

MISSING THE BOAT: COMPARATIVE ECONOMIC IMPACTS OF CRUISE & NON-CRUISE TOURISM IN GREATER VICTORIA, B.C.



Prepared for:

Stand.earth

Vancouver, B.C., Canada

Prepared by:

**Responsible Travel Consulting, LLC
Rhinebeck, NY**

In conjunction with

**Thomas J. Murray & Associates, Inc.
Brevard, NC**

February 2022

Approach & Acknowledgements

This report assesses the economic impacts of the three main components of the tourism industry in Victoria, the capital of British Columbia (B.C.), Canada during 2019, the most recent full business year not impacted by the Covid-19 pandemic closures and resulting economic disruptions.ⁱ The findings reflect the total economic impacts (direct, indirect, and induced) of tourism initiated in the Greater Victoria region in 2019. The evaluation includes two analyses:

- The comparative economic impacts of Victoria’s cruise sector (passengers, crew, and ships) and the visitor economy (overnight visitors and day trippers).
- The comparative economic impact of Victoria’s cruise and non-cruise tourism at the municipal (Greater Victoria), provincial (B.C.), and federal (Canada-wide) levels.ⁱⁱ

The report concludes with a short set of policy recommendations addressed to cruise and tourism business leaders and relevant government agencies. It does not include a comparative analysis of the environmental, social, health, or other quality-of-life impacts of Victoria’s cruise sector and its visitor sector (which includes both overnight tourists and day tripper tourism). While it is recognized that a comparative analysis of the sustainability of Victoria’s cruise and visitor sectors requires assessing their social, environmental, and economic impacts, this triple bottom line approach would have required far more time and resources, as well as a larger research team. However, in describing the operations and economic costs and benefits of Victoria’s cruise sector and in the concluding policy recommendations for the cruise sector, this report includes several environmental and quality-of-life issues that have been highlighted in recent publications by port community and environmental organizations.

The available studies of Victoria’s three tourism sectors (cruise, overnight, and day trippers) proved uneven in quality and scope, and none of the government and industry studies provide comparative analysis of the three types of tourism. The reports utilized herein are mainly survey-based and are considered the best available contemporary (2019) studies with which to demonstrate relative economic impacts. All results reported are in Canadian dollars (CA \$), unless otherwise noted.

ⁱ The initial economic activity in Victoria is nested in the Greater Victoria region and is contained in the overall economic impact estimates for the Province of B.C. Statistics Canada only provides national and provincial level IO models, but not for smaller census areas such as Victoria, B.C. It is most appropriate to use a larger region for economic analysis to capture leakages of spending and workers commuting to the urban center (induced effects). This regional definition and use herein does not bias the analysis in regard to activity in cruise vs. non-cruise tourism.

ⁱⁱ The terms “region”, “municipal”, and “local “ are all used in this study to refer to Greater Victoria. Greater Victoria and Victoria are used interchangeably.

For overnight tourism, the largest and most economically significant of the three sectors, the main source of economic information is Destination Greater Victoria (DGV) which regularly produces or commissions economic studies. DGV (until 2018 known as Tourism Victoria) is the official not-for-profit destination marketing organization (DMO) working with industry partners, municipalities, communities, and more than 1,000 member businesses throughout Greater Victoria. Primary data for stayover tourism relied mainly upon DGV's survey-based analysis in its *2019 Visitor Survey Report*. Also used was a DGV commissioned study by InterVISTAS (May 2018) which assessed employment and taxes generated by stayover tourism.

Unfortunately, DGV does not compile and report economic data for day trippers (non-cruise day visitors). As explained below, our analysis of this sector is derived from DGV's stayover data, modified to the shorter length of stay and more limited activities and spending.

For Victoria's cruise sector, the main sources of economic information are from the Greater Victoria Harbour Authority (GVHA) which manages Victoria's cruise terminal at Ogden Point and the Cruise Lines Industry Association (CLIA), the world's largest cruise trade association. CLIA is headquartered in Washington, DC and has one of its seven regional offices in Vancouver (CLIA Northwest & Canada). The Victoria Cruise Industry Alliance (VCIA) is a local trade group based at Ogden Point whose members include retail businesses and industry service providers involved in the cruise industry.¹ VCIA works closely with both GVHA and CLIA but is not officially part of CLIA.

Both CLIA and GVHA commissioned studies in 2021 that presented data on the economic impacts of cruise tourism in Victoria during 2019. These two studies, one on Canada and commissioned by CLIA and the other on Victoria and commissioned by GVHA, provide much of the 2019 primary data used in this report. Other economic data came from recent GVHA economic impact studies, annual reports, and audited financial statements.

These CLIA and GVHA studies covering Victoria cruise tourism in 2019 were produced by the Business Research & Economic Advisors (BREA), a U.S.-based consulting firm that does many of the industry commissioned economic impact studies of cruise destinations globally. While survey-based, both these studies relied on Victoria cruise surveys from 2016, which were updated with 2019 statistics. As discussed in the full report below, the BREA studies have other shortcomings and are methodologically obscure in certain places.

In the process of preparing these statistical estimates, data from various other sources were reviewed and may be cited but were not used to compile estimates herein. These sources were either not survey-based and/or do not reflect the current tourism environment. There have also been a handful of useful academic studies of cruise tourism in Victoria, but none in recent years. In addition, multipliers used for analysis in this study are based on the Statistics Canada economic multipliers for B.C. from the 2018 Interprovincial Input-Output model (the most recent data available) and were updated using Consumer Price Indices to account for inflation.

This study was commissioned by Stand.earth (formerly Forest Ethics), a nonprofit environmental organization working to create a world where respect for people and the environment come first. Special thanks for supporting this study go to Stand.earth staff Anna Barford, Canada Shipping Campaigner; Kendra Ulrich, Shipping Campaigns Director; and Jim Ace, Senior Campaigner and Actions Manager.

The study was conducted by Responsible Travel Consulting in conjunction with Thomas J. Murray & Associates, Inc. The two principal analysts, Martha Honey, Ph.D. and Thomas Murray, Ph.D., both have extensive experience in assessing economic activity and resulting impacts of both cruise and stayover tourism. In addition, Alan Hodges, Ph.D., an economic consultant, performed the statistical analysis using the most recent Canadian National Economic Impact Model.

The authors are grateful to Jacqueline Harper, a Masters of Environmental Studies graduate student at the University of Waterloo, for her research assistance throughout the project. In addition, a range of tourism leaders and professionals in Victoria generously provided insights and analysis, data and documents which helped to strengthen the report. The authors are, however, solely responsible for report's analysis and conclusions.

Table of Contents

| | |
|---|-----------|
| APPROACH & ACKNOWLEDGEMENTS | II |
| TABLE OF CONTENTS..... | V |
| ABBREVIATIONS..... | 1 |
| EXECUTIVE SUMMARY | 2 |
| Table 1..... | 2 |
| CHAPTER 1: CRUISE INDUSTRY’S ECONOMIC MODEL..... | 5 |
| • Introduction..... | 5 |
| • Origins and Growth of Large-Scale Cruise Tourism..... | 5 |
| • Flags of Convenience..... | 7 |
| Table 2: Cruise Lines and “Flags of Convenience” | 8 |
| • The Twin U.S. Maritime Laws: Passenger Vessel Services Act and Jones Act | 10 |
| • Impact of the Covid-19 Pandemic..... | 12 |
| CHAPTER 2: HISTORY OF TOURISM IN VICTORIA..... | 14 |
| Map 1: Greater Victoria..... | 16 |
| • Growth of Stayover Tourism | 16 |
| Table 3: Non-Cruise Person Visits & Visitor Spending in Greater Victoria, 2016 in CA\$ | 17 |
| Table 4: Economic Impact in B.C. from Non-Cruise Tourism in Greater Victoria, 2016 | 18 |
| • Origins and Growth of Cruise Tourism in Victoria | 18 |
| Figure 1: Cruise Passenger Counts 1990 – 2021..... | 19 |
| Map 2: British Columbia, Canada | 21 |
| CHAPTER 3: OVERVIEW OF VICTORIA’S CRUISE FACILITIES AND INFRASTRUCTURE | 23 |
| Map 3: Victoria Harbour..... | 24 |
| • Greater Victoria Harbour Authority Society (GVHA) | 25 |

- **James Bay Neighborhood** 27

- CHAPTER 4: COMPARATIVE ECONOMIC IMPACTS OF TOURISM IN VICTORIA, 2019** 29

- **The Visitor Economy: Overnight and Non-Cruise Day Visitor Tourism, 2019** 29
 - Overnight Tourism Spending..... 29
 - Table 5. Overnight Tourist Total Spending by Type, Percent, and Amount 2019 (CA \$)..... 31
 - Non-Cruise Day-Visitor Spending 31
 - Table 6. Non-Cruise Day-Visitor Spending by Type, Percent, and Amount 2019 (CA \$) 32
 - Table 7. Overnight & Non-Cruise Day-Visitor Spending by Type, Greater Victoria 2019 (CA \$)..... 32

- **Employment: Overnight and Non-Cruise Day Visitors** 32
 - Table 8. Employment Generated by Overnight and Non-Cruise Day-Visitor Tourism 2019 33

- **Government Revenue from Overnight and Day Visitors** 33
 - level or 50 percent of total tax revenue, and CA\$ 19 million at the municipal level, or 5 percent of tax revenue in 2018. Figure 2 shows the 2018 tax impact for each level of government. 34
 - Figure 2: Tax Revenue from Greater Victoria’s Non-Cruise Tourism Industry 34
 - Table 9: Tax Revenue Generated by Overnight and Non-Cruise Day Visitors in Victoria**..... 35
 - at B.C. Provincial level, 2019, Direct, Indirect, & Induced.**..... 35

- **Cruise Passenger, Crew, and Ship Port-Related Expenditures, 2019**..... 35
 - Table 10: Cruise Passenger & Crew Onshore Spending, Victoria, 2019** 37
 - Passenger Spending 37
 - Table 11. Cruise Passenger & Crew Onshore Visitor Spending by Percent, Type 2019 (CA \$)..... 41
 - Cruise Ship Port-Related Spending..... 42
 - Table 12. Cruise Ship Port-Related Expenditures in Victoria, 2019 (Million CA \$)** 42

- **Cruise Passenger, Crew, and Ship Port-Related Total Employment** 46
 - Table 13. Employment Generated by Cruise Passenger, Crew, and Ship Port Related Tourism**..... 46

- **Government Revenue from Cruise Tourism**..... 46
 - Table 14: Tax Revenue Generated by Cruise Tourism in Victoria, 2019, B.C. Provincial level:** 47
 - Direct, Indirect, & Induced. CA\$ millions** 47

| | |
|--|-----------|
| CHAPTER 5: CONCLUSION: COMPARATIVE IMPACTS OF THE VISITOR AND CRUISE ECONOMIES IN VICTORIA | 48 |
| Table 15. Direct Spending and Total Economic Impacts of Overnight and Non-Cruise Day Visitors Versus Cruise Visitors in Victoria B.C., 2019 | 48 |
| Figure 3: Tourism Spending, Greater Victoria, 2019 | 49 |
| Figure 4: Victoria Tourism Related Employment/Jobs | 50 |
| Figure 5: Tourism-Related Taxes on Production and Products | 50 |
| Figure 6: Total Tourism Generated Provincial and Local Taxes, Victoria..... | 51 |
| RECOMMENDATIONS FOR CRUISE TOURISM IN VICTORIA | 52 |
| APPENDIX A: DESCRIPTION OF METHODOLOGY USED FOR THIS STUDY..... | 56 |
| • Comparative Tourism Economic Impact Analysis | 56 |
| • Input–Output Analysis Based on National Systems of Accounts (NSA) in Canada. | 56 |
| • Qualifications..... | 58 |
| GLOSSARY OF TERMS | 60 |
| REFERENCES AND LITERATURE REVIEWED..... | 63 |

Abbreviations

B.C. British Columbia

BREA Business Research & Economic Advisors

CLIA Cruise Line International Association

CLIA-NWC Cruise Lines International Association - North West & Canada

CRD Capital Regional District

DGV Destination Greater Victoria

GCAN Global Cruise Activist Network

GVHA Greater Victoria Harbour Authority

ITF International Transport Workers' Federation

JBNA James Bay Neighbourhood Association

PNWTS Pacific Northwest Transportation Services

VCIA Victoria Cruise Industry Alliance

YYJ Victoria International Airport

Executive Summary

Victoria, the capital of British Columbia (B.C.), is a leading Canadian tourism destination. Its natural beauty, outdoor attractions, and British colonial heritage have been marketed to build Victoria’s visitor economyⁱⁱⁱ into the city’s second-largest industry and to give Victoria the highest ratio of tourists to residents of any city in Canada. Until the Covid-19 pandemic, Victoria was also Canada’s busiest cruise port, the top port of call in B.C., and a mandatory stop within the Alaska cruise circuit. In 2019, tourism in Victoria peaked with over 5.4 million visitors, nearly 4.0 million of whom spent an average of three nights in Greater Victoria. The remaining 1.4 million visitors came for less than a day, arriving either via large cruise ship (611,000) or more commonly by car and sometimes by ferry, charter vessels, or small or pocket cruises (900,000) (Table 1).

| Table 1. Total Visitors, By Mode of Arrival, Victoria, 2019 | |
|--|------------------|
| Total Overnight Visitors | 3,962,000 |
| Total Day Visitors (non-cruise) | 900,000 |
| Total Cruise Passengers & Crew Disembarking | 611,800 |
| Total Visitors | 5,473,800 |

Tourism in 2020 had been forecast to be even stronger. Instead, as happened around the globe, the pandemic stopped travel in its tracks. Then in early 2021, Canada announced it was extending its ban on cruise ships until February 2022, effectively shutting down the Alaska cruise market for another season. By late November 2021, the region's tourism across all sectors was still hobbled by the pandemic.

This hiatus presented an opportunity to assess and compare the overall economic value of Victoria’s cruise sector to its visitor economy in terms of spending, employment, taxes, and other economic indicators. In reality, *the relative strength and economic contributions of the cruise and visitor tourism to Victoria appears to have gone largely unreported and unexamined in government and tourism industry publications, in part because of a lack of regular and independent economic analysis of the cruise sector and a failure to compare the economic impacts of the cruise and visitor economies.*

- Based on 2019 data, this study offers an independent assessment with the following key findings:
- Cruise tourism spending totalled CA\$ 137.1 million, while non-cruise tourism expended nearly CA\$ 3 billion (CA\$ 2.936.7 billion) or **over 20 times more.**

ⁱⁱⁱ The term “visitor economy” or “visitor sector” is used to refer to both overnight visitors and day visitors or day trippers, but not cruise passengers.

- Cruise tourism in Victoria constituted nearly **12 percent of the total number of visitors, but cruise-related tourists were responsible for less than 2 percent of tourism spending** in the region.
- Cruise passenger onshore spending is relatively low compared with overnight tourism. In Victoria, cruise passengers are estimated to have spent CA\$ 87.36 per visit, while stayover visitors spend seven times more (CA\$ 710) per visit and 2.7 times (CA\$ 237) more per day. In addition, **non-cruise “day trippers” are estimated to have spent 1.6 times more (CA\$ 137.46.) per person than the average cruise passenger.**
- Non-cruise tourism created nearly **31 times more jobs** (37,411 vs. 1210) than cruise operations in Greater Victoria.
- Non-cruise tourism in Greater Victoria is responsible for generating **nearly 20 times more in government taxes than cruise tourism.**
- At the municipal level, the difference is even greater: non-cruise tourism generated CA\$ 12.5 million in taxes compared to just CA\$ 500,000 by cruise tourism. *This means that **25 times more in tax revenue flowed to the Greater Victoria government from overnight and day visitors than from cruise ship arrivals.***

Overall, by any statistical measure, ***the economic benefits of non-cruise tourism in Victoria dwarf the financial contributions of cruise-related tourism.*** Even considering that Victoria received nearly eight times more overnight and day visitors (4.86 million) than onshore cruise visitors (611,800), non-cruise-related tourism is the centrepiece of Victoria's tourism economy with strong local roots and financial and employment benefits widely spread throughout Greater Victoria and the province. Victoria's high-value overnight tourism was robust and growing through 2019, its international reputation remains strong, and prospects for its post-pandemic recovery look bright.

Victoria's cruise sector offers a different picture. Unlike overnight visitors, **cruise passengers are not choosing to visit Victoria; they have chosen to go to Alaska, with Victoria as a sideshow. The scope and scale of activities that take place at Victoria's cruise terminal are largely subservient to the U.S., particularly the Seattle-based cruise ship industry.** This helps dictate not only the schedule of cruise ship arrivals and departures and typically short length of stays but also the operation of the cruise ship terminal and the U.S. ownership of a number of businesses involved in Victoria's cruise sector.

Cruise tourism's economic benefits to the city remain relatively modest, and Victoria's cruise tourism is largely a product of U.S. maritime laws and practices directed by economic and political decisions in the U.S. Ultimately, Victoria's cruise sector is closely intertwined with the U.S. cruise market, meaning its fate lies largely with American businesses, laws, and policies largely beyond Victoria's control.

In addition, the cruise industry's business model, with major cruise lines headquartered in one place but registered in other countries (“flags of convenience”), helps ships avoid taxes, environmental regulations, and labour laws and wages. This, together with other cruise line practices such as not paying sales tax and simultaneously charging significant commissions on its shore excursions, helps

ensure that the **cruise industry, while highly profitable, provides relatively scant economic benefits to Victoria**. However, although the economic contribution of cruise tourism is modest compared to other day and overnight visitors, cruise tourism in Victoria is economically important to a small number of specific businesses in the region.

