FOR MEDICAL APPOINTMENTS RELY ON THE FERRY TO SHORTEN THE DRIVING DISTANCE AND GIVE THEM A MUCH NEEDED BREAK AFTER TRAVELLING SOMETIMES UNDER VERY STRESSFUL SITUATIONS.”

“MANY VISITORS FROM CAPE BRETON AND MAINLAND NOVA SCOTIA BENEFIT FROM THE REDUCED TRAVEL TIME BY CROSSING IN PICTOU RATHER THAN DRIVING THROUGH NEW BRUNSWICK.”

“MY OLDEST USES A WHEELCHAIR FOR MOBILITY AND THE TRIP TO NOVA SCOTIA HAS ALWAYS BEEN EASIER WHEN WE CAN GET OUT OF THE VEHICLE AND MOVE AROUND.”

SUGGESTIONS GOING FORWARD

Thirty-one respondents (60 per cent) offered suggestions for the future of the Wood Islands-Caribou ferry service. They include ensuring that Government is spending dollars appropriately (13 per cent), the need for two ferries running concurrently (12 per cent), the need for a long term plan (10 per cent), and maintaining the service year round (6 per cent).

Four respondents (8 per cent) suggested ending the ferry service and focusing efforts, and dollars, to eliminating the toll on the Confederation Bridge.

Three respondents (6 per cent) offered suggestions for a loyalty-type program for frequent users of the ferry.

“NOW IS THE TIME TO TAKE ACTION AND TO ENSURE THAT WE HAVE A FERRY SERVICE WE CAN DEPEND ON.”

“THE TIME IS WELL OVERDUE FOR THE FEDERAL GOVERNMENT TO PROPERLY FUND AND ADMINISTER THE CARIBOU-WOOD ISLANDS FERRY SERVICE.”

“AT THE MINIMUM, MAINTAINING THE STATUS QUO BUT IDEALLY IMPROVED TO SUPPORT FULL-YEAR OPERATION.”

“I WOULD ENCOURAGE SOME SORT OF ACCOMMODATION TO ENSURE TWO SHIPS OF REASONABLY NEW VINTAGE TO TRAVEL THE RUN.”

“IF THE FEDERAL GOVERNMENT WILL AGREE TO ELIMINATE THE CONFEDERATION BRIDGE TOLLS IN EXCHANGE FOR CLOSING THE FERRY SERVICE, I FEEL WE SHOULD ACCEPT THIS AGREEMENT.”

“I WOULD SUGGEST THE FERRY SERVICE LOOK AT A FREQUENT USER SYSTEM. SIMPLE THINGS LIKE A PRIORITY BOARDING LANE OR SOME FORM



OF DISCOUNT WOULD GO ALONG WAY TO MAKING SURE PEOPLE PICK THE FERRY EVERY TIME.”

”ENVIRONMENTAL IMPACT WILL BE LESSENER WITH SHORTER TRIPS FROM THE MAINLAND USING THE FERRY VERSUS THE BRIDGE.”

CONCLUSIONS

Ninety-two percent of respondents want to see the Wood Islands-Caribou service continue while over two-thirds of respondents indicated the importance of the ferry service. Over a third of respondents highlighted the convenience of the ferry service for its users. Respondents were engaged in the public consultation process as the majority of respondents offered not only opinions but suggestions going forward.



AVR 25 2017
APR 25 2017

Chris Blaisdell
Community Development Officer
Wood Islands–Caribou Ferry Task Force
120 Heather Moyse Drive
Summerside PE C1N 5L2

Dear Chris Blaisdell:

Thank you for your correspondence of March 9, 2017, regarding the Wood Islands, Prince Edward Island–Caribou, Nova Scotia, service.

The Government of Canada has provided long-standing support for the Eastern Canada ferry services, including the Wood Islands–Caribou route. The government understands the importance of this ferry service to local communities and economies. Residents of Prince Edward Island and Nova Scotia, as well as tourists and businesses, rely on safe and efficient ferry service to support vibrant and sustainable communities.

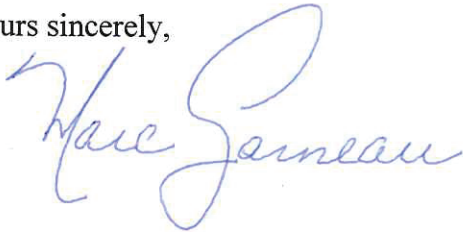
The unexpected repairs to *MV Holiday Island* last summer were regrettable. I am aware of the views of users, citizens, businesses and other organizations, and I want to assure you that my officials have been working with the operator to ensure that a similar situation does not happen again.

