



Municipality of Yarmouth



Municipality of Argyle



Town of Yarmouth

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## **Backgrounder**

### **Issue Background**

The ferry service between Yarmouth and Maine was terminated in December 2009.

Declining U.S. visitation to Nova Scotia and falling ridership on the Maine-Yarmouth ferry route led to a decision to terminate a subsidy to the service operator. Without the subsidy, the operator decided not to operate from the 2010 season onwards. This resulted in the loss of an important U.S. visitor gateway to the province.

It was obvious to local elected officials and business owners that the ferry termination was having a significant impact on the local economy. There were estimates of a loss of up to 50% of local hotel accommodations on top of the loss of jobs and the purchase of goods and services related to the ferry operation itself. Most of the information available was anecdotal and the level of emotion in the community was at a boiling point.

Municipal leaders decided that there had to be a new approach to the issue. They asked the business community to take the lead and they commissioned a study to get the facts related to the viability of the service from a private investor perspective and the economic impact from a public service perspective.

The business community formed the Nova Scotia International Ferry Partnership and asked Keith Condon of Tri-Star Industries and Neil LeBlanc, an executive with N. LeBlanc Enterprises to act as Chair and Co-Chair.

Gardner Pinfold Consultants Inc. (GP) of Halifax was asked to assess the market potential, business case and associated economic benefits of a Yarmouth to USA ferry service.

Their findings indicate that a business case can be made for a Yarmouth to Portland, Maine service under the following conditions:

- The service is tourism-focused
- The service is seasonal
- The service deploys a cruise-type ferry
- The service is effectively marketed
- The service benefits from the US economy growing as projected

A key element in arriving at the above conclusions is GP's opinion that previous traffic projections used to assess the service were based on a worst-case scenario and an under-appreciation of the influence of the service offering on the dramatic drop in traffic on that route. The decline in traffic through Yarmouth was greater than through other points of entry to the province.

In terms of economic impact Gardner Pinfold reported that the termination of the service had a dramatic impact on the hospitality sector not only in the southwestern part of the province but throughout the whole province.

Its restoration, the report found, could have clearly defined benefits suggesting:

- That a revived ferry service could reverse the negative economic impact the region has suffered
- That the positive impact could be felt throughout the region as soon as the service begins
- That the revived Yarmouth to US ferry service could generate \$16.3M in tourism spending
- That the impact of the ferry service extends beyond Yarmouth to the whole province
- That the service contributes to provincial and municipal tax revenues
- That the 2010 drop in US tourism can be directly linked to the ferry service

Essential to the Gardner Pinfold study was the finding that a service featuring a cruise-ferry offering facilities and amenities comparable to those found on cruise ships would provide an attraction in itself, as well as a more comfortable transportation mode to Nova Scotia.

Part of the reason for optimism that a cruise ferry could re-build traffic lies in the growth in cruise travel from the U.S. to Canada over the past decade.

As the economy recovers, an effective marketing campaign combined with creative tour packaging could see a recovery of U.S.-NS traffic of 120,000 passengers in the first year of a renewed Yarmouth-Maine cruise ferry service. To put this into perspective, it represents just 35% of the ferry traffic through Yarmouth as recently as 2002.

To be successful the GP Study concluded that a Yarmouth-Maine ferry should:

- Respond to the needs of the tourism industry
- Be safe and reliable
- Have a convenient schedule and suitable frequency
- Be comfortable with modern amenities
- Be competitively priced and affordable
- Provide a transportation option for commercial interests including the fishing industry
- Be commercially viable

In brief, the GP Study supports the contention that, properly structured and conducted, a seasonal international ferry operation between Nova Scotia and the United States could be

a financially viable operation that could contribute millions of dollars to the provincial economy.