Going forward, as Victoria's tourism sector reemerges from the Covid-19 pandemic, it would seem prudent to focus on rebuilding and strengthening overnight tourism rather than the less economically valuable cruise tourism. More than any time in the past, the cruise industry is under public pressure to reform. We recommend the following:

- 1. Focus most efforts on rebuilding and strengthening Victoria's high-value overnight tourism, which dwarfs the economic contributions of the cruise sector.**
- 2. Regularly assess and compare the economic costs and benefits of Victoria's cruise and visitor sectors using a common methodology and the same research firm.**
- 3. Ensure the cruise industry pays its fair share in taxes and fees and is more transparent in its financial arrangements with the Greater Victoria Harbour Authority (GVHA) and local businesses.**
- 4. Mitigate negative impacts on the quality of life of Victoria residents, particularly in the James Bay neighbourhood.**
- 5. Halt Victoria's acceptance of international waste from cruise ships and the dumping of vessel waste in B.C. waters.**

There is an opportunity now to carefully consider what Victoria's post-Covid-19 'new normal' might look like. If the U.S. permanently nullifies the maritime act requiring cruise ships on the Alaska circuit to stop in a Canadian port, Victoria's cruise sector would almost certainly be cut in half or more. But this move may contain a silver lining: reducing and rationalizing Victoria's cruise sector with smaller vessels that stay in port longer could have beneficial long-term effects. As Paul Servos, former CEO of the GVHA, concludes in an opinion piece, "The new reality might be a preferred future."²

Chapter 1: Cruise Industry's Economic Model

- **Introduction**

Victoria^{iv} is a leading Canadian tourism destination attracting, until the Covid-19 pandemic, nearly five million overnight and day visitors and generating CA\$ 2.9 billion in visitor spending in 2019 (Table 15). The visitor economy is the second-largest industry in Greater Victoria, after advanced technology.³ In fact, for several decades, Victoria has had the highest ratio of tourists to residents of any city in Canada.

Alongside the high-value visitor economy, Victoria's mass-market cruise sector has also grown rapidly, becoming Canada's largest cruise port of call. As a key component of the Alaska cruise circuit, in 2019, Victoria received nearly one million passenger and crew arrivals (with 612,400 estimated to have come ashore), and cruise tourism generated CA\$ 137.1 million in spending in 2019 (Table 15).

Cruise tourism's economic benefits to Victoria remain relatively modest and may even be declining. In contrast, Victoria's visitor economy was robust and growing through 2019, its international reputation remains strong, and prospects for its post-pandemic recovery look bright.

A comparison of the relative strength and economic contributions of cruise and visitor tourism to Greater Victoria appears to have gone largely unreported and unexamined in government and tourism industry publications, in part because of a lack of regular and independent economic analysis of the cruise sector and a failure to compare the economic impacts of the cruise and visitor economies. This study compares, based on 2019 data, the economic impacts of Victoria's cruise tourism relative to that of overnight and day-visitor tourism for the Greater Victoria region and the Province of British Columbia (B.C.). Such analysis seems especially important as Victoria begins to emerge from the Covid-19 lockdown, and the future of cruise tourism is being questioned on a number of fronts.

- **Origins and Growth of Large-Scale Cruise Tourism**

The creation story of the modern cruise industry dates from the mid-1960s when three companies—Norwegian Cruise Line Holdings, Carnival Corporation & plc, and Royal Caribbean Group—first set up shop and established their corporate headquarters in Miami. As Miami's retirees and snowbirds from the north flocked on board the first cruise ships heading for the Caribbean, Florida quickly became, as former *New York Times* correspondent Elizabeth Becker writes in *Overbooked*, "the petri dish for developing mass tourism."⁴ These three Miami-based cruise conglomerates, together with their subsidiaries, grew to control almost 90 percent of the North American market⁵ (Table 2 below).

^{iv} In discussing economic impact, the terms Victoria and Greater Victoria are used interchangeably in this report. As applicable, economic impact on B.C. or the Canadian federal government is distinguished separately from Victoria.

Beyond the Big Three, the rest of the North American cruise market is today made up primarily of independent cruise lines, niche operators, pocket cruise ships (usually under 200 passengers), and river cruises. The cruise sector is segmented into four main classes: luxury, premium, contemporary, and budget. The premium and contemporary categories account for some 70 percent of global passenger capacity.⁶

Over the decades, cruise tourism has become the most profitable sector of the tourism industry. In 2019, the cruise industry generated more than US\$ 40 billion in revenue.⁷ Corporate cruise profits have been bolstered by the exponential growth in the size and number of cruise ships, the number of ports, and the number of passengers. In 2009, for instance, the global ocean cruise industry carried about 17.8 million passengers; in 2019, this figure peaked at 29.7 million,⁸ marking a 60 percent increase in just a decade.

Overall, North America is the leading source market for the global cruise industry. In 2019, the last full year of operation before the Covid-19 pandemic, 15.4 million cruise passengers were from North America, and less than half this number, 7.2 million, were from Western Europe, the second-largest source market.⁹ Cruise experts estimate that 90 percent or more of cruise passengers arriving in Victoria are from the U.S.¹⁰

The Caribbean, with its proximity to Florida and over 30 island destinations, has long been the world's leading cruise market. In recent years, however, the Caribbean has been losing market share as the number of ships going to the Mediterranean and to Alaska has grown. According to CLIA's *2019 Cruise Trends & Industry Outlook*, 34.4 percent of cruise ships were deployed to the Caribbean, 28.4 percent to both Europe and the Mediterranean combined, and 4.7 percent to Alaska. The size of the cruise market in Alaska is roughly on par with China (4.9 percent), the rest of Asia without China (4.3 percent), and Australia/New Zealand/Pacific (4.8 percent).¹¹

Since the 1970s, cruise tourism to Victoria, as part of the Alaska cruise circuit, has been growing, with the fastest growth coming in the 2000s. The typical Alaska cruise lasts 7 to 10 days and starts at a home port, which is typically Seattle and less frequently San Francisco or Vancouver, B.C., used for embarkation and disembarkation, then three to five ports of call in Alaska, and, typically, a final evening stop in Victoria on the return leg. Despite its relatively small global market share, cruise tourism in Alaska has experienced double-digit growth in passenger arrivals in recent years with, for instance, a 17 percent increase in passengers in 2017 and another 13 percent increase in 2018, well above the global passenger growth rate of 9 percent.¹² The year 2019 marked Alaska's largest cruise season ever, with 1.33 million passenger and crew arrivals. That year, Victoria also had its strongest cruise year, with 985,600 onboard arrivals and continued growth predicted for both Alaska and Victoria in 2020.¹³

In addition to its impressive growth, the global cruise industry has also proved remarkably resilient. In 2002, as much of the tourism industry was still reeling from the 9/11 terrorist attacks, the cruise industry generated record profits of \$14.3 billion; in 2004, profits reached \$16.5 billion.¹⁴ Capitalizing on the public's fear of flying, the U.S. cruise industry built some two dozen new 'drive-to' ports

along U.S. coastlines.¹⁵ The industry also redeployed ships from the Mediterranean Sea region to its Caribbean and Alaska circuits, which were perceived as being less risky than Europe.

During the Great Recession between 2008 and 2011, cruise numbers to Alaska did decline temporarily, but cruise lines in general fared better than other tourism sectors. While mass-market tourism meccas like Las Vegas and Atlantic City suffered and airline profits plummeted, cruise tourism was, as Becker put it, “the financial rock star of the tourism industry.”¹⁶ The cruise industry’s ability to survive political and economic crises is helped by its relative agility. Unlike the hotel sector with its main asset fixed in place, the cruise industry’s primary asset, the ship, can be repositioned to more favourable regions and ports. In addition, cruise lines have demonstrated a capacity to discount passenger fares in order to ensure ships sail at full capacity. Cruise lines benefit handsomely from onboard passenger spending. According to the UN World Tourism Organization (UNWTO), “Onboard spending is an increasingly important part of cruise line income, ranging between 25 percent and 35 percent of total income,” with gambling and beverages accounting for half the total.¹⁷

- **Flags of Convenience**

The cruise sector’s economic success is facilitated by a legal loophole known as the *flag of convenience*, which has become a centrepiece of the cruise sector’s business model. Although cruise ships are floating hotels, they have successfully exploited this maritime practice, which was originally intended for commercial cargo ships.¹⁸ Carnival, Royal Caribbean, and Norwegian cruise lines, while headquartered in Florida and carrying mainly American passengers, are incorporated in Panama, Liberia, and Bermuda, respectively. These companies have registered most of their ships in Liberia, Panama, Bermuda, and the Bahamas^v (Table 2). In practice, this means that the major cruise lines essentially have no minimum wages, labour standards, corporate taxes, or environmental regulations because the countries registering the ships exert little authority over the ships flying their flags. “All these countries require,” writes Becker, “is that ship lines pay a handsome registration fee.”¹⁹ International law states that merchant ships must adhere to the laws of the country where they are registered, which is often not the same as the country where they are owned, do business, or are headquartered.

^v Ninety percent of commercial vessels calling on U.S. ports fly foreign flags.

Table 2: Cruise Lines and “Flags of Convenience”

| Parent Company | Subsidiary Brands | # of Ships | Headquartered | Registered |
|--|--|---|--|---|
| <p>Carnival Corporation & Carnival pcl</p> <p>(Carnival is a dual-listed American-British company)</p> | <p>Carnival Cruise Line, Princess Cruises, Holland America Line, Seabourn, P&O Cruises (Australia), Costa Cruises, AIDA Cruises, P&O Cruises (UK), Cunard.</p> <p>Carnival Corporation, Holland</p> <p>America Princess Alaska Tours (leading tour company in Alaska and the Canadian Yukon)</p> | <p>87</p> <p>World’s largest cruise company</p> | <p>Carnival Corporation in Miami, FL</p> <p>Carnival pcl in London</p> | <p>Majority of ships registered in Panama; a few in Malta and the Bahamas</p> |
| <p>Royal Caribbean Group</p> <p>(formerly Royal Caribbean Cruises, Ltd.)</p> | <p>Royal Caribbean International, Celebrity Cruises, Silversea Cruises</p> <p>Also 50% owner of TUI Cruises and Hapag-Lloyd Cruises</p> | <p>24</p> | <p>Miami, FL</p> | <p>Liberia, the Bahamas, Malta, Ecuador</p> |
| <p>Norwegian Cruise Line Holdings</p> | <p>Norwegian Cruise Line, Regent Seven Seas Cruises, Oceania Cruises</p> | <p>28</p> | <p>Miami, FL</p> | <p>Most in the Bahamas; a few in Panama; one in the U.S.</p> |

Source: Compiled by Martha Honey, January 2022.

This practice of registering supposedly U.S.-owned and headquartered cruise ships in a foreign country began in the 1920s when shipowners who wanted to serve alcohol to passengers during U.S. Prohibition began registering vessels in Panama. Cruise executives soon discovered other advantages of foreign registration, including avoiding taxes, wages, and labour laws, and circumventing environmental standards. For instance, the U.S. Internal Revenue Code allows cruise lines and other foreign-registered corporations to do business in America without being taxed federally, as long as they are registered in countries that have reciprocal agreements with the U.S. As a result, many shipping magnates continued to register their ships in Panama, Liberia, the Bahamas and other countries that have reciprocal tax agreements with the U.S., ensuring that none of the major cruise lines or their subsidiaries pay federal taxes in the U.S.

In addition to avoiding taxes, the foreign registration allows cruise ships to avoid paying crew U.S. or Canadian wages and to circumvent North American labour laws. Because these cruise lines are not required to hire from Canadian or other ports where they dock, ships can hire from wherever they choose, and therefore, they have one of the most globalized labour forces in the world. Crewing agencies that handle the recruitment are notorious for driving tough bargains, and they “often exploit the desperation of potential employees.”²⁰

In the Alaska cruise circuit, few crew members are hired from the U.S. or Canada. According to those involved in the cruise sector, the ships that call in Victoria include crew mainly from the Philippines, Indonesia, and India and countries in Central America and the Caribbean; some are from Eastern Europe and a sprinkling of officer and professional staff are from Britain and North America.²¹ One recruiting agency, Page Marine Crews, based in Vancouver, advertises that it deals “primarily with Canadian hires.” The company specializes in placement into more skilled positions, including “deck officers, engineers, retail sales staff, pursers, cruise staff photographers, casino dealers, youth and teen counsellors, etc. onboard passenger vessels,” both large and small. No one from the company responded to requests to discuss how many Canadians are employed or the wages and working conditions.²²

While cruise ship officers, entertainers, and many retail workers on cruise lines may receive wages comparable to those paid for equivalent jobs in the United States or Canada and are able to use passenger facilities (gyms, restaurants, entertainment centres, etc.), the bulk of the staff earn far below North American salaries; only waiters have the potential to supplement their meagre salaries through earning considerable tips. Most staff work up to 80 hours a week for 6 to 10 months continuously, followed by one to two months of unpaid vacation.²³ Crew members are not unionized, and those who complain are usually told their only option is to quit. As Ross Klein—a Memorial University professor of sociology in St. John’s, Newfoundland who has studied the cruise industry for decades—details, “Cruise lines have typically restricted the ability of workers to engage in collective action by hiring staff from multiple countries, and from diverse cultural and ethnic backgrounds. In those few cases where workers have joined together, they have met with harsh resistance from the companies.”²⁴

Living conditions vary depending on the cruise line and status of the crew, with most workers confined to cramped, two- or four-person cabins in the bowel of the ship.²⁵ In interviews, one crew member explained, “Crew cabins are made only for resting, not living. And closet space can barely hold the cruise uniform and some personal belongings.” Another added, “The cabins are really tiny, and you will have to think wisely before purchasing anything. They are all inside cabins.”²⁶

The International Transport Workers’ Federation (ITF), a union that works on behalf of seafarers to set global standards for employment conditions, recruitment, training, and safety at sea, tracks the labour policies and practices on cruise ships. For over 50 years, the ITF has been waging battle against flags of convenience, which it views as the root cause of exploitative working conditions on ships, both cruise and cargo. According to the ITF, some 200,000 people work on cruise ships around the world. “Many are drawn to the industry, as it is a way to visit distant places, meet new people, and earn money at the same time. But the job isn’t always as glamorous as it sounds,” writes ITF Seafarers.²⁷ “Below decks on virtually all cruise ships,” states the ITF, “there is a hidden world of long hours, low pay, insecurity, and exploitation.”²⁸

- **The Twin U.S. Maritime Laws: Passenger Vessel Services Act and Jones Act**

Victoria’s growth as a cruise port has been tied not only to the Alaska cruise circuit but also to a pair of U.S. maritime, or cabotage, laws that were enacted in an attempt to counter this controversial practice of registering ships in other countries. The oldest of these critically important two laws is the Passenger Vessel Services Act of 1886 (PVSA), whose main intention was to protect U.S. shipbuilding jobs.²⁹ The Act states that ships not built and registered in the U.S. are barred from taking on and disembarking passengers if they only dock at U.S. ports. The Act imposed a fine on the cruise ship operator of, originally, US\$ 200 for each passenger transported and landed by a foreign vessel between two U.S. ports.³⁰ By 2019, the fine per passenger had been increased to US\$ 798. However, foreign-flagged ships can depart from, return to, and visit U.S. ports, provided the itinerary includes a stop in between at a foreign port. This means that an Alaska cruise out of Seattle can stop at Alaskan ports provided, it also docks at Victoria or another Canadian West Coast port before returning to Seattle.

The second important maritime law that has helped to shape Victoria’s cruise industry is the Jones Act, which was passed just over a century ago as part of the Merchant Maritime Act of 1920. The Jones Act, which folds within it much of the 1886 Passenger Act, states that only U.S.-owned, crewed, registered, and built ships can transport cargo between U.S. ports.³¹ It was justified on national security grounds as a way of boosting the U.S. maritime industry.

These two laws, over which Victoria has no control, have been a double-edged sword for the city’s cruise sector: On the one hand, they have turned Victoria into Canada’s premier port of call in the Alaska cruise circuit. On the other hand, if the laws are revised or repealed, as Alaska has been lobbying to do, this would mean that cruise ships could legally go directly from Seattle and other U.S. West Coast

ports to Alaska, thereby bypassing Victoria. This would certainly diminish the number of cruise ships using Victoria as a port of call (more details below).

While the Passenger Services and Jones Acts succeeded in boosting Victoria and other Canadian ports on both the West and East coasts, the laws failed to fulfill their intended purpose of stimulating the U.S. shipbuilding industry and jobs. To have a cruise ship registered and flagged in the United States, it must be built, owned, and crewed by Americans. The only large cruise ship to fly a U.S. flag is Norwegian's *Pride of America* which offers multi-stop cruises in the Hawaiian Islands. Inaugurated in 2005, it was the first new U.S.-flagged cruise ship built in the U.S. in nearly 50 years. As a U.S.-flagged ship, *Pride of America* is subject to American labour laws and staffed by a mostly American crew, in contrast to the vast majority of foreign-flagged cruise ships.³²

Today, flags of convenience and other cabotage laws are used by many seafaring countries. A majority of UN member states have cabotage laws, including Canada, Russia, China, South Korea, and Japan.³³ Under Canada's cabotage laws, for instance, foreign-flagged vessels are prohibited from operating B.C.-only cruises.

While cruise operations in Victoria have been based on roughly the same business model that the Big Three cruise companies first developed in the Caribbean, there are a few important variants. One is that, unlike the Caribbean where duty-free shops are ubiquitous in almost every port, there is no duty-free shopping offered in Victoria or other Canadian and Alaskan ports. This is potentially positive since duty-free shopping brings scant benefits to the destination: no sales tax is generated, "leakage"^{vi} is high as most earnings go to the purchase of imported goods, and duty-free shops offer unfair competition to local businesses. In addition, Victoria does not have an influx of stores that move with the cruise season from the Caribbean to Victoria. In contrast, onshore cruise shopping zones in Juneau, Skagway, Ketchikan, and other Alaskan ports are sprinkled with chain stores such as Diamonds International that move their operations and personnel from the Caribbean to Alaska between May and September. These onshore stores located in cruise ports, which are closely linked to the cruise business model and are heavily promoted on the ships as part of the onboard shopping program, also present stiff competition for local businesses that cater to cruise passengers. Victoria, however, has not faced this problem, in part because, according to one local businessman, the price of real estate is too high around the port to make it financially worthwhile for international stores that would only be open during the cruise season.³⁴

Victoria does have some other practices that have undercut the potential economic benefits of cruise tourism. Among these realities are that the city's onshore cruise operations include several large

^{vi} According to the UN Environment Program (UNEP), leakage is the way in which revenue generated by tourism is lost to the host country's economy. Leakage may be so significant in some countries that it partially neutralizes the money generated by tourism.