The Government of Canada remains committed to a long-term approach for these ferry services to support a high-quality and reliable service that would provide long-term certainty for communities and users while supporting regional economies. To this end, Budget 2017 provided \$278.3 million over five years for the continued safe and reliable operation of these services.

I welcome the Task Force study and look forward to receiving any recommendations that would help to inform the long-term viability of this important ferry service.

Thank you again for writing.

Yours sincerely,

A handwritten signature in blue ink that reads "Marc Garneau". The signature is fluid and cursive, with the first name "Marc" and last name "Garneau" clearly legible.

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport

c.c. The Honourable Lawrence MacAulay, P.C., M.P.
Minister of Agriculture and Agri-Food

The Honourable Scott Brison, P.C., M.P.
President of the Treasury Board

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance

The Honourable Dominic LeBlanc, P.C., M.P.
Minister of Fisheries, Oceans and the Canadian Coast Guard

Mr. Sean Fraser, M.P.
Central Nova



Prince Edward Island Ferry Task Force

TIAPEI is a province-wide, not-for-profit, membership-based organization dedicated to the promotion and advancement of Prince Edward Island's tourism industry. It promotes and supports policies, programs and activities that benefit the continued growth and development of the province's tourism industry.

Based in Charlottetown, TIAPEI represents all geographical regions and industry sub sectors. It serves as a private-sector advocate for tourism in Prince Edward Island, and works to build on the industry's already impressive economic and social achievements.

On behalf of our Board of Directors, membership and the tourism industry on Prince Edward Island, we wish to bring forward several issues for considerations by the Prince Edward Island Ferry Task Force.

Tourism in Canada is a dynamic and far-reaching sector whose economic impact helps to employ Canadians across the country, in every region of the country. Globally, tourism is one of the world's most remarkable growth industries, with the vast majority of destinations around the globe showing increased arrivals and tourism spending each year. The tourism industry in Canada is a \$90-billion-dollar sector, with 1.6 million Canadian jobs dependent on economic activity generated by travel and tourism.

Tourism is a vital industry on Prince Edward Island that provides over 7,700 full time equivalent jobs for Islanders, accounts for approximately \$405 million in direct revenues and \$59 million in generated tax revenue. Our industry represents 6.3% of the total GDP – the highest percentage of any Canadian province.

For generations, travelling to PEI by ferry has symbolized the beginning of a much anticipated family vacation. The iconic image of a gleaming ferry, full of families excited to begin their adventure on the Island, sailing on calm waters towards the red soil of PEI invokes both memories and a longing to return. For transportation, fishing and agricultural enterprises the beginning of the seasonal sailing schedule marks the start of the busiest time of their year. Disruptions in ferry service, even for brief periods of time, have serious repercussions for all industries in Eastern PEI and on visitation to the area.

The years 2014 – 2016 have been remarkable years of growth for the tourism industry on PEI. Visitation numbers and revenues have increased significantly and estimates indicate this upward trend should continue. The Implementation phase of Vision 2021 – A Five Year Tourism Strategy for PEI has begun and owners and operators of tourism related businesses are engaged and enthusiastic about the future.

This strategy was a departure from previous Provincial strategies in that this was truly an industry led process. Hundreds of tourism operators from across PEI were engaged through a series of focus groups, public forums and a survey process, identifying gaps in product and barriers to future success. Of particular note was the vital role that access to our Island plays in the success of our industry. By our very nature, the Island is completely dependent upon land, sea and air access to provide a gateway for over 1.5 million visitors and reliable transportation means for Island businesses and industries.



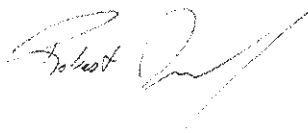
2016 was a remarkable year of growth and prosperity for the tourism industry on PEI. Success depends on a well-rounded, well maintained quality product; this includes our 3 access points of air, land and sea. The Confederation Bridge opened a permanent portal to our province that provides year round access and opened new opportunities for tourism. Dedicated work through the Charlottetown Airport Authority has made great strides in air access to PEI, with increased capacity during the busiest times of the year and gateways to global travel.

The current ferry service still offers that link to PEI and enhances travel between the three Maritime Provinces, allowing visitors to easily move from one province to the next. The 2016 tourism numbers were great, but disruption to the ferry service left a gap in travel options for our guests and seriously affected business owners in Eastern PEI, impacting accommodation occupancy numbers and retail operations significantly. . It is vital that Transport Canada, the Province of Prince Edward Island, TIAPEI, NFL Ferries Ltd., merchants and business owners in Eastern PEI come together to develop a long term plan for continuing ferry service between Wood Islands and Caribou, NS that includes timely maintenance and replacement of equipment with contingencies clearly outlined to deal with situations such as the one faced this past summer.