U.S., especially Seattle-based, companies, that the shore excursions are dominated by one major attraction, that the cruise lines take a commission and do not pay sales tax on excursions they sell, and that many cruise ships make relatively short port calls, often in the evening, which limits passenger and crew time and spending onshore. As one business leader observed, “There’s a huge difference between short stay evening visits and longer full-day visits. How many passengers and crew actually get off the ship [for short stops]? Crew spending is also very different depending on the length of the call.”³⁵

- **Impact of the Covid-19 Pandemic**

2019 was a banner year for tourism in Victoria, with peak numbers for both land-based visitors and cruise passenger arrivals. And 2020 was projected to be even bigger for all types of tourism. While the cruise industry had survived, sometimes even thrived, during other global calamities, the coronavirus exposed its vulnerabilities and profoundly challenged its ability to return to business-as-usual. In mid-March 2020, as one cruise ship after another around the world was identified as a Covid-19 super-spreader, the cruise industry ground to a halt. Land borders, airports, and ferries between the U.S. and Canada were also closed by late March 2020, and Victoria’s revenue from tourism, both cruise and non-cruise, plummeted some 80 percent in 2020.³⁶

While all sectors of the tourism industry were devastated by the pandemic, the cruise sector, in particular, became both a victim and a cause of Covid’s relentless spread. In early 2021, Canada announced it was extending its ban on cruise ship dockings until February 2022, effectively shutting down for another season the Alaska cruise market. (Canada also stopped New England cruises that travel north to Montreal, Nova Scotia, and other Canadian stops.) In May 2021, the U.S. Senate unanimously approved the Alaska Tourism Recovery Act, which temporarily suspended the Passenger Vessel Services Act requiring Alaska-bound cruises to stop in Canadian ports. The bill was aimed at restarting Alaska’s struggling cruise industry while Canadian ports remained closed to cruise ships until at least February 2022.³⁷ Quickly, Holland America, Princess, and Carnival cruise lines announced they would resume in July 2021 direct roundtrip cruises from Seattle to Alaska, bypassing Victoria and any other Canadian ports.

In response, a coalition of 13 Canadian tourism and business groups, spearheaded by the GVHA and three other Victoria organizations, began heavily lobbying Canada’s Transport Minister to negotiate with the U.S. a more rapid border reopening for both land and cruise tourism. “Canada is leading the world in vaccination, but we’re not leading the world in coming up with a plan to open up our land and marine borders,” said GVHA CEO Ian Robertson. The coalition estimated that the federal government’s decision to delay the resumption of cruise tourism until February 2022 had put at risk more than 17,000 B.C. jobs and CA\$ 2.7 billion in revenue for the provincial economy. In addition, the coalition expressed deep concern that the U.S. government might make permanent its temporary suspension of the Passenger Vessel Services Act. This “would mean the end of mandatory U.S. cruise traffic through Victoria,” warned Robertson.³⁸

With the international border with the U.S. closed and international travel halted, Victoria did experience a modest rise when intra-provincial tourism was permitted in the summer of 2021. But Canadians spend considerably less than U.S. and other foreign visitors.³⁹ American tourists spent 70 percent more than Canadian tourists, while overseas visitors spent 133 percent more. Therefore, businesses that are largely dependent on international markets continued to suffer.⁴⁰

Under growing pressure from the tourism industry, Canada's Transport Minister backed down, announcing at a July 2021 press conference on the Ogden Point pier that in November, cruise ships would again be permitted to dock in Victoria and other Canadian ports provided they follow all the Covid-mandated health and safety provisions.⁴¹ However, given the reality that for weather reasons large cruise ships never visit Victoria after October, the Minister said that lifting the ban in November would give cruise lines time to prepare for a full season in Canada beginning in April 2022.⁴² Indeed, in December 2021, the GVHA announced its draft schedule for 2022, showing that more than 350 cruise ships, the largest number ever, were scheduled to make ports-of-call stops in Victoria, beginning April 6, 2022.⁴³

While temporarily elated, Victoria's small but tightknit cruise sector remained worried that the U.S. government would permanently overturn the Passenger Vessel Services Act and drop the requirement for foreign-registered ships to stop in Victoria or another B.C. port as part of their circuit from the U.S. West Coast to Alaska.⁴⁴ As former GVHA CEO Paul Servos wrote in the local press, "Victoria's cruise tourism will be devastated if the act is revised. Only ships that are looking for an interesting port call on a longer itinerary are likely to continue calling." Servos goes on to predict, "It will take a few years for the industry to drop Victoria, as the planning for provisions, ship services, excursions and marketing collateral are done many years forward. But it will be dropped."⁴⁵ But, as discussed in more detail in the conclusion below, Servos argues that given the relatively low financial yield from the cruise sector, the decline of large-scale cruise tourism could be a blessing in disguise for Victoria.

At the same time, Destination Greater Victoria (DGV), the main marketing organization for the overnight and non-cruise day-visitor sector, used the pandemic period to develop a forward-looking five-year strategic plan (2022-2026) to "recover from COVID-19 quickly and efficiently." The plan, developed in partnership with over 800 businesses and the municipalities in Greater Victoria, predicted that, by building on Victoria's "high-profile global brand" and "enviable destination attributes," the city would be able to build back its visitor sector more quickly and successfully than other destinations in Canada. "There is also," the DGV plan envisioned, "the valuable opportunity to rebuild in new and deliberate ways to ensure positive, sustainable outcomes for communities as well as industry."⁴⁶

Chapter 2: History of Tourism in Victoria

Victoria was founded in 1843 as a fur trading post of the Hudson Bay Company, a chartered corporation tasked by the British crown to promote trade and settlement in North America. The physical site on the tip of Vancouver Island was selected because of the fine deep-water harbour, which, over time, gave the city the ‘competitive edge’ of having its port within the city limits.⁴⁷ The Caribou gold rush, beginning in 1858, brought tens of thousands of miners and other settlers from nearby California and as far away as Australia. In 1871, B.C. became the sixth province of the Dominion of Canada, with Victoria declared the provincial capital.⁴⁸

Victoria is in the traditional land of the Lekwungen-speaking people, now known as the Songhees and the Esquimalt nations. Beginning in the 19th century, British settlement profoundly disrupted the First Nations’ traditional economies and livelihoods. “It is stark evidence of the mishandling of the First Nations by all levels of government,” states the Victoria Harbour History project, “that while in 1859 the Songhees, a vibrant and successful people with a population of approximately 8,500, was reduced to less than 200 by 1920.”⁴⁹ While this painful Indigenous history was long ignored or hidden, Victoria has instead been marketed in its commercial and tourism affairs as the “most English” part of Canada. As David Smith explains in *Imagining Victoria*, “From the time of Victoria’s naming in the 1840s, Englishness has permeated descriptions of the place and its people.”⁵⁰

Beginning in the first quarter of the 20th century, the city’s government and chamber of commerce combined efforts to market Victoria as “more English than England” with the aim of attracting American and eastern Canadian tourists.⁵¹ Beginning in 1903, Canadian Pacific Navigation Companies ferries brought visitors to Victoria from Seattle, Port Townsend, and Port Angeles, all in Washington state. Then in the late 1920s, the service was greatly enhanced with the introduction of two steamships, each with capacity of 1,500 (later increased to 1,800) passengers, plus berths, dining room, stateroom, and car ferry deck.

In 1922, a car ferry service began between Anacortes, Washington State, and Sidney, north of the City of Victoria. Vacation by car, as a part of Victoria’s stayover tourism market, was born and continued to grow over the coming decades.⁵² During its first year of service, about 400 cars arrived on the ferry; by 1960, this ferry run was bringing annually 234,000 cars to Vancouver Island.⁵³

Victoria’s grand Fairmont Empress Hotel, which drew its inspiration from Châteauesque-style architecture in France, first opened its doors in 1908 and quickly became a prominent city landmark catering to business and leisure travellers.⁵⁴ The post-World War I years also saw the growing popularity of Butchart Gardens, 55 acres of estate gardens built in the early 20th century in an old limestone quarry, 12 miles outside the City of Victoria on the west shore of the Saanich Peninsula. This and other English-style attractions continued to help lure U.S. and Canadian tourists to Victoria.

The post-World War I expansion of tourism, promoted by Victoria's political and business leadership, occurred parallel to the decline of Victoria's manufacturing industry as factories relocated to more convenient mainland locations. In 1936, at the height of the Depression, Victoria's tourism got another boost with the completion of U.S. Highway 101, which allowed Americans to drive from the Mexican border to Port Angeles, Washington, where they could catch the ferry to Victoria. This expanded road and ferry service combined with an invigorated ad campaign meant Victoria's tourism numbers dipped only slightly during the Depression compared to other Pacific Northwest coastal cities.⁵⁵

By the 1960s, Victoria's more elegant early attractions, such as Butchart Gardens and the Empress Hotel, were expanded with a growing number of more kitsch British-themed tours, excursions, restaurants, souvenirs, and shops. The town was laced with "Ye Olde" signs, English pubs and inns, Union Jack flags, lamp posts with hanging baskets, and shops with woollens, tartan, clothing, and sweets. Tourism in Victoria showcased a slower pace of life from a bygone era, including tours of stately homes and formal gardens, horse-drawn carriages around the Inner Harbour and Beacon Hill Park, uniformed "bobbies" directing traffic, cricket, bowling on the green, and high tea with scones and cream.

Victoria's English image ignored the First Nations peoples on whose land the city was built and its non-British immigrant populations. The 1858 gold rush brought in several thousand Chinese migrant labourers who continued to arrive throughout the 19th century. Many were indentured and were put to work on the Canadian Pacific Railway⁵⁶ and other projects.⁵⁷ Today, Chinatown in Victoria is the oldest in Canada and the second oldest, after San Francisco, in North America.⁵⁸

Since the 1970s, Victoria has experienced a growing sense of multiculturalism that has influenced the way tourism operates and is marketed, particularly with respect to First Nations.⁵⁹ For instance, since the GVHA's creation in the early 2000s, the Songhees and Esquimalt have both been member agencies of the GVHA Board. In addition, GVHA was certified in 2021 "as a Canadian Council of Aboriginal Business' Progressive Aboriginal Relations Silver Member, a reflection of its ongoing commitment," according to the GVHA website, "to a guiding principle of First Nations Relationships."⁶⁰ DGV, the marketing organization for the visitor (overnight and day tripper) sector, states in its strategic plan for 2022-2026 that "an important component of DGV's marketing and brand initiatives" is its focus "on supporting and working collaboratively with indigenous partners." The DGV strategy argues that "[c]lose alignment with the perspectives of indigenous tourism partners will be vital in DGV's work to position the destination as a leader in environmental sustainability and promote sustainable tourism business operations" as well as to its "strategy to build a diverse range of authentic and immersive experiences for visitors."⁶¹

Map 1: Greater Victoria



Source: VancouverIsland.com. “Map of Greater Victoria.” <https://vancouverisland.com/plan-your-trip/maps-of-bc/greater-victoria/>.

- **Growth of Stayover Tourism**

Tourism continued to thrive in Victoria, and by 2000, Victoria had the highest ratio of tourists to residents of any city in Canada.⁶² In recent decades, Victoria has repeatedly received awards and accolades from the U.S. and others in the international travel industry as a top tourism destination. Condé Nast Traveler, for instance, has frequently named Victoria as one of the top cities worldwide. In 2020, Victoria was named one of the 20 Best Small Cities in the World and one of the top 10 Friendliest Cities in the World by Condé Nast Traveler Readers’ Choice Survey.⁶³

The visitor sector (both overnight and day) contributes significantly to Greater Victoria’s economy through spending, jobs, taxes, and related activities. A study by InterVISTAS looked at the

combined economic impacts of visitor spending in 2016 by the nearly 4 million overnight and non-cruise day visitors in Greater Victoria. The study, which used Statistics Canada data but did not conduct surveys to determine its estimates, found that 2016 combined overnight and same-day-visitor spending exceeded CA\$ 1.3 billion.⁶⁴ Overseas visitors spent the most: CA\$ 524.04 per person compared with U.S. visitors who spent on average CA\$ 429.15 and Canadian tourists who spent only CA\$ 254.47 per person, per visit. (Table 3)

Table 3: Non-Cruise Person Visits & Visitor Spending in Greater Victoria, 2016 in CA\$

| Sector | Person Visits | Visitor Expenditures | Per Visitor Spending |
|---------------------------|----------------------|-----------------------------|-----------------------------|
| Domestic | 2,579,000 | \$656,270,000 | \$254.47 |
| U.S. | 795,000 | \$341,174,000 | \$429.15 |
| Overseas | 588,000 | \$308,137,000 | \$524.04 |
| Total in Greater Victoria | 3,962,000 | \$1,305,590,000 | \$329.53 |

Source: InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact of Tourism in Greater Victoria, B.C. Final Report*. Prepared for Tourism Victoria. p. 3.

In 2016, the InterVISTAS report states, “visitor spending in Greater Victoria supported 16,900 jobs directly. This employment generated almost CA\$ 460 million in direct wages and salaries, and additionally contributed almost CA\$ 650 million in Gross Domestic Product (GDP) and more than US\$ 1.3 billion in economic output for the provincial economy.”⁶⁵ In terms of combined direct, indirect, and induced economic impact for Greater Victoria, the InterVISTAS study found that non-cruise overnight and day visitors supported 22,300 jobs and generated CA\$ 729 million in wages, CA\$ 1,233 million in GDP, and CA\$ 2,340 million in economic output.^{vii} (Table 4)

^{vii}The InterVISTAS study cautions, “Measurement of indirect and induced economic activity is difficult” and that, as an alternative, “indirect and induced impacts are typically measured using economic multipliers derived from economic, statistical, and/or accounting models of the general economy. Because multipliers can differ in definition and application, care must be exercised in choosing the appropriate set of multipliers to use” (InterVISTAS, pp. 3-4).

Table 4: Economic Impact in B.C. from Non-Cruise Tourism in Greater Victoria, 2016

| Impact | Employment (Jobs) | Wages (CA\$ millions) | GDP (CA\$ millions) | Output (CA\$ millions) |
|----------------------|------------------------------|----------------------------------|--------------------------------|-----------------------------------|
| Direct | 16,900 | \$458 | \$647 | \$1,357 |
| Indirect | 3,100 | \$166 | \$325 | \$576 |
| Induced | 2,300 | \$105 | \$261 | \$407 |
| Total in B.C. | 22,300 | \$729 | \$1,255 | \$2,340 |

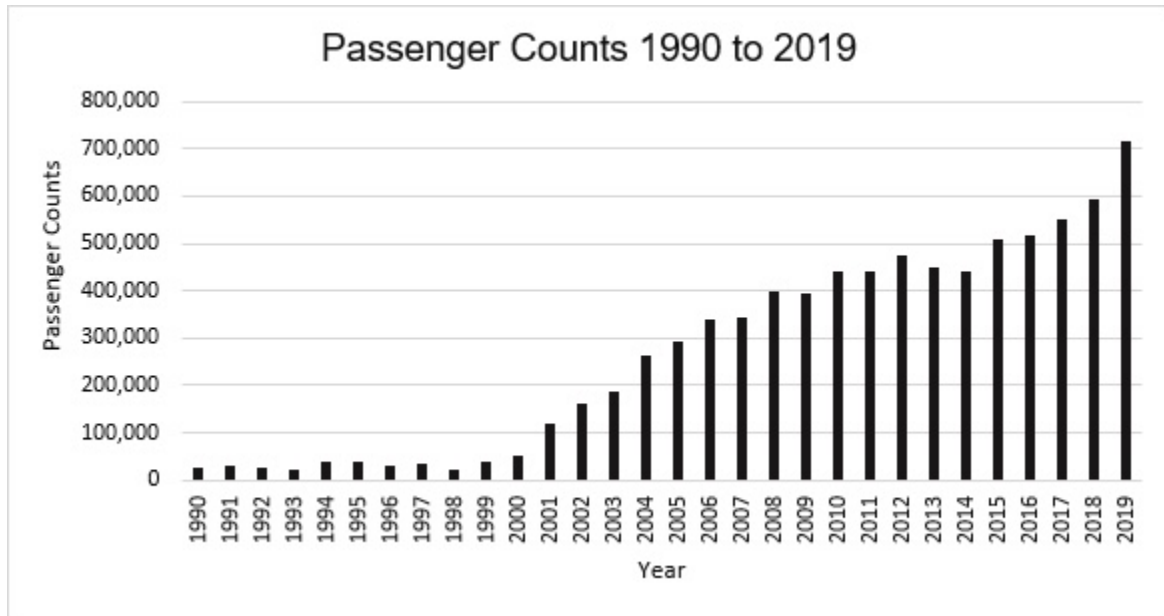
Source: InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact of Tourism in Greater Victoria, B.C. Final Report*. Prepared for Tourism Victoria. P. 3

- **Origins and Growth of Cruise Tourism in Victoria**

Victoria’s cruise tourism industry traces its roots to the late 19th century, and, from the outset, it has been linked to the U.S. market—to California, Washington, and Oregon to the south and to Alaska to the north. When the first transcontinental railroad in the U.S. reached San Francisco in 1869, adventurous travellers began boarding cruises bound for Puget Sound, Vancouver Island, and Alaska, with regular stopovers in Victoria.⁶⁶

The modern-day Alaska cruise circuit, which includes Victoria as the premier Canadian port of call, began in the 1970s, but it has grown most over the last two decades. Between 1999 and 2010, for instance, the number of cruise ships visiting Victoria mushroomed from 34 to 228, and the number of passenger arrivals jumped ten-fold from about 40,000 to 441,000.⁶⁷ Cruises to Alaska are typically seven to ten days, with a stop in Victoria on the last evening of a cruise, on their way back to Seattle. The founding cruise lines in this circuit were Holland America and Princess,⁶⁸ both now subsidiaries of Carnival Corporation, but others soon joined the circuit. By 2008, ships calling at Victoria were still dominated by Carnival and its subsidiaries (61 percent of visits) and Royal Caribbean (25 percent), with Norwegian Cruise Line and five other lines generating the remaining 14 percent of the visits.⁶⁹ By 2019, some dozen different lines called in Victoria. They included 256 ships ranging in size from about 700 to 4,250 passengers, in addition to a handful of smaller ‘pocket’ cruises⁷⁰ (Figure 1).

Figure 1: Cruise Passenger Counts 1990–2021



Source: Compiled by James Bay Neighbourhood Association based on published cruise schedules and GVHA and Transport Canada statements.

Like overnight visitors, cruise passengers were enticed to visit Victoria in part because of its English ambience and natural beauty. As Royal Caribbean’s website puts it, “Victoria delivers a delightful blend of British pomp and outdoor adventure.”⁷¹ According to a 2016 BREA study of Victoria and other Canadian ports, “Overall, cruise passengers were very satisfied with their visits at Canadian destinations,” although the study did not break out passenger survey findings for each port.⁷² However, unlike cruise passengers to other Canadian ports of call or overnight visitors to Victoria, cruise passengers are not choosing to visit Victoria; they have chosen to go to Alaska, and Victoria is an add-on. As Paul Servos, former head of GVHA, puts it, “Cruise passengers are travelling because they want to go to Alaska and see the glaciers. The Victoria market is driven by ships using Seattle as a home port, and our cruise tourism exists because of the Passenger Vessel Services Act. Ships are calling [in Victoria] because it’s mandatory.”⁷³

For decades, through the boom year of 2019 that preceded the pandemic, cruise tourism in Victoria and other B.C. ports had been tied into the Alaska cruise network by the umbilical cord of the two U.S. cabotage laws and the practice of registering ships with foreign flags.

Victoria and B.C.’s Other Cruise Ports

B.C.’s critical position in the U.S.-based cruise circuit to Alaska helped to create competition among ports in the province. While Victoria was becoming Canada’s leading port of call, Vancouver grew into B.C.’s

leading home port as well as the country's largest port. For instance, in 2005, Vancouver received three times more cruise passengers (910,000) than Victoria (295,000). At the same time, Vancouver faced stiff competition from Seattle, the main home port for the Alaska cruise run. Between 2000 and 2004, for example, Seattle's cruise passenger numbers increased 362 per cent, while Vancouver's decreased 12 per cent.⁷⁴

In addition to Victoria and Vancouver, other smaller B.C. ports have vied for a piece of the Alaska circuit. Between 1999 and 2004, lesser-known B.C. ports, including Prince Rupert, Campbell River, Nanaimo, Port Alberni, and Squamish, used public funds in infrastructure projects designed to increase their cruise tourism. In 2004, Nanaimo announced plans to spend CA\$ 13.5 million to upgrade its wharf to accommodate larger cruise ships, while Campbell River spent CA\$ 4.23 million to build a cruise ship dock half a mile from downtown.⁷⁵ That same year, Prince Rupert opened its CA\$ 9 million Northland Cruise Terminal with the expectation that the city would become a port of call on the Alaska and West Coast cruise circuits with large ships staying in port for 8 to 12 hours.⁷⁶ However, by 2016, Prince Rupert civic and business leaders concluded, based on market research, that the town did not have enough attractions to become, like Victoria, a significant cruise port of call for larger ships on the Alaska run. Instead, Prince Rupert has moved to revamp its strategy, concentrating on "quality over quantity" by targeting smaller (well under 1000), more luxurious cruise lines.⁷⁷

Despite the efforts of other B.C. ports to win a position in the Alaska cruise circuit, all faced almost insurmountable challenges. As former GVHA executive Servos explained in a September 2021 newspaper article:

Campbell River has been all but abandoned. The tides are difficult, the cost of tugs and longshore labour are high, and there are limited excursions. This terminal should never have been built. Nanaimo has limited excursion opportunities, a poor location on the inside passage of the Island, and it is too close to Vancouver and Seattle. Nanaimo has only seen stops from ships sailing for relocations, and for a brief time a shoulder-season sailing schedule. All are gone, but there is a nice dock and a new office building. Port Alberni has had a few calls of specialty ships, but it is a long way up the channel and requires a pilot, tugs and so on... Shore excursion opportunities are limited.⁷⁸

Map 2: British Columbia, Canada



Source: World Atlas. <https://www.worldatlas.com/maps/canada/british-columbia>.

Victoria has remained B.C.'s most visited port of call, and GVHA has supported its growth by investing in the port's infrastructure development. In 2009, GVHA put up several million dollars to build an extension of the cruise terminal's mooring dolphin, and in 2019, it was further extended to accommodate the arrival of larger ships, including Royal Caribbean's *Ovation of the Seas*, the largest ship to ever sail to the region.⁷⁹ However, within less than a year, the Covid-19 pandemic had stopped the cruise industry, and the longer-term future of the Victoria cruise sector was thrown into doubt. Despite GVHA's investment in new mooring facilities, Servos says-the future of cruise tourism in Victoria

would be in doubt if the U.S. were to make significant changes to the Passenger Vessels Services Act. Larger cruise vessels “will be the first to abandon Victoria,” he predicts.⁸⁰

Victoria’s prominent position as Canada’s top port of call is not reflected in equally robust economic earnings. Within B.C., Victoria has contributed relatively little of the cruise tourism revenue that flows to the province as a whole. In 2008 Vancouver contributed 90 percent of the direct output impact of CA\$ 638.6 million, Victoria contributed just 8 percent, and the other B.C. ports contributed 2 percent.⁸¹ The reasons why Victoria’s cruise sector has had a low financial yield—both when compared to Vancouver and, more importantly, when compared to Victoria’s non-cruise visitor sectors—are examined in more detail for 2019 in subsequent sections.

Chapter 3: Overview of Victoria’s Cruise Facilities and Infrastructure

In Victoria, the Victoria and Esquimalt harbours serve as two of the economic centres and gateways to the Greater Victoria region and provide convenient access to both Vancouver and Seattle. The Esquimalt Harbour, located west of downtown Victoria, contains a Canadian Forces Base (CFB) Esquimalt and the federally owned Esquimalt Graving Dock. Victoria Shipyards, a Seaspan company operating within the Graving Dock, handles repairs of all types of vessels, including cruise ships, fishing vessels, ferries, barges, tankers, and naval ships. The Department of National Defence is the largest landowner, but this harbour is also an important area for recreational boaters, beachgoers, local residents, and the Esquimalt and Songhees First Nations. Esquimalt Harbour falls outside the scope of this study.

As summarized in a 2021 GVHA study, Victoria Harbour is the city’s vibrant economic and tourism hub, “widely used by recreational motor and sailing vessels, fishing boats, ecotourism and whale watching vessels, harbour water taxis, as well as non-motorized recreational boats including dragon boats, canoes, kayaks, rowing shells, and stand-up paddle boats.”⁸² Tourism businesses within Victoria Harbour include ferry services, cruise services, whale watching, pocket cruise ships, tour buses, fishing and chartered boat services, and waterfront retail.⁸³ The major tourism organizations and companies located within Victoria Harbour include DGV, which operates the Visitor Centre on Wharf Street and a seasonal information kiosk at Ogden Point; Eagle Wing Whales & Wildlife Tours and Prince of Whales, two of several eco-adventure companies; and several fishing charter companies. The harbour is also a busy marine airport with an average of over 80 seaplanes and helicopters per day doing a mix of sightseeing and business trips in 2019. Finally, the harbour serves as an industrial port, handling ship repair and maintenance and housing several marinas, ferry docks, and waterfront walkways.⁸⁴ Victoria Harbour, unlike typical harbours near urban areas, is in the central residential part of the City of Victoria. While part adjoins the downtown business district, other parts abut the Victoria residential neighbourhoods of VicWest, James Bay, and Burnside-Gorge. A small portion of the outer harbour borders the Township of Esquimalt.

Geographically, Victoria Harbour is divided into four distinct parts, from south to north:

- **Outer Victoria Harbour/West Bay** includes recreational facilities in Esquimalt such as the West Bay Marina, Hidden Harbour Marina, fishing charters, and the Salish Seaside RV Haven. In the James Bay neighbourhood, there is the Canadian Coast Guard facility, Department of National Defence (Malahat), GVHA’s Ogden Point, and Beta runway, which serves the Victoria Harbour Airport.
- **Middle Harbour** contains Fisherman’s Wharf with a fishing fleet, whale watching, and float homes and businesses, condominium and hotel complexes along the shore, and Alpha runway, which serves the Victoria Harbour Airport.

- **Inner Harbour** is home to a variety of tourist attractions, including downtown Victoria. The Inner Harbour accommodates both pocket cruise ships and ferries to the U.S. and serves as the base for float plane facilities that operate within the Victoria Harbour Airport.
- **Upper Harbour** contains mainly marine and other industrial businesses, as well as recreational facilities.

Nearly 100 businesses, government agencies, and institutions have been identified as directly tied to activities in Victoria and Esquimalt Harbours because they are dependent on water transport within the harbours and/or are retail businesses with waterfront leases. They vary widely in size, from a single employee to over 7000 workers at CFB Esquimalt (in Esquimalt Harbour), and many play a vital role in facilitating Victoria’s tourism activity.⁸⁵

Both harbours fall within the boundary of the Victoria Harbour Migratory Bird Sanctuary, the first bird sanctuary established in Pacific Canada, in 1923.

Map 3: Victoria Harbour



Source: Victoria Harbour Ferry Map. <https://victoriaharbourferry.com/map/>

- **Greater Victoria Harbour Authority Society (GVHA)**

In 2002, Transport Canada, the federal agency responsible for transportation policies and programs, divested itself of the deep-water Victoria Cruise Terminal at Ogden Point and several other properties in Victoria Harbour, turning over ownership and management to a newly created private nonprofit organization, the GVHA. This was part of a Canadian government initiative, beginning in the 1990s, to divest itself of small harbours and turn them over to communities.

Although the GVHA has the word ‘authority’ in its name, it is not a port authority under the Canada Marine Act, which is an act of Parliament. The Act defines a port authority as a government or quasi-government public body formed by the legislature to operate ports or other transportation infrastructure. Across Canada, there are 17 such port authorities, including four in B.C.: Vancouver, Nanaimo, Port Alberni, and Prince Rupert. In contrast, the GVHA is not a government body. Under the Canada Marine Act, Section 69, the official of the Port of Victoria is identified as the Transport Canada Harbour Master.

Rather, the GVHA is a “community based not-for-profit organization”⁸⁶ governed by a Society made up of regional stakeholders. Each member agency nominates a board member (Victoria Esquimalt Harbour Society, the harbour stakeholder group, has two nominees), and there are additional at-large board members, making up the 13-member Board of Directors. These members include representatives from the City of Victoria, the Township of Esquimalt, DGV, the Greater Victoria Chamber of Commerce, Esquimalt and Songhees First Nations, among others. The Board operates the Society and is accountable to the members.

Today the GVHA owns and manages a dozen deep-water, marina, and upland holdings throughout Victoria's harbour. (On its website, the GVHA identifies itself as a “landlord.”) The centrepiece is the Ogden Point Deep-Water Terminal, which includes the Victoria Cruise Terminal and a number of cruise-related services and businesses. In addition, the GVHA's commercial and marine industrial holdings include Fisherman's Wharf, Ship Point, four Inner Harbour marinas, and the historic Steamship Terminal. The Steamship Terminal was leased to the GVHA by the province; in 2021, the lease was abandoned, and it was given back to the Province of B.C. Other high-profile GVHA holdings throughout the harbour include The Breakwater, a popular walkway near downtown Victoria, and the Inner Harbour Lower Causeway.⁸⁷ GVHA also maintains the Raymur Point Customs Dock, operated by the Canada Border Services Agency.

In 2019, the GVHA announced it was rebranding, upgrading, and expanding Ogden Point's deep-water terminal and surrounding area as The Breakwater District at Ogden Point.⁸⁸

The Victoria Cruise Terminal is operated, under contract to the GVHA, by Western Stevedoring. Western Stevedoring was established in 1948 and “is British Columbia's largest and most diversified full-service stevedoring and terminal operator,” with operations in every port in the province.⁸⁹ Since 2006, Western Stevedoring has been wholly owned by SSA Marine, the world's largest

independent, privately held marine terminal operator headquartered in Seattle.⁹⁰ SSA Marine, which is the operator of several U.S. ports in the Pacific Northwest, including the cruise terminals in Seattle, is itself wholly owned by Carrix, Inc. Carrix is one of the world's largest privately held marine terminal and rail operators, also headquartered in Seattle.⁹¹ "In sum," observes economist Brian Scarfe, "the scope and scale of activities that take place at Victoria's Ogden Point terminal are largely subservient to the Seattle-based cruise ship industry. This pervades not only the schedule of cruise ship arrivals and departures but also the operation of the cruise ship terminal."⁹²

As the terminal operator, Western Stevedoring manages the terminal properties and operations on behalf of GVHA, including coordinating cruise services as the GVHA's "Agent/Manager"⁹³ and collecting the passenger fees^{viii} from arriving ships. Western Stevedoring also sells seasonal permits to shore excursion operators and all types of vehicles, including buses, bikes, rickshaws, pedicabs, shuttles, horse-drawn carriages, and rental cars, involved with the movement of cruise ship passengers and personnel from Ogden Point to other parts of Greater Victoria. The terminal requirements state: "Any commercial vehicle operation involving the transportation of guests to and from the terminal must apply for permission to access the terminal by Western Stevedoring on behalf of the Greater Victoria Harbour Authority."⁹⁴

In addition, the CVS Cruise Victoria shuttle bus that runs from Ogden Point to downtown is a wholly owned subsidiary of Western Stevedoring. In 2018, CVS Tours and The Wilson's Group, a large Canadian transportation company, formed a joint venture, Pacific Northwest Transportation Services (PNWTS), to bring in a fleet of newer, quieter double-decker buses with lower emissions. As part of the agreement, the GVHA gave PNWTS exclusive access over ten years to provide cruise shuttle services on the cruise terminal as well as all buses for shore excursion tours.⁹⁵ Former GVHA director Paul Servos says that in recent years, as the number of cruise ships has increased, "U.S. companies have pushed their way in to, for instance, the bus system and the ship agent systems, and have pushed out the local companies."⁹⁶

For Financial Year 2019-2020, the GVHA's operating revenue was CA\$ 16.3 million. More than 70 percent of the GVHA's annual revenue comes from a cruise passenger fee and the sustainability fee, with most of the remaining 30 percent derived from tourism-related activities.⁹⁷ According to its Financial Year 2019-2020 annual report, 2019 was a bumper year for the GVHA, with "strong revenues, a mix of milestone moments and major projects," and the generation of "surplus cash" of CA\$ 3.6 million, which it reinvested into its Victoria harbour facilities. That year, the GVHA completed several projects, including a "full-scale emissions inventory" for the cruise terminal and an extension of the cruise terminal's mooring dolphin to accommodate new lines and larger ships.⁹⁸

^{viii} In cruise literature, the passenger fee or tariff is widely referred to as the 'head tax,' but this term is avoided here because of the notorious 'head tax' imposed on Chinese immigrants to B.C.

However, beginning in March 2020 with the onset of the Covid-19 pandemic and closure of all international and Canadian ports and land borders and halting all cruise tourism, the GVHA's fortunes shifted dramatically. In Financial Year 2020-2021, the GVHA's operating revenue had shrunk by more than half to CA\$ 7.1 million, and its expenses, despite layoffs and cuts in capital and infrastructure expenditures, stood at CA\$ 8.2 million. The GVHA therefore concluded the financial year with a loss of CA\$ 1.1 million.⁹⁹

- **James Bay Neighbourhood**

James Bay, located in the Inner Harbour, is a densely populated neighbourhood in Victoria with some 12,600 residents, or about 15 percent of the city's population. More than any other part of Victoria, James Bay has been adversely impacted by Victoria's cruise tourism operations. For more than three decades, a local civic organization, the James Bay Neighbourhood Association (JBNA), has worked to protect the neighbourhood and its quality of life. According to the JBNA's vision statement, the organization seeks to maintain "[a] dynamic, human-scale and diverse neighbourhood focused on a vibrant village core, that preserves its heritage, integrates its waterfront, and provides green spaces and accessible public transit."¹⁰⁰

With its old streets, vintage housing and hotels, Fisherman's Wharf, and the Dallas Road walkway, James Bay personifies Victoria's tourist image for quaint British charm. In addition to having historic residential areas and a retail centre, James Bay also includes the B.C. Legislature Building and other government offices to the north, as well as water and the GVHA foreshore lands to the north, south, and west, and Beacon Hill Park to the east. It is home as well to the Ogden Point cruise ship terminal, a large Canada Coast Guard facility, a Department of National Defence Malahat building, the Transport Canada Harbour Master office for Port of Victoria, and a number of the city's major hotels in its tourism district to the north.

During the rapid growth and redevelopment of Greater Victoria in the 1950s and 1960s, much of James Bay's historic housing stock was demolished to make way for apartments. By the mid-70s, there was a strong community reaction to the rapid changes which threatened the historic character of Victoria. Over the last 35 years, the JBNA has evolved into a land-use consultative civic organization recognized by the City of Victoria. Its focus includes "all land-use matters such as developments and amenities, parks and green spaces, streets and transportation, and the environment."¹⁰¹

Since 2006, a particular area of concern has been the impacts of cruise tourism on the social, environmental, and economic fabric of the neighbourhood. Through its studies and issue papers, monthly meetings, testimony at public hearings, website, and media outreach, the JBNA has highlighted a number of issues and concerns regarding cruise tourism in Victoria. These issues include its costs and benefits, the economic value of home ports versus ports of call, the predominance of Seattle-based companies in Victoria's cruise industry, the offloading of cruise ship waste and garbage, the low level of

tax payment, and the negative impacts of traffic congestion, noise, and emissions from the large tour buses. While James Bay residents favour walking and cycling within their neighbourhood, the community also serves as a major transit corridor for the Greater Victoria area for cruise ships, ferries, helicopters, fishing boats, pleasure crafts, and tourist vehicles such as horse-drawn carriages, taxis, pedicabs, and large tour buses. Buses and taxis are a particular irritant.¹⁰²

The Covid-19 pandemic has offered, JBNA argued, an opportunity to “rethink the restart” of cruise tourism in Victoria. The association became an active member of the Global Cruise Activist Network (GCAN), a coalition of several dozen organizations in cruise ports demanding “no return to business-as-usual” and working to set environmental, social, and economic standards for the cruise industry.¹⁰³ In September 2021, the JBNA issued a series of eight short issue papers on cruise tourism and launched a new initiative, Fair Sailing, “to advocate for responsible cruise tourism practices that prioritize the interests of residents, local businesses and the environment of Victoria.” The new Fair Sailing website states that “James Bay residents want quality of life, clean air, no foreign garbage and a healthy safe community. The impacts of the cruise industry in our neighbourhood include overtourism, air pollution, the import of foreign garbage and threats to public health.” As JBNA President Marg Gardiner stated in a press release, “It can’t go back to the way it was. The cruise industry needs to become a good corporate citizen in our town – it needs to transform.”¹⁰⁴

In raising concerns about cruise tourism, the JBNA has served as a civic counterweight to the GVHA and its business and government allies, who are the local beneficiaries and champions of cruise tourism. The JBNA President has, for years, called the GVHA “a very profitable not-for-profit” organization that is not a proper “authority under any legal definition.”¹⁰⁵ In September 2021, the GVHA Board Chairs accused JBNA of spreading misinformation through “broad statements and inaccurate claims” about how waste is managed in Victoria and emissions are monitored and controlled in Canadian waters.¹⁰⁶

Chapter 4: Comparative Economic Impacts of Tourism in Victoria, 2019

- **The Visitor Economy: Overnight and Non-Cruise Day-Visitor Tourism, 2019**

Overnight Tourism Spending

The following analysis of Victoria's visitor economy in 2019 is based mainly on the excellent studies produced or commissioned by DGV. DGV has funded and produced a series of reports, which among other important aspects of visitation, document the economic activity arising from the multi-day, overnight tourist sector.¹⁰⁷ For its *2019 Visitor Survey Report*, the DGV conducted a larger-than-usual survey sampling of overnight visitors across all seasons of the year, reflecting Victoria's strategic focus on being a year-round destination.¹⁰⁸ The research was conducted during each season to provide a comprehensive picture of visitor characteristics as well as the key aspects of their visit and perceptions. According to DGV's report, work commenced in late 2018 and continued through 2019.