Ferry service to PEI serves as a critical component to the three major industries on PEI - Tourism, Agriculture and Fisheries. Collaboration and partnerships between the industries have grown in numbers, contributing to the successful growth of all. Disrupted service creates economic hardships for businesses and disappointment and frustration for visitors.

Today's global economy creates fierce competition for Tourism dollars. If we are to continue building on the success of the past three years and fulfil the goals set forth in the Vision 2021 Strategy, we must continually strive to be the best. Safe and reliable ferry service plays an important role in our tourism product and the success of our tourism operators. We strongly support a coordinated approach to securing a long term (10 year minimum), comprehensive funding agreement and ensure the health and longevity of the tourism industry operations in Eastern PEI.

Submitted on behalf of the Tourism Industry Association of PEI,



Robert Jourdain, President



Kevin Moufliier, CEO



A Long-Term and Reliable Approach for the Eastern Canada Ferry Services

Backgrounder *From Transport Canada*

Through the Ferry Services Contribution Program, the federal government provides funding to private operators to support three inter provincial ferry services in Eastern Canada: Saint John, New Brunswick (NB) / Digby, Nova Scotia (NS); Wood Islands, Prince Edward Island (PEI) / Caribou, NS; and Îles-de-la-Madeleine, Quebec (QC) / Souris, PEI. These services are collectively referred to as the Eastern Canada Ferry Services.

Under the current approach, funding is provided to private operators through agreements to cover operating deficits (revenues minus operating costs) and to maintain four vessels and six terminals used to provide the services. As the owner of the terminals and vessels, Transport Canada is responsible for capital investments in these assets.

The Government of Canada understands the importance of the Eastern Canada Ferry Services to the local communities and economies of Eastern Canada. Canadians in Atlantic Canada and eastern Quebec, as well as tourists and businesses, rely on safe and efficient ferry services to support vibrant and sustainable communities. These services are an important part of the fabric of regional and local communities and economies, as they connect people and facilitate tourism and trade. The Government is committed to a long-term approach for these ferry services and a new delivery model that will provide certainty and sustainability to communities through high quality service with newer and better vessels, while supporting the regional Atlantic and Quebec economies.

As such, the Government is looking at the delivery of the ferry services through long-term service contracts which would see operators supplying the ferry vessels used to deliver the service.

Providing Long-term Certainty and Sustainability to Users and Communities

The new delivery model would provide long-term certainty and sustainability to communities through a high quality service, aligned with demand, with newer and better vessels while supporting the regional Atlantic and Quebec economies. Vessels would be Canadian-flagged, which means the operators would be required to hire Canadian crew and therefore maintain existing local employment opportunities. Vessel repair and maintenance would be undertaken in Canada, providing benefits for the Canadian marine industry.

Once the Request for Information (RFI) is complete, the results will be analyzed and it is anticipated that the Government will move forward with a Request for Proposal.

Budget 2017 proposes to provide \$278.3 million, over five years, for the continued safe and reliable operations of these three ferry services. This funding will support a transition to a long-term approach and demonstrates the Government's commitment to the ferry services and the communities and businesses they serve.

Engaging Industry on a new Long-term Approach for the Ferry Services

The RFI is an initial step in consulting industry on a new long-term approach that would provide greater certainty to communities and users while supporting regional economies.

The objective of the RFI is to seek industry feedback on a new long-term approach involving long-term contracts under which operators would supply the vessels used to deliver services that would respond to user demand while improving service quality and efficiency. A transition period, where Transport Canada's existing vessels, would be available to ensure continuity of the services while operators acquire their own vessels.

A three-stage process will be used to engage industry:

- An Industry Day will be held in Gatineau on June 2, 2017 to present the key parameters of the RFI.
- Subsequent one-on-one meetings will be held with Industry between July 10 and 21, 2017 to discuss initial responses to the RFI.
- Industry's final responses to the RFI are due on July 31, 2017.

As part of this three-stage process, the Government will be seeking to obtain key information on the new approach, including:

- the broader economic benefits to Canada, including potential opportunities for Indigenous peoples, local and regional communities and businesses;

- market interest and commercial capability;
- the availability of vessels that could be used to provide service;
- service levels;
- appropriate management structure for operators;
- considerations in operating all three services;
- customer service and satisfaction;
- general costs and cost assumptions; and
- the potential industrial benefits.

The Government will also engage Indigenous Peoples to discuss potential employment opportunities associated with the proposed approach.