Data were collected using in-destination intercept interviews with overnight visitors in conjunction with online post-visit surveys, providing information about a wide range of trip parameters on a seasonal basis. Sample sizes were 4,002 visitors for the intercept interviews and 986 visitors for online surveys. Data were weighted to align with benchmark seasonal visitor volumes.

According to the report, Greater Victoria received over 4 million overnight visitors in 2019. The report stated, "Median duration of stay in Greater Victoria was three nights; this was the case in almost all seasons, with a decrease to two nights in fall. The median length of respondents' trips (i.e., time away from home) was six nights, ranging from four nights in winter and spring to nine nights over summer. Seasonally, these results align with those above for primary trip destination, further indicating Greater Victoria is the main or often sole destination for many travellers for a large part of the year."¹⁰⁹

Across all seasons, 63 percent of respondents limited their visit to only Greater Victoria while on Vancouver Island. Seasonally, this ranged from 58 percent of respondents during summer to 69 percent in winter and spring, which suggests there may be considerable scope to build duration of stay and dispersion to other areas of Vancouver Island alongside visits to Greater Victoria.¹¹⁰

The most recent estimates of mode of arrival by overnight tourists showed that the Coho Black Ball Ferry conveyed an estimated 9 percent of the overnight tourists visiting the region. According to the same source, in 2019, 43 percent of respondents arrived in Greater Victoria on B.C. Ferries, most frequently from Tsawwassen, a Canadian seaside community near the U.S. border, and 26 percent arrived by airline into Victoria International Airport (YYJ). These were the predominant modes of arrival each season, especially during winter.¹¹¹

Travellers from within Canada primarily arrived on B.C. Ferries, a flight into YYJ, or by vehicle from up island, while those from the U.S. mostly arrived on a flight into YYJ or on one of the three ferries from Washington. Other international visitors most frequently arrived on a flight into YYJ or on B.C. Ferries. These observations are consistent with Greater Victoria being the primary destination for the majority of respondents.

DGV included only visitors' "within-destination spending" and did not include the costs of travel and associated expenses to get to and from Greater Victoria. Transportation costs referred to local transport only. To enable comparative analysis, expenditure by respondents and their travel party was converted (where necessary) into Canadian dollars (CA\$) using exchange rates when data were collected.

Two-thirds of overnight visitors to Greater Victoria stay in a hotel, motel, bed & breakfast, or hostel (66 percent), while the remainder stay in a short-term vacation rental (15 percent) or with family or friends (13 percent). Travellers from within Canada are more likely than other visitors to stay with family or friends; those from the United States are more likely than others to stay in a vacation rental.¹¹²

Data from intercept interviews provided estimates of *anticipated* within-destination spending, while data from online follow-up surveys provided *actual* spending. *Travel parties* (average two people) typically ended up spending approximately 20 percent more than they estimated when interviewed during their visit. The actual expenditure was CA\$ 1,654, while anticipated expenditure was CA\$ 1,392 *per party*.^{ix}

Across all seasons, total visit expenditure (average three nights) per person averaged CA\$ 710 while expenditure per person *per night* was CA\$237. Average expenditure per person varied considerably each season, from CA\$ 680 in spring to CA\$ 888 during winter. Seasonal variation was primarily linked to spending on accommodation, shopping, and attractions, and to a lesser extent, on food and beverage. Similarly, average expenditure per person per night varied seasonally, with the lowest spending in spring and summer and the highest spending in winter and fall. These results suggest revenues for many tourism businesses in Greater Victoria will be tied to their share of visitor volume each season. Highlights reported most across *all seasons* and ranked consistently high included ease of walking, enjoyment of outdoors and nature, food and beverage, Royal B.C. Museum, The Butchart Gardens, and Victoria's Inner Harbour. Seasonally, mild weather and shopping were highlights during winter, while whale watching and attractions were highlights over summer. According to the 2019 DGV Visitor Survey, "The attractions visited most frequently by overnight visitors on organized tours were The Butchart Gardens (53%), B.C. Legislature (30%), Craigdarroch Castle (16%) and Victoria Butterfly Gardens (5%)." ¹¹³ Table 5 below summarizes the expenditures by overnight tourists during 2019.

^{ix} Expected expenditures were reported by surveys during the visitor's stay and actual were reported via post vacation on-line survey. It may be inherent in all international tourism survey efforts that foreign language speaking visitors, many from Asia for example, may not be fully represented.

| Table 5. Overnight Tourist Total Spending by Type, Percent, and Amount 2019 (CA \$) | | |
|---|-----------------------|------------------------|
| Expenditures | Percent Allocation | Spending |
| Accommodation | 42 | \$1,181,468,400 |
| Food & Beverage | 25 | \$703,255,000 |
| Shopping | 13 | \$365,692,600 |
| Attractions | 7 | \$196,911,400 |
| Local Transportation | 6 | \$168,781,200 |
| Outdoor Recreation | 1 | \$28,130,200 |
| Other Entertainment | 3 | \$84,390,600 |
| Other | 3 | \$84,390,600 |
| Total | 100.00 percent | \$2,813,020,000 |

Source: DGV. (December 2019). *2019 Visitor Survey Report*. p. 25.

Non-Cruise Day Visitor Spending

According to local tourism experts, no extensive survey-driven study has been conducted for non-cruise ship travellers who spend one single day or less in Victoria. Reportedly, “day trippers” arrived primarily by car or bus, occasionally by ferry and charter vessels, while some day visitors travelling from Vancouver used Harbour Air or Helijet.

Overall, it is estimated that the size of the non-cruise day visitors market is 20-25 percent that of the overnight market, which was about 4 million in 2019. It is therefore estimated that some 900,000 day-only visitors visited Victoria in 2019. That group’s estimated average expenditures would significantly exceed that year’s spending by the 515,000 disembarking cruise passengers, as the day trippers typically enjoy longer stays, consume more food and beverages, and partake in tours, etc.¹¹⁴ However, for the sake of estimation, a reasonable expenditure level is assumed for day visitors to equal the average expenditure of CA\$ 237.00 per day of overnight visitors (based on the *DGV 2019 Visitor Survey Report*), minus the average lodging expenses of CA\$ 99.54; or CA\$ 137.46 per day visit.¹¹⁵ Those estimates are contained in Table 6 below.

| Table 6. Non-Cruise Day Visitor Spending by Type, Percent, and Amount 2019 (CA \$) | | |
|--|--------------------|-----------------------------|
| Expenditures | Percent Allocation | Total Spending |
| Food & Beverage | 43% | \$53,325,000 |
| Shopping | 22% | \$27,729,000 |
| Attractions | 12% | \$14,931,000 |
| Local Transportation | 10% | \$12,798,000 |
| Outdoor Recreation | 2% | \$2,133,000 |
| Other Entertainment | 5% | \$6,399,000 |
| Other | 5% | \$6,399,000 |
| Total Day-Visitor Spending | 100% | <u>\$123,714,000</u> |

Source: Calculations by Thomas Murray & Associates, based on *DGV 2019 Visitor Survey Report* and personal communication with DGV officials, July 27, 2021

Taken together, overnight and non-cruise day visitors to Victoria in 2019 are estimated to have spent nearly CA\$ 3 billion, as itemized in Table 7.

| Table 7. Overnight & Non-Cruise Day Visitor Spending by Type, Greater Victoria 2019 (CA \$) | |
|---|-------------------------------|
| Expenditures | Spending |
| Accommodation | \$1,181,468,400 |
| Food & Beverage | \$756,580,000 |
| Shopping | \$393,421,600 |
| Attractions | \$211,842,400 |
| Local Transportation | \$181,579,200 |
| Outdoor Recreation | \$30,263,200 |
| Other Entertainment | \$90,789,600 |
| Miscellaneous Other | \$90,789,600 |
| Total Overnight & Day-Visitor Spending | <u>\$2,936,734,000</u> |

Source: DGV. (December 2019). *2019 Visitor Survey Report* and Thomas Murray, Personal Communications with DGV officials, July 27, 2021.

- **Employment: Overnight and Non-Cruise Day Visitors**

The immediate and extensive impacts of the visitor economy (overnight and non-cruise-related tourism) on employment are felt directly in the retail sectors reflected in Table 8 below. In total, the 4.86 million overnight and day visitors to Greater Victoria in 2019 generated 37,411 jobs in B.C., of which over 28,000 jobs (direct, indirect, and induced) were in the lodging and food service sectors. This is particularly significant, as the food service sector has the highest regional employment impact multipliers among the

sectors represented in Table 8. Notably, non-cruise tourists spend 25 percent of their local expenditures on food and beverages, and this is estimated to have generated a total of 13,240 jobs (direct, Indirect and Induced) in 2019.^x

| Table 8. Employment Generated by Overnight and Non-Cruise Day Visitor Tourism 2019 | |
|--|-----------------------------------|
| Employment Sector | Overnight and Non-Cruise (# Jobs) |
| Accommodation | 14,988 |
| Food & Beverage | 13,240 |
| Shopping | 1,351 |
| Attractions | 3,666 |
| Local Transportation | 1,785 |
| Outdoor Recreation | 524 |
| Other Entertainment | 1,459 |
| Miscellaneous Other | 397 |
| Total | <u>37,411</u> |

Source: Based on Table 15.

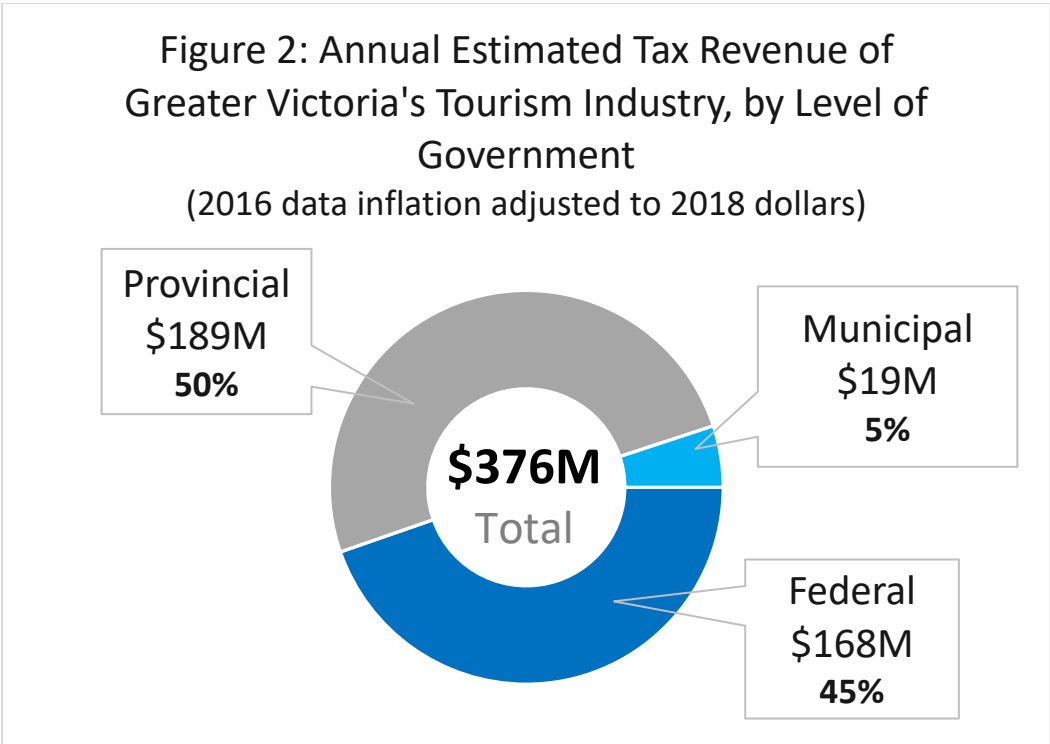
- **Government Revenue from Overnight and Day Visitors**

Taxes collected on tourism in Greater Victoria, including on food and beverages, retail, accommodations, ground transportation, airport, attractions, and entertainment, generate significant revenue for government at the federal, provincial, and municipal levels. The DGV study for 2019 (and other years) does not include tourism-related revenue from taxes. However, the 2018 report by InterVISTAS, an international consulting firm based in Vancouver,¹¹⁶ does provide tax data for 2016 and estimated for 2018 (based on 2016 data that is inflation adjusted to 2018). The InterVISTAS study, prepared for Tourism Victoria (now DGV), looked at the combined economic impacts of visitor spending in 2016 by the nearly 4 million overnight and non-cruise day visitors in Greater Victoria. According to this study, “The tax impacts of tourism in Greater Victoria are allocated in proportion to Greater

^x These employment numbers are somewhat higher than the InterVISTAS report findings that in 2018, some 3.96 million (overnight and day) visitors to Greater Victoria supported 16,900 jobs directly in B.C. and a total of 22,300 jobs (direct, indirect, induced) in the province. Like this study, InterVISTAS uses Statistics Canada input-output multipliers, plus what it terms the “InterVISTAS proprietary economic impact model” which may explain the somewhat different results. InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact of Tourism in Greater Victoria, B.C. Final Report*. Prepared for Tourism Victoria. pp. 3,4,6.

Victoria’s share of total tourism expenditures across Canada for all levels of government.”¹¹⁷ Based on Statistics Canada’s National Tourism Indicators Report for 2016, the InterVISTAS study found that, for 2018, overnight and day-visitor tourism (excluding cruise) spending in Greater Victoria generated estimated tax revenue of CA\$ 376 million. This equated to CA\$ 168 million at the federal level (or 45 percent of total tax revenue impacts), CA\$ 189 million at the provincial level (or 50 percent of total tax revenue), and CA\$ 19 million at the municipal level (or 5 percent of tax revenue) in 2018.¹¹⁸ Figure 2 shows the 2018 tax impact for each level of government.

Figure 2: Tax Revenue from Greater Victoria’s Non-Cruise Tourism Industry



Source: InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact of Tourism in Greater Victoria, B.C. Final Report*. Prepared for Tourism Victoria. p. 6.

Unfortunately, neither InterVISTAS¹¹⁹ nor DGV have done a similar analysis for 2019. However, according to Graham Wallace, DGV’s Executive Director of Governance, Research and Corporate Communications, 2019 was “very comparable” to 2018. In both years, he said, tourism in Victoria was “on fire.”¹²⁰

It is possible to calculate 2019 tax revenue generated by overnight and non-cruise day visitors combined using Statistics Canada economic multipliers for B.C. from the 2018 Interprovincial Input-Output model (the most recent data available) and updating the data using Consumer Price Indices to account for inflation. The indirect and induced impacts may occur within Victoria, Greater Victoria, or

other areas of B.C. Statistics Canada’s ratios, and multipliers are at the overall provincial B.C. level, which includes the municipal or Greater Victoria level but not the federal level. For 2019, this model shows that overnight and non-cruise day visitors generated CA\$ 94.1 million in taxes on production and CA\$ 155.2 million in taxes on products for a total of CA\$ 249.3 million at the B.C. level (Table 9).

| Table 9: Tax Revenue Generated by Overnight and Non-Cruise Day Visitors in Victoria at the B.C. Provincial Level, 2019, Direct, Indirect, & Induced. CA\$ millions | | | |
|---|----------------------------|--------------------------|----------------|
| Category | Taxes on Production | Taxes on Products | Total |
| Accommodation | \$53.2 | \$75.6 | \$128.8 |
| Food & Beverage | \$21.2 | \$40.9 | \$62.1 |
| Shopping | \$5.2 | \$4.5 | \$9.7 |
| Attractions | \$5.9 | \$12.7 | \$18.6 |
| Local Transportation | \$4.4 | \$13.1 | \$17.5 |
| Outdoor Recreation | \$0.8 | \$1.8 | \$2.6 |
| Other Entertainment | \$2.5 | \$5.4 | \$7.9 |
| Miscellaneous Other | \$0.9 | \$1.2 | \$2.1 |
| Total | <u>\$94.1</u> | <u>\$155.2</u> | \$249.3 |

Source: Based on Table 15.

- **Cruise Passenger, Crew, and Ship Port-Related Expenditures, 2019**

Onshore spending by cruise passengers and crew is one of the cruise industry’s largest economic contributions to any destination, including Victoria. In 2019, Victoria’s largest cruise year to date, passenger and crew spending in Victoria is estimated to have been more than CA \$56 million. That year, 256 cruise ships called on Victoria, spending on average 6-7 hours between arrival and departure, with about two-thirds being nighttime visits. The total number of visitors on board ships docking in Victoria in 2019 was 709,000 passengers and 276,600 crew, while the actual number *disembarking* in Victoria (used herein for economic analysis) was 515,000 passengers and 96,800 crew (or a total of 611,800).¹²¹ As with all visitors, cruise ship passengers disembarking in port spend money in the local economy primarily on tours and other activities, food and drink, souvenir, and local transport. They do not use hotels, as the ship is their hotel and main food service. For crew members, in contrast, it is estimated that they spend most on retail goods and services and very little on excursions and transportation.

For economic impact data on Victoria's cruise tourism sector, most frequently cited are studies produced by the Business Research & Economic Advisors (BREA), a two-person U.S.-based consulting firm that churns out a staggering number of studies on the economic impacts of cruise tourism in destinations worldwide.¹²² The cruise sector data for this report of Victoria's tourism impacts in 2019 is based largely on the statistics in two recent BREA reports, one on Victoria and prepared for the GVHA¹²³ and the other on Canadian ports and prepared for CLIA.¹²⁴ **It should be noted that neither of these BREA studies conducted new surveys, even though both state in their subtitles that they are "Survey-based Analysis."**

Unlike the up-to-date data and high quality of analysis in the DGV's *2019 Visitor Survey Report*, these BREA reports raised several methodological questions. Not only are they not based on recent surveys of cruise passengers and crew, but some of their findings seem dubious, including the high level of crew onshore spending and apparent failure to include Victoria's cruise passenger fee and sustainability fee in their calculations. Despite several efforts to contact the two principals with BREA, neither replied; nor did officials with CLIA or current executives with the GVHA. By contrast, DGV officials were available and forthcoming in explaining their data and research methodology.

As explained in the Qualifications section below, while BREA estimates of *cruise-related spending* are used in this analysis, the estimated cruise-related *economic impacts* (GDP, employment, output, labour income, and taxes) produced in this study differ significantly from BREA's 2021 report for Victoria. Further, in addition to these BREA studies, for 2019, we also obtained some information in the GVHA's annual reports and auditors' reports by KPMG as well as from several of the recent GVHA economic impact studies. But overall, the data for Victoria's cruise sector, as well as for day 'trippers,' was less current, reliable, and accessible than the economic data for Victoria's large stayover tourism industry.

The 2019 BREA cruise impact study for Victoria, which is dated July 2021 but was not released by the GVHA until November 2021,¹²⁵ states that onshore spending per passenger was CA\$ 87.36 and spending per crew member was CA\$ 117.77. The study uses onshore passenger and crew spending estimates based on 2016 survey data for Victoria collected by the GVHA and provided to CLIA and BREA. These surveys found onshore spending per passenger in 2016 to be CA\$ 82.52 and per crew to be CA\$ 112.51.¹²⁶ To derive 2019 numbers, BREA states that it adjusted individually for inflation in each of the spending categories. These new spending estimates were then applied to the 2019 total *counts* for disembarking passengers and crew to derive the spending totals summarized in Table 10 below. The BREA study for Victoria¹²⁷ states that it derives all its data from BREA's 2019 Canada-wide study, which was prepared for CLIA using 2016 survey data.

The baseline spending data used in the 2019 studies had been collected by CLIA member cruise lines over a six-month period in 2016. CLIA had conducted a series of passenger and crew surveys onboard

cruise ships following their calls at seven Canadian cruise ports, including Victoria.^{xi} For Victoria, 1,273 passenger surveys and 927 crew surveys were completed. These surveys were designed to collect data for onshore spending and visitor satisfaction by both passengers and crew, including the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, retail goods, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.

Table 10 shows the average per-person and total spending for 2019 by the actual number of disembarking cruise passengers and crew and adjusted for inflation.¹²⁸

| Table 10: Cruise Passenger & Crew Onshore Spending, Victoria, 2019 | CA\$ | CA\$ |
|---|-------------------|---------------------|
| Category | Per Person | Total |
| Passenger Spending | \$87.36 | \$45,042,816 |
| Crew Spending | \$117.77 | \$11,400,136 |
| Total Passenger & Crew Spending | | \$56,442,952 |

Source: BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. Prepared for GVHA. Released in November 2012.

Passenger Spending

Between 2007 and 2019, passenger arrivals in Victoria more than doubled, from 324,000 to 709,024 in 2019. BREA states that 73 percent of total cruise passengers calling in Victoria in 2019 (515,593 of the 709,024 arrivals) disembarked, spending an estimated CA\$ 45 million onshore. This equates to CA\$ 87.36 per passenger, which BREA divides into three spending categories: tours and transportation (53 percent), retail goods such as souvenirs and clothing (32 percent), and food and beverages (15 percent).¹²⁹ The largest category of passenger spending is shore excursions or tours. A shore excursion (known in the industry as shorex) is “a tour booked by a passenger through the cruise line and offered by an operator with a contract directly with the cruise line.” The term “tour” is used for “any operator-directed service that is not previously covered under the term ‘shore excursion’,”¹³⁰ including those purchased by cruise passengers onshore.

^{xi} The seven ports were: Charlottetown, Prince Edward Island (PEI); Saint John, New Brunswick (NB); Corner Brook and St. John’s, Newfoundland (NL); Halifax and Sydney in Nova Scotia; and Victoria in B.C. According to BREA, a total of 6,967 passenger and 1,658 crew surveys were completed and collected over the six-month period in 2016 for these seven destinations. Given that the average size of the surveyed cruise parties was 2.0 passengers, the 6,967 completed passenger surveys represented 13,934 passengers.

Most shore excursions and tours, including visits to downtown Victoria, Beacon Hill Park, Butchart Gardens, and other major attractions, involve moving cruise passengers aboard large tour buses; other modes of transportation include horse-drawn carriages, taxis and other small vehicles, pedi-cabs, marine transit, and walking. The largest of the bus companies servicing the Ogden Point cruise terminal has been CVS Cruise Victoria, a transport company owned by Western Stevedoring. In 2010, CVS Tours handled about three-quarters of the cruise passengers.¹³¹ These large tour buses, which go through the James Bay neighbourhood, frequently in the evening, have been a major source of resident concern. A 2009 survey by the JBNA identified these large buses as a major cause of traffic congestion, noise, and emissions.¹³² In 2018, CVS and The Wilson's Group introduced a fleet of electric double-decker buses that cut down on noise and pollution and carried more passengers, thereby addressing some of the JBNA's concerns. However, the association has continued to lobby for more reforms, including cruise ship-free 'quiet hours' (before 7:30 am and after 10 pm) and 'quiet days' (Sundays and Mondays), and for converting all cruise-related transport to electric by 2025.¹³³

Most cruise passengers purchase their shore excursions on board their ship, and the price includes a considerable markup or commission that goes to the cruise line or its agent. The BREA studies examined for this report do take into account the commission, which is retained by the cruise lines and does not go into the local economy. As BREA's March 2008 study on the economic impacts of cruise tourism in Canadian ports explains:

The vast majority of cruise passengers, more than 80 percent, purchase their shore excursions directly from the cruise lines. This *purchase price includes a mark-up by the cruise lines which has been estimated (from data obtained from the cruise lines) at nearly 40 percent* [italics added] and is retained by the cruise lines. We have netted this percentage from our calculations to more accurately reflect the local economic impact. If this adjustment was not made the economic impacts generated by passenger and crew expenditures would be overstated.¹³⁴

For 2007, BREA calculated that total passenger expenditure per person onshore in Victoria averaged CA \$56. As stated above, BREA had already deducted from its CA\$ 56 total the estimated 40 percent cruise line commission on shore excursions purchased on board the ship.

BREA used a similar methodology in its study of the economic contributions of cruise tourism in Canada in 2019. This report utilized the 2016 surveys for Victoria (and other ports), adjusted to inflation and to the 2019 disembarking passenger and crew numbers. The 2019 BREA report for Canada explains that "the share of the total value of tours purchased on board cruise ships or from travel agents that was paid to local tour operators had to be determined. This share averaged about 75 percent across all ports,"¹³⁵ with cruise lines estimated to be collecting 25 percent in commissions. No explanation is provided for why BREA estimates that the cruise line commission dropped from 40 percent to 25 percent between 2007 and 2016. The 2019 BREA study also calculated that 75 percent of cruise

passengers across all Canadian ports purchased their excursions on board the ship. For Victoria, the study determined that 49 percent of passengers purchased a shore excursion, nearly 73 percent made this purchase onboard the ship, 13 percent bought from a tour operator, and 14 percent bought from a travel agent.¹³⁶

Based on interviews with cruise experts in Victoria and Alaska, it is clear that there is no fixed percentage that cruise lines take in commissions. Rather, the amounts are negotiated separately with each tour operator, with most commissions ranging between 25 and 50 percent of the wholesale price of the tour. Butchart Gardens is the most popular cruise tour and, according to cruise industry experts, the more popular and more expensive a tour, the higher their markup. According to a knowledgeable business leader, the “alleged economic benefits” flow mainly to “a select few tourism operators. Butchart Garden and the contracted bus company [PNWTS] are the biggest beneficiaries of cruise tourism.^{xii} And the ships also do well with shore excursions in Victoria. A lot of money stays with the ships.”¹³⁷ Further, as discussed below, the cruise lines do not collect sales tax on the shore excursions they sell, so this is a loss in government revenue. The vendors who sell excursions wholesale to the cruise lines do charge sales tax, which they remit to the government.

In terms of retail shopping, Victoria has no duty-free shopping or international stores like Diamond International that follow the cruise ships from the Caribbean to Alaska. There are also no onboard shopping programs, magazine ads, or shopping maps promoting local stores and restaurants to cruise passengers before they arrive in Victoria. Rather **there are a small number of local stores that cater to cruise passengers** located both on the Ogden Point cruise piers or in downtown Victoria. “We’re one hundred percent dependent on cruise tourism,” explained Simone Kearney, Manager of the Beaver Gift Shop, which has a store on each of the two piers. She says on cruise days, they can have a hundred or more passengers and crew in their stores at a time. Also on cruise days, The Bay Centre, the shopping mall in downtown Victoria, extends its hours to capture what’s known as the “cruise ship wave,” thousands of passengers walking down the street.

Crew Spending

In 2019, BREa calculated that 35 percent of total crew on ships visiting Victoria, 96,800 of the 276,577 arrivals, disembarked and spent an estimated total of CA\$ 11.4 million onshore. This equates to spending by crew who come ashore of CA\$ 117.77 per person,¹³⁸ some CA\$ 30 higher than onshore passenger spending. Given that generally, though not always,^{xiii} crew spending is less than passenger

^{xii} Officials from both Butchart Gardens and the bus company (Pacific Northwest Transportation Services) declined or did not respond to our requests for an interview.

^{xiii} A similar situation was found in the 2005 Key West Quality of Life Study by one of the authors of this study. The estimates in Key West showed onshore crew expenditures (US\$ 65.80 per person) at twice the level of those for passengers (US\$ 32.10 per person). Thomas Murray and Associates, Inc. (October 2005). *The Impacts of the Cruise Ship Industry on the Quality of Life in Key West*. City of Key West Naval Properties Local Redevelopment Authority.

spending, BREA's estimate has raised some doubts among researchers and cruise-related business leaders in Victoria. BREA offers no explanation for this seemingly high number, noting only that the great majority of crew spending was "retail goods" and "food and beverages," while very little was for tours and transport and none was on accommodations.¹³⁹ One possible explanation is that because crew salaries are paid in U.S. dollars, crew members may use the favourable currency exchange rate with the Canadian dollar to make more purchases of goods and services in Victoria compared to Alaska stops.

Generally, onshore spending by crew is lower than passenger spending, as BREA's own 2019 report on cruise tourism in Canada shows. This study found that average onshore spending by crew members across all ports in Canada was CA\$ 94.54 and was just CA\$ 71.31 for other ports of call in B.C. Even in Vancouver, a home port where crew and passenger spending is typically significantly higher than in ports of call, crew spending was CA\$ 107.20, ten dollars less than in Victoria. By contrast, the 2019 passenger spending in Vancouver was, the BREA study states, CA\$ 390.33 while in Victoria it was only CA\$ 87.36,¹⁴⁰ a credible difference given that cruise passengers likely spend a night or more in Vancouver.

In interviews, Victoria business leaders involved in handling onshore cruise operations noted several factors that limit crew from coming ashore in Victoria and, if they do, limit their spending while in port. One is the fact that most ships arrive for only a few hours in the evening, which curtails the ability of crew members to shop. In addition, crew who are on the Alaska circuit call at Victoria a number of times in a season, so it is unlikely they would come ashore and shop every visit. A large number of crew stay on the cruise dock in Ogden Point, where their spending is modest. "Victoria is tiny," explained one business leader. "If the ship is stopping all day, then crew may well get off. If it's an evening stop – unlikely." The Simone Kearney of Beaver Gift Shop, a popular retail store located on the cruise dock, said, "Many crew only have two hours off so they can't go to town." She says they buy small items like magnets, Doritos, chocolate, and noodles in her store, spending, she estimates, under CA\$ 20. Other crew come into her store regularly but just to window shop. They wait and only make larger purchases at the end of the cruise season.

Victoria has made some efforts to cater to crew. The bus shuttle offers crew a discount ticket of U.S.\$ 5 to ride from Ogden Point into town, and Beaver Gift Shop gives crew a 10 percent discount on purchases. But crew, predominantly from the Philippines, India, Indonesia, and Eastern Europe, must go through customs and given the often short docking time, this also limits the number of crew disembarking. A decade ago, there was a popular crew lounge that operated behind the customs gate at Ogden Point, providing internet, phone, banking, and food for the crew. However, it was closed down years ago and has since been replaced by the Lighthouse Ministry, which sets up tents and chairs on the dock, drawing in large number of crew members by offering a mix of religious counselling, food, and internet services.

An analyst with an economic research firm that has conducted studies of the Alaska cruise circuit commented that it seemed “very strange” for crew spending in Victoria to be larger than passenger spending. The consultant, who asked not to be identified, wondered if BREA’s crew spending might be “per season” rather than “per visit,” noting that “our methodology [is] to calculate crew spending in Alaska based on ‘per-season’ estimates, because many crew members do not disembark every time the ship visits a particular port.” BREA officials did not respond to requests to discuss their findings and methodology.

It is interesting to note that BREA’s estimates of crew spending were also questioned a decade ago, in economist Brian Scarfe’s 2011 cost-benefit analysis of Victoria’s cruise industry. In his study, Scarfe utilized BREA data from its 2008 economic impact study that found that crew spend CA\$ 56, or nearly the same as the CA\$ 57 BREA estimated passengers spent in Victoria. Scarfe argues that the crew spending is likely “over-estimated” for a range of reasons, including that low-wage crew members are unlikely to spend as much as passengers; they do not go on shore excursions; they visit Victoria repeatedly (up to 20 times) during the Alaska cruise season; many crew members cannot leave the ship because of onboard duties; and “the first choice of crew members for off-duty time is to sleep.”¹⁴¹

Keeping in mind these caveats regarding the accuracy of BREA's statistics, Table 11 displays the associated percentages of types of onshore spending activity in Victoria by cruise passengers and crew during 2019.¹⁴² Not included is an additional CA\$ 3 million that BREA estimates was spent on airfare and travel insurance by some 18,300 residents of Victoria who went on cruises.¹⁴³ Since airfare and travel insurance are not included in our calculations of spending by non-cruise visitors to Victoria, we are not including it for cruise passengers either. Even if it were included, it is a small amount that would have little impact on overall estimates of cruise tourism’s economic impact in Victoria.

| Table 11. Cruise Passenger & Crew Onshore Visitor Spending by Percent, Type 2019 (CA \$) | | | | |
|--|---------------------|---------------------|----------------------|-----------------|
| Type | Passenger | Crew | Percent by Passenger | Percent by Crew |
| Lodging | 0 | 0 | 0 | 0 |
| Onshore Tours & Transportation & Fees | \$23,722,550 | \$900,011 | 53.0% | 8.0 |
| Food & Beverages | \$6,706,375 | \$3,600,043 | 15.0% | 32.0 |
| Other Retail | \$14,613,891 | \$6,900,082 | 32.0% | 60.0% |
| Total | \$45,042,816 | \$11,400,136 | 100.00 % | 100.00% |

Source: BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. Prepared for GVHA. pp. 7-9.

Cruise Ship Port-Related Spending

In addition to cruise ship operations, the GVHA receives revenue from a number of different facilities, including “yacht transshipment, cargo ship hold cleaning, research vessel berthing and stopovers, and cable ship home porting.”¹⁴⁴ However, cruise tourism is by far its largest revenue stream, accounting for over 70 percent of the GVHA’s budget. GVHA Financial Performance states that “2019-20 was GVHA’s strongest revenue year to date with operating revenues generated of CA\$ 16.3M.”¹⁴⁵

Like passenger and crew onshore spending, cruise ship expenditures while in port provide economic impacts at the municipal, provincial, and federal levels. Cruise ships make purchases of goods and services while in port. These expenses include port fees; payments to ship agents; stevedores; passenger and crew transportation (excluding shore excursions); advertising, promotion, and other consulting fees; and warehousing and storage.¹⁴⁶

The cruise ship-related spending, as calculated by BREA, totalled CA\$ 84.1 million in 2019. This includes CA\$ 3.4 million in travel agent commissions generated in 2019 through the sale of cruises to an estimated 18,300 residents in Victoria.¹⁴⁷ However, we have removed this CA\$ 3.4 million in travel agent commissions because local resident spending is not normally considered in economic impact analysis. This spending is not related to the cruise lines’ port of call business at Ogden Point. There are many authoritative references on this issue for the economic impact analysis of travel and tourism. This is standard professional practice.

This reduces the total in Table 12 to CA\$ 80.8 million. In addition, as discussed below, BREA appears to have omitted a couple of important categories.

| Table 12. Cruise Ship Port-Related Expenditures in Victoria, 2019 (Million CA \$) | |
|--|---------------|
| Spending Sector | |
| Transportation & Storage | \$71.2 |
| Machinery & Equipment | \$9.5 |
| Other Operating Expenses | \$0.1 |
| Total Operational Expenses | \$80.8 |

Source: Adopted from Business Research and Economic Advisors (BREA). (July 2021). The Economic Contribution of the Cruise Industry in Victoria, Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending. Prepared for GVHA. p. 5.

As indicated in Table 12, Transportation & Storage is by far the largest category, accounting for CA\$ 71.2 million of the cruise industry’s direct expenditures. According to BREA, this sector includes expenditures for cruise lines’ purchases of port services, such as stevedoring, piloting and port agents,

trucking, and warehousing. It also includes offloading of cruise ship liquid and solid waste in Victoria and sorting it into recyclable materials and garbage for the local landfill.

In 2019, the waste management company Tymac Launch Services, which handles solid waste from cruise ships, opened a new facility at Ogden Point, where it sorts and consolidates the materials before transporting them via trucks to various treatment facilities or the landfill. Tymac officials reported that 90 percent of what the company takes off ships was recyclable, and only 10 percent of the waste materials are being dumped at the Hartland Landfill in Saanich. During the 2019 cruise ship season, Tymac said this amounted to 150 tonnes being dumped in the landfill each month.¹⁴⁸ Given that Victoria's cruise season runs less than seven months, from late April to mid-October, this would total 1,000 or fewer tonnes. However, the Capital Regional District (CRD), which oversees waste management, reported that the landfill received twice that amount: "In 2019, Hartland Landfill received approximately 2,100 tonnes of cruise ship waste, representing about 1.3% of all solid waste landfilled for the year."¹⁴⁹ While small compared with total waste landfilled, it appears that waste from cruise ships increased nearly seven-fold between 2018 when Hartland received 304 tonnes of cruise ship solid waste and 2019 when it received 2,082 tonnes in solid waste from cruise ships.¹⁵⁰ In 2020, Hartland received only 18 tonnes of international waste due to the elimination of the cruise season and reduction in foreign air and ferry travel to Victoria.¹⁵¹

International waste from cruise ships and other sources is classified as "Controlled Waste" and is charged CA\$ 157 per tonne, the lowest rate possible. The "tipping fee" or cost for disposal of Controlled Waste at a landfill ranges from CA\$ 157 to CA\$ 500 per tonne.¹⁵² In March 2021, the City of Victoria tried without success to have the rate raised to CA\$ 205 per tonne.

Tymac has not disclosed the total amount of cruise waste, including recyclables and liquid wastes, it has handled. However, Fair Sailing, based on Tymac's public statements, estimates that it could range between 50,000 and 100,000 tonnes a year.¹⁵³

Fair Sailing, as a project of the JBNA, is spearheading a campaign to halt Victoria's acceptance of international waste from cruise ships. As JBNA President Marg Gardiner wrote in a September 2021 opinion piece in the local press, "Victoria has become the garbage dump for Seattle-Alaska cruises." She added, "Accepting waste materials originating in another country is contrary to local and regional waste reduction goals. We say 'no' to foreign garbage."¹⁵⁴

According to the Fair Sailing campaign, the "greatest impact" of the current waste management practices is on the James Bay neighbourhood, where "the volume of large industrial trucks" causes wear and tear on the roads, traffic congestion and noise, safety and health risks, and increased greenhouse gas emissions. In addition, offloading of cruise ship waste in Victoria runs counter to several local government initiatives: CRD, which oversees waste management, has recently set a goal to reduce Hartland landfill waste by 30 percent over the next decade, and the City of Victoria has approved a Zero Waste Victoria plan to reduce waste disposal by 50 percent by 2040, with a commitment to 'eliminate

the unnecessary.’ Further, Fair Sailing argues, since most cruise ships go from Victoria to Seattle, “[t]he industry could hold wastes one more day” until they reach an American port.¹⁵⁵

Environmental organizations and academic experts, however, are concerned that if Victoria stops ships from offloading waste while in port, cruise lines may step up their current practice of surreptitiously dumping some of their liquid waste into the coastal waters off B.C., including in Canada’s Marine Protected Areas. A February 2021 report by Stand.earth and West Coast Environmental Law¹⁵⁶ states, “Canada’s weak cruise ship pollution regulations result in an estimated 31 billion litres of ocean pollution annually on the West Coast.” According to Michael Bissonnette of West Coast Environmental Law, “Regulations are far stricter in Washington State and Alaska, which incentivizes the cruise industry to dump its wastes in Canada.” The Covid-19 pandemic ban on cruise ships offers “an ideal opportunity for Canada to harmonize regulations with these U.S. states,” explained Bissonnette. “Otherwise, the B.C. coast will continue to be the cruise industry’s dumping grounds,” he added.,

Cruise industry expert Ross Klein contends that the Canadian government has been aware of cruise dumping in B.C. waters for a decade or more “but has done nothing about it.” Klein adds, “Canada doesn’t enforce the regulations it has, and those rules are weak and need to be made stronger.” Stand.earth has called on Canada’s Federal Ministry of Transportation to adopt six regulatory changes related to cruise waste. These include banning ships from using tar-like bunker fuel and switching over to low-sulphur marine gas oil, as required in California, and requiring onboard environmental monitors similar to the Ocean Ranger program for cruise ships in Alaska.¹⁵⁷

In Victoria, other significant cruise ship expenditures are the fees they pay to the GVHA based on the number of passengers aboard arriving vessels. The GVHA receives from each arriving ship both a passenger fee and a Cruise Sustainability Fee. (The term ‘fee’ is used instead of ‘tax’ since, in Victoria, these funds go to a private entity, the GVHA, and not as a tax to the government.) Both are assessed on the total number of passengers on the ship, not the number of passengers actually coming ashore in Victoria. The fee is not levied on crew. In 2010, the passenger fee was CA\$ 8.00 and the Cruise Sustainability Fee, which was first introduced that year, was CA\$ 1.00 per passenger.

In 2019, the passenger fee had risen to CA\$ 12.48 per passenger, generating a total of CA\$ 8.84 million based on 709,000 arriving passengers. The fee is collected by Western Stevedoring, who keeps a small portion and then turns over the rest to the GVHA. According to a GVHA official, the funds have been used primarily for port operations, to maintain infrastructure, and to support investment in “green transportation” of shore excursion buses.¹⁵⁸

The GVHA also receives a Cruise Sustainability Fee from all cruise lines calling at the Ogden Point Terminal. According to the 2020 GVHA’s Auditors’ Report, the sustainability fee is to be “used solely to recover and fund capital expenditures related to cruise infrastructure.”¹⁵⁹ Former GVHA CEO Servos further explained that this special fee was introduced to help with repair and upkeep of the piers and

other port facilities as more and larger ships began arriving in Victoria. “It was not really for sustainability. The ships were getting bigger and heavier and were ripping our piers apart. It was to help cover the millions we were spending on repairs.”¹⁶⁰

By 2016, the sustainability fee had been raised to CA\$ 2.05; ¹⁶¹ in 2019, it was CA\$ 2.15; and in 2020, it was CA\$ 2.31 per arriving cruise passenger. In the 2019-2020 season, cruise lines contributed a total of CA\$ 1.8 million in sustainability fee revenue, with a total of CA\$ 10.3 million contributed since the fee’s inception in 2010.¹⁶²

Taken together, these two cruise line fees provided more than half of the GVHA’s CA\$ 16.3 million in operating revenue in the 2019-20 financial year. Yet, curiously, while the Cruise Sustainability Fee is listed as a separate revenue item in GVHA’s annual budget statement in its Auditors’ Report, the passenger fee is not listed separately, and it is not evident where this fee is recorded.¹⁶³ Also, surprisingly, the passenger and sustainability fees are not discussed by BREA in its two 2019 economic impact assessment reports of cruise tourism in Victoria and in all Canadian ports. They are also not included as separate items in BREA’s table of cruise line expenditures, but it is likely they are included as part of the Transportation & Storage category in Table 12, which includes “port fees.” If those funds are, in fact, not included under this estimate, they would surely be included in the overall ship port spending figures that were used based upon BREA 2021. This uncertainty all supports the recommendation for a clearer accounting of exactly what is being paid/collected and by whom and what such tourism costs locally (see Recommendation 2).

The passenger fee exists in most cruise ports (but not the sustainability fee). Yet, for unexplained reasons, BREA reports never specifically delineate the passenger fee. And, once again, BREA officials did not respond to requests for an interview to discuss their methodology.

Especially in recent years, the GVHA’s revenue has increased as cruise ship and passenger numbers have grown. According to its former CEO, Paul Servos, “GVHA is in good financial shape. The operating costs of the cruise lines are covered by GVHA. There’s no government subsidies for its operations.”¹⁶⁴

However, the federal and provincial governments, but not the city, do provide funds for GVHA capital projects and initiatives. For instance, according to Paul Servos, GVHA used funds obtained from the assets divested from Transport Canada in 2002 to support infrastructure deficiencies that were identified at the time, such as caisson undermining and deterioration and pile upgrade requirements.¹⁶⁵ Between 2015 and 2020, GVHA invested CA\$ 23.6 million in capital funds into its facilities. Financial year 2019-2020 marked the start of a three-year GVHA Business Plan, which included expanding cruise port facilities and other capital projects. With the advent of Covid-19 and the closure of Victoria’s terminal to cruise operations, capital plans were put on hold.¹⁶⁶

- **Cruise Passenger, Crew, and Ship Port-Related Total Employment**

The total impacts of Victoria’s cruise-related tourism on employment are 1,210 jobs (direct, indirect, and induced) measured at the provincial level, as shown in Table 13 below. Calculations were made using the most current (2017) Canadian input-output multipliers.

In contrast, BREA’s most recent report for cruise tourism in Victoria, dated July 2021, states that in 2019, “Victoria generated direct employment of 807 annualized full- and part-time employees” or the equivalent of 610 full-time jobs and 1,619 total (direct, indirect, induced) annualized full- and part-time jobs.¹⁶⁷

This difference may be explained because BREA used an older (2016) version of the Statistics Canada Provincial multipliers. BREA also implies that these 807 jobs were generated in Greater Victoria. This is inaccurate since Canada’s input-output model calculates employment only at the provincial level. (See the Qualifications section below for more details.)

The comparative economic impacts shown in Table 13 indicate the significant difference between cruise-related employment impacts and the total impact figure of 37,411 jobs generated by the visitor economy or the non-cruise tourism sector. In contrast to overnight visitors, the cruise ship passenger and crew expenditures do not impact lodging employment generation. Further, the cruise passengers primarily consume food and beverages on the ships, reducing the typical tourist impacts on restaurant job creation. Cruise visitors (passengers and crew) reportedly spend locally primarily in the retail sector and local tour activities. Finally, as explained earlier, cruise tourism in B.C., including Victoria, creates few onboard jobs since cruise crews are hired mainly from developing countries where wages are low. The cruise lines do, however, hire some local staff to work in their onshore facilities.

| Table 13. Employment Generated by Cruise Passenger-, Crew-, and Ship Port-Related Tourism in Victoria, 2019 (direct, indirect, induced) | |
|--|------------------------|
| Employment Sector | Cruise (# Jobs) |
| Ship Port Spending | 603 |
| Onshore Tours & Transportation & Fees | 333 |
| Food & Beverages | 180 |
| Other Retail | 94 |
| Total | 1,210 |

Source: Input-output analysis completed for Thomas J. Murray & Associates, Inc. by economic consultant Alan Hodges.

- **Government Revenue from Cruise Tourism**

Compared to overnight tourism, cruise tourism generates little government revenue through taxes on production and products, especially at the municipal level (Table 14). Canadian taxes are levied at various levels: federal (5% Goods & Services Tax or GST, income tax, corporate tax, payroll tax); provincial (7% Provincial Sales Tax or PST, portion of income tax, payroll tax), municipal (property tax), and CRD (taxes on the sale of water and collection of garbage). Every cruise ship that enters Victoria’s harbour, for instance, pays a federal port fee. However, because Victoria is a port of call, cruise tourism contributes virtually nothing in terms of accommodation or airport taxes and relatively little in food and beverage taxes since cruise passengers and crew eat mostly onboard where meals are already covered. Tour operators who sell tours to the cruise ships for resale to passengers, as well as the Beaver Gift Shop and other onshore retail stores, do typically collect federal and/or provincial sales tax depending on the item sold. However, the cruise lines do not pay sales tax on the onshore excursions they sell to passengers even though sales tax is designed to be charged at the final point of sale.¹⁶⁸ This would seem to constitute potential cruise tourism revenue that government agencies are losing.

The only tax revenue that flows from cruise tourism to the city appears to come indirectly, as property tax paid by the GVHA. According to a 2019-2020 financial performance report, “GVHA, along with its tenants, remains among one of the highest individual payers of property taxes in the City of Victoria, contributing \$0.9 million”¹⁶⁹ or CA\$ 900,000. While not specified, the amount of property tax attributable to the cruise sector i.e., for GVHA buildings and facilities serving cruise ships, would be less since some GVHA properties are involved in other types of business. Figure 6 (below) calculates, based on the analysis using the input-output model, that cruise tourism generated in 2019 a total of just CA\$ 500,000 in taxes for the municipal government of Victoria.

As stated earlier, the City of Victoria also pays little to nothing to support cruise operations and infrastructure. Therefore, unlike overnight tourism—which in 2018 generated some CA\$ 19 million in fiscal revenue for Victoria (Figure 2, above)—cruise tourism is neither a cost nor a benefit for Victoria’s city government. It’s simply a wash.

| Table 14: Tax Revenue Generated by Cruise Tourism in Victoria, 2019, B.C. Provincial Level: Direct, Indirect, & Induced (CA\$ millions) | | | |
|--|----------------------------|--------------------------|-----------------------|
| Categories | Taxes on Production | Taxes on Products | Total in Taxes |
| Ship Port Spending | \$2.1 | \$7.1 | \$ 9.2 |
| Onshore Tours & Transportation & Fees | \$0.6 | \$1.3 | \$ 1.9 |
| Food & Beverages | \$0.3 | \$0.6 | \$ 0.9 |
| Other Retail | \$0.2 | \$0.3 | \$ 0.5 |
| Total | <u>\$3.2</u> | <u>\$9.3</u> | \$12.5 |

Source: Input-output analysis completed for Thomas J. Murray & Associates, Inc. by economic consultant Alan Hodges,

Chapter 5: Conclusion: Comparative Impacts of the Visitor and Cruise Economies in Victoria

This study was conducted to demonstrate the comparative economic impact of cruise-related and non-cruise-related tourism on Greater Victoria, B.C. The input-output model demonstrates how these impacts accrue to the relevant economic sectors in either Greater Victoria or in the province.

Based upon the estimates of direct spending for each category, the input-output model develops downstream economic impact estimates, measured in different but related metrics. Table 15 below illustrates the overall economic impacts realized in the Greater Victoria region in terms of spending and in B.C. in terms of GDP, employment, output, income, and taxes in 2019. For these latter categories, the economic impact data are not available at the Greater Victoria level.

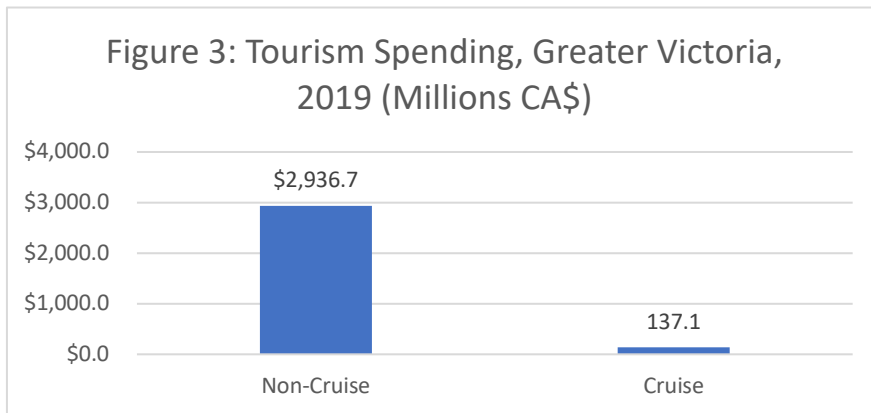
| Table 15. Direct Spending and Total Economic Impacts of Overnight and Non-Cruise Day Visitors Versus Cruise Visitors in Victoria B.C., 2019 | | | | | | | |
|--|--|--|-------------------|------------------|------------------|---------------------|-------------------|
| Spending Category | Greater Victoria Spending (Million CA\$) | Provincial B.C. Overall Economic Impacts, 2019 (Direct, Indirect, Induced. Million CA \$) | | | | | |
| | | GDP | Employment (Jobs) | Output | Labour Income | Taxes on Production | Taxes on Products |
| Overnight and Non-Cruise Day Visitors | | | | | | | |
| Accommodation | \$1,181.5 | \$1,192.1 | 14,988 | \$1,895.1 | \$600.2 | \$53.2 | \$75.6 |
| Food & Beverage | \$756.6 | \$674.9 | 13,240 | \$1,286.9 | \$429.7 | \$21.2 | \$40.9 |
| Shopping | \$393.4 | \$108.7 | 1,351 | \$164.6 | \$60.5 | \$5.2 | \$4.5 |
| Attractions | \$211.8 | \$215.0 | 3,666 | \$380.7 | \$127.1 | \$5.9 | \$12.7 |
| Local Transportation | \$181.6 | \$184.1 | 1,785 | \$301.2 | \$96.4 | \$4.4 | \$13.1 |
| Outdoor Recreation | \$30.3 | \$30.7 | 524 | \$54.4 | \$18.2 | \$0.8 | \$1.8 |
| Other Entertainment | \$90.8 | \$92.2 | 1,459 | \$163.1 | \$54.5 | \$2.5 | \$5.4 |
| Miscellaneous Other | \$90.8 | \$24.3 | 397 | \$41.6 | \$14.5 | \$0.9 | \$1.2 |
| Total for Non-Cruise | <u>\$2,936.7</u> | <u>\$2,522.0</u> | <u>37,411</u> | <u>\$4,287.7</u> | <u>\$1,401.1</u> | <u>\$94.1</u> | <u>\$155.2</u> |
| Cruise Visitor Related | | | | | | | |
| Ship Port Spending | \$80.7 | \$74.1 | 603 | \$171.8 | \$47.3 | \$2.1 | \$7.1 |
| Onshore Tours & Transportation & Fees | \$24.6 | \$27.9 | 333 | \$45.3 | \$18.0 | \$0.6 | \$1.3 |
| Food & Beverages | \$10.3 | \$9.2 | 180 | \$17.5 | \$5.9 | \$0.3 | \$0.6 |
| Other Retail | \$21.5 | \$5.8 | 94 | \$9.9 | \$3.4 | \$0.2 | \$0.3 |
| Total for Cruise | <u>\$137.1</u> | <u>\$117.0</u> | <u>1,210</u> | <u>\$244.5</u> | <u>\$74.5</u> | <u>\$3.2</u> | <u>\$9.3</u> |
| Total for Tourism Industry | <u>\$3,073.9</u> | <u>\$2,639.0</u> | <u>38,597</u> | <u>\$4,532.2</u> | <u>\$1,475.6</u> | <u>\$97.4</u> | <u>\$164.4</u> |

Source: Input-output analysis completed for Thomas J. Murray & Associates, Inc. by Dr. Alan W. Hodges, PhD, Economic Consultant, Gainesville, FL Based on Statistics Canada.

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501>.

To summarize, the Greater Victoria region was host to an estimated 5.4 million visitors during 2019. Of those visitors, 4.8 million non-cruise tourists expended an estimated CA\$ 2.9 *billion*. By comparison, cruise-related visitors spent a fraction of what non-cruise tourists expended: 611,000 cruise-related visitors spent CA\$ 56.4 million locally. Cruise ship spending in port added CA\$ 80.8 million in the same year to total CA\$ 137.1 million in cruise-related spending. (Figure 3) **Therefore, Victoria’s tourism (overnight and non-cruise day visitor) sector generated over 20 times more spending than Victoria’s cruise sector.** Looking at it another way, while constituting nearly 12 percent of the total number of visitors, the cruise-related tourists were responsible for less than 2 percent of tourism expenditures in the Greater Victoria region.

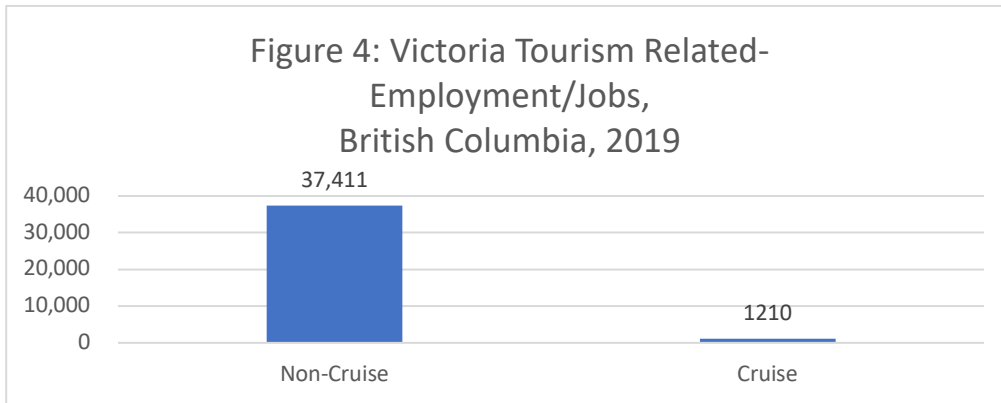
Figure 3: Tourism Spending, Greater Victoria, 2019



Source: Derived from Table 15.

Further, as Figure 4 illustrates, ***non-cruise tourism in Greater Victoria is responsible for generating nearly 31 times more employment than the jobs created by cruise tourism and operations-related businesses in the Province of B.C.***

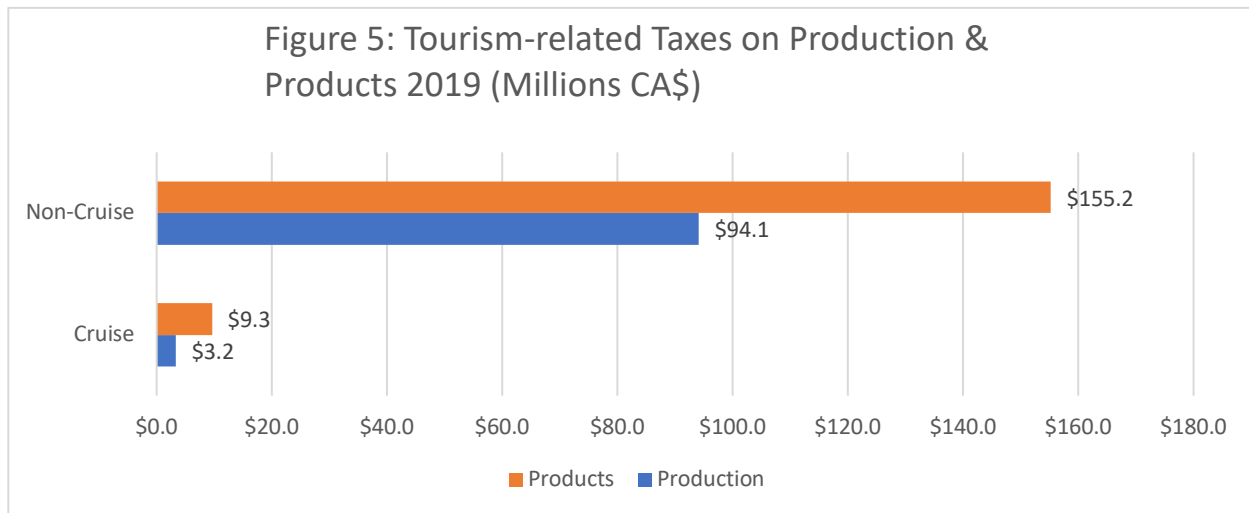
Figure 4: Victoria Tourism-Related Employment/Jobs



Source: Derived from Table 15.

Finally, as reflected in Figure 5, **non-cruise tourism in Victoria is responsible for generating nearly 20 times more in taxes than cruise tourism for all levels of government:** local (Greater Victoria), provincial (B.C.), and federal.

Figure 5: Tourism-Related Taxes on Production and Products

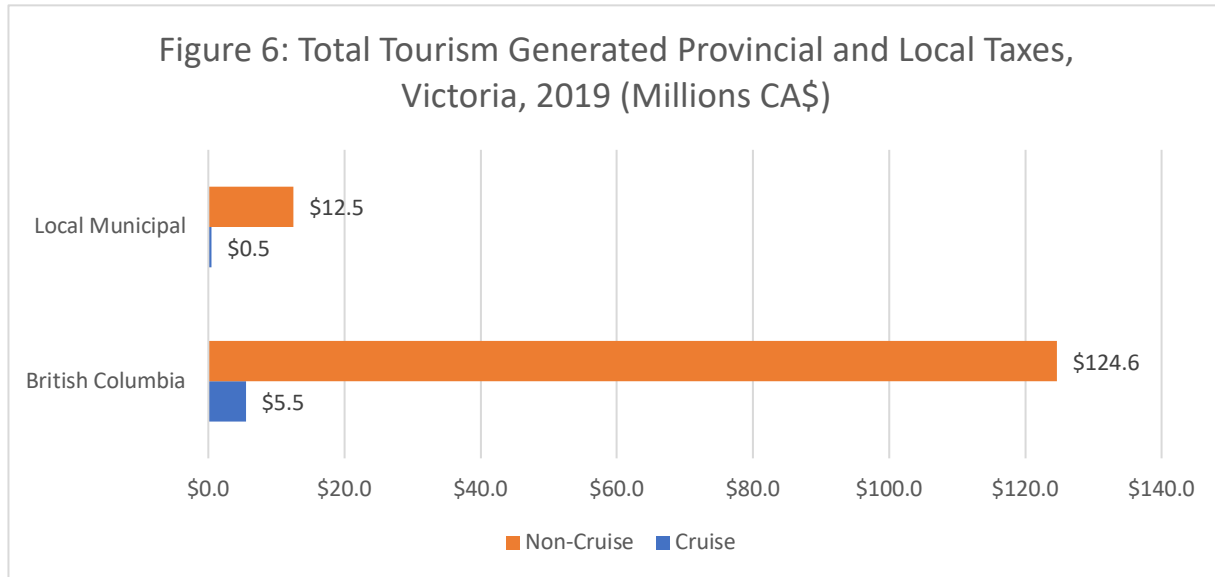


Source: Derived from Table 15.

The general estimated accrual of tourism-related taxes finds that 45% of the total taxes generated accrue to the federal government level, 50% to the provincial government, and 5% to local municipalities.¹⁷⁰ Based upon that relationship, a closer view of the relative (non-federal) taxes generated by cruise and non-cruise activity in Greater Victoria is possible. Figure 6 below depicts the share of the overall taxes that accrue at the provincial and local municipal levels.

To summarize, the tax contributions of non-cruise tourism far outweigh cruise-related taxes at the local level. As shown in Figure 6 below, in 2019, CA\$ 12.5 million in taxes was provided to the local level (Greater Victoria) by non-cruise tourism compared to just CA\$ 500,000 by cruise-related tourism. ***This means that 25 times more in tax revenue flowed to the Greater Victoria government from overnight and day visitors than from cruise ship arrivals.***

Figure 6: Total Tourism Generated Provincial and Local Taxes, Victoria



Source: Derived from Table 15.

Overall, by any statistical measure, the economic impacts of non-cruise tourism dwarf the impacts of cruise-related tourism. This is true even when the relative size of the two markets is taken into account. In 2019, Victoria received nearly eight times more overnight and day visitors (4.8 million) than onshore cruise (passengers and crew) arrivals (611,000). As detailed throughout, by using standard methods and measures of economic impacts, non-cruise-related tourism is the bedrock of the regions' tourist economy. Going forward, as Victoria's tourism sector reemerges from the Covid-19 pandemic, it would seem prudent to focus on rebuilding and strengthening overnight tourism rather than the less economically valuable cruise tourism.

Recommendations for Cruise Tourism in Victoria

As 2022 opens, the future of Victoria's cruise tourism sector, as well as the shape and scope of the global cruise industry, remains unclear. More than any time in the past, the cruise industry is under public pressure to reform. The Covid-19 pandemic will, almost certainly, force changes in cruise operations, and if the U.S. government makes permanent its temporary suspension of the Passenger Vessel Services Act, Alaska-bound cruise ships could no longer be required to stop in a B.C. port. This offers an opportunity, indeed an imperative, to envision and plan for what Victoria's post-Covid-19 'new normal' could look like.

This study was conducted using Canada's input-output model and data from recent economic studies to determine the comparative economic impact of cruise and visitor (overnight and non-cruise day) tourism in Greater Victoria and B.C. As the findings above detail, Victoria's visitor sector generates far more in terms of spending, fiscal revenue, and jobs than cruise tourism and is posed to rebound quickly in the post-pandemic period. The future of the cruise sector is far less clear. Therefore, the following policy recommendations, which should be addressed by the appropriate government agencies and industry organizations, focus mainly on suggested reforms for cruise tourism. Most are based on the economic analysis in this study; several are drawn from recommendations proposed by the JBNA and by Stand.earth's 2021 study of cruise waste dumping in BC waters. They are also informed by Destination Canada's insightful November 2021 report on leading trends shaping post-pandemic tourism in Canada. "Developing a collective understanding of these changes in the industry and in consumer behaviours," the Destination Canada report states, "are key to recovery. Only with this understanding can we effectively adjust strategic areas of focus, mitigate risk and capitalize on market opportunities."¹⁷¹

Our five key recommendations are:

1. Focus on rebuilding and strengthening Victoria's high-value overnight tourism. By any statistical measure, the economic benefits of Victoria's visitor sector (stayover and non-cruise day visitors) dwarf the economic contributions of the cruise sector. This is true even when the relative size of the two markets is taken into account: non-cruise tourism is a bedrock of Victoria's economy, with strong local roots and financial and employment benefits widely spread throughout Greater Victoria and B.C. Victoria's overnight tourism was robust and growing through 2019, its international reputation remains strong, and prospects for its post-pandemic recovery look bright.

As Canada emerges from the pandemic, consumers are looking for many of the attributes and attractions that are already part of the visitor (overnight and day tripper) experience to Victoria and its surrounding areas. For instance, according to the Destination Canada report, "future travellers are likely to gravitate toward destinations perceived to be clean, healthy and safe," that offer "nature-related experiences," that are drive-to domestic destinations, and that offer "responsible travel" to "lighten their footprint on destinations—supporting local economies, engaging with local cultures, reducing carbon emissions and enabling environmental conservation."¹⁷² This recommendation does not preclude

the desirability—and need—for the GVHA and others to further develop a wide range of non-cruise marine-based industries, businesses, and activities in Victoria Harbour, including at Ogden Point.

Going forward, as Victoria's tourism sector reemerges from the Covid-19 pandemic, it would be prudent to focus more resources on rebuilding, marketing, and strengthening overnight tourism rather than the less economically valuable cruise tourism, whose economic contributions are modest and whose future in Victoria is uncertain and largely beyond the city's or Canada's control. As Destination Greater Victoria's strategic plan for 2022-2026 wisely proposes, its "marketing efforts can focus on attracting visitors who are the best match for Greater Victoria, thereby building a healthier visitor interface for residents. This includes focusing on visitors who align on core values and spend more, which provides a larger economic contribution per visitor and reduces the need to focus on mass visitor volumes."¹⁷³

2. Regularly assess and compare the economic costs and benefits of Victoria's cruise and visitor sectors using a common methodology and the same research firm. The relative strength and economic contributions of cruise and visitor tourism in Victoria appear to have gone largely unreported and unexamined in government and tourism industry publications. This is due, in part, to a lack of regular and up-to-date analysis of the cruise sector and a failure to compare the economic impacts of the cruise and visitor sectors. Reliable, comprehensive, and comparative economic data are essential in order to evaluate the economic contributions of the cruise and visitor (overnight and day tripper) sectors.

DGV (Destination Greater Victoria) has produced or commissioned excellent studies of Victoria's overnight tourism sector. DGV's *2019 Visitor Survey Report*,¹⁷⁴ which includes extensive visitor interviews across seasons, provided much of the data used in our study. By contrast, data used in this study for Victoria's cruise sector in 2019 were based primarily on two recent reports by the small U.S. research firm, BREA (Business Research & Economic Advisors). One BREA study is on Victoria and prepared for GVHA,¹⁷⁵ and the other is on Canadian ports and prepared for CLIA;¹⁷⁶ neither conducted new passenger and crew surveys. Unlike DGV's high-quality and comprehensive *2019 Visitor Survey Report*, these BREA reports raised several methodological questions, and some findings seem dubious, including the unusually high level of crew onshore spending and apparent failure to include Victoria's cruise passenger fee and sustainability fee in its calculations. Despite efforts to contact the two principals with BREA, neither replied; nor did officials with CLIA or VCIA. Current GVHA officials, while providing information on the 2019 passenger tax, did not respond to requests for more substantial interviews. By contrast, DGV officials were forthcoming in explaining their data and research methodology. Ideally, DGV would be tasked with conducting analysis of Victoria's cruise sector, as well as of Victoria's non-cruise day visitor ("day tripper") market, for which there appears to be no current data collection or analysis.

3. Ensure the cruise industry pays its fair share in taxes and fees and require more transparency in its financial arrangements with the GVHA and local businesses. Currently, for instance, cruise lines pay no sales taxes on tours they sell to passengers, pay a minimum to offload garbage into Victoria's Hartland

landfill, and do not publicly reveal what they pay the GVHA in passenger fees or collect in commissions from tour operators who run their onshore tours in Victoria. In addition, the GVHA could develop more exact estimates of cruise tourism's direct infrastructure and operating costs and the total costs borne by the local municipality to support cruise ship activity and visitations. Victoria's municipal government should ensure that cruise tourism fits within its goals of effectively addressing climate change and becoming one of Canada's leading 'green' cities.¹⁷⁷

4. Mitigate negative impacts on the quality of life of Victoria residents, particularly in the James Bay neighbourhood. James Bay residents have long contended that their quality of life would significantly improve if they were assured cruise-free days each week; quiet hours at night; and reduced noise, congestion, air pollution, and other adverse impacts from excessive cruise tourism.

Protecting the community's local quality of life is emerging as a key component among the post-pandemic tourism trends. As the 2021 Destination Canada study states, "To develop long-term solutions, the true metric for tourism development must reflect an improved quality of life." The study further explains, "A locals-first approach is shifting destination development and tourism marketing toward more sustainable goals, filtered through a lens of resident quality of life."¹⁷⁸ The city and provincial governments, together with the cruise industry, should address these long-standing quality of life complaints while conforming to more sustainable destination management approaches designed to safeguard communities from excessive and uncontrolled "overtourism."^{xiv} Unfortunately, the GVHA appears to be heading in the opposite direction: its draft cruise schedule for 2022 includes the largest number of cruise ship arrivals in history (over 350), with shorter stays, often at night, and many on weekends.

5. Halt Victoria's acceptance of international waste from cruise ships and the dumping of cruise waste in B.C. waters. The image of Victoria being the depository for cruise industry waste is not in keeping with its visitor draw as a City of Gardens or its targets for waste reduction. Victoria should say 'no' to accepting foreign waste and stop serving as the 'garbage dump' for ships on the Seattle-Alaska cruise circuit. Offloading of cruise ship waste in Victoria runs counter to local government initiatives to reduce Hartland landfill waste by 30 percent over the next decade and the city's Zero Waste Victoria plan to reduce waste disposal by 50 percent by 2040. Since most cruise ships go from Victoria to Seattle, cruise waste should be held for one more day and then offloaded in Seattle, the point of origin.

^{xiv} Overtourism is defined by the Center for Responsible Travel (CREST) as "tourism that has moved beyond the limits of acceptable change in a destination due to quantity of visitors, resulting in degradation of the environment and infrastructure, diminished travel experience, wear and tear on built heritage, and/or negative impacts on residents."

There is concern, however, that if Victoria bans the offloading of foreign waste, cruise lines may step up their current practice of surreptitiously dumping waste into coastal waters off B.C. A February 2021 report by Stand.earth and West Coast Environmental Law¹⁷⁹ proposes six regulatory changes related to cruise waste. They aim to strengthen and enforce Canada's weak cruise ship pollution regulations and bring them in line with stricter regulations in Washington state, California, and Alaska. These include banning ships from using bunker fuel and switching over to low-sulphur marine gas oil, as required in California; matching anti-dumping regulations for raw sewage and greywater; and requiring onboard environmental monitors similar to the Ocean Ranger program used for years on cruise ships in Alaskan waters. Victoria should work with the Canadian Ministry of Transport to adopt and enforce these regulatory and policy changes related to cruise waste.

Appendix A: Description of Methodology Used for this Study

- **Comparative Tourism Economic Impact Analysis**

Because of the interrelationships among the many sectors of an economy, any new or induced basic economic activity will generate additional waves of economic impact. For example, the impact of overnight tourists includes the rental of a room at a hotel, which generates activity not only for the hotel but also indirectly generates economic activity for cleaners, suppliers, accountants, and programmers whose activity supports the operation of the hotel. In an analogous way, the activities of cruise ship tourists will generate multiple rounds of economic activity in the local tours and attractions sectors.

Economic impact analysis is an attempt to provide an estimate of the total impact of any economic activity in a region, including the primary economic impact but also these secondary and tertiary impacts.

To perform the impact analysis, one initially needs information on the level of primary, or “basic,” economic activity from which an attempt is made to estimate the total impact. For example, measuring the total impact of manufacturing requires an estimate of the volume of the production of new manufactured goods.

Secondly, information is needed on the interrelationships among the sectors of the regional economy; in order to estimate the value of the inter-industry, these are approximated with “multipliers.” These multipliers can be obtained using a standard input-output model described below, of which there are a number available. These models show the impacts across the spectrum of industries of some change in basic activity, and they allow summation of the impacts across industries to arrive at an aggregate impact.

- **Input–Output Analysis Based on National Systems of Accounts (NSA) in Canada**

Impact analysis begins with introducing a change in the output of goods and using the multiplier model to analyze the effects on a region’s economic base. The standard input-output model estimates the direct, indirect, and induced economic implications of some basic economic activity. The secondary effects (the indirect and induced impacts), along with the basic economic activity estimates, provide an estimate of the “multiplier” effects from the basic activity (direct impact).

In the standard input-output model, measures of aggregate economic activity are used as a basis for estimating the total economic impact of the activity. For example, measures of direct employment or total sales in an industry are obtained, and these are then used as a basis for evaluating the total impact.

Given this partial measure of the direct contribution of the industry, an estimate is made of the indirect impacts using information on the interactions between this industry and other sectors, which are dependent upon, for example, the tourist-related industry. Suppliers of materials into tourist operations are referred to as the “indirect impacts.”

Finally, the activity and its indirect impacts will generate some increases in the general level of employment and income in the Victoria region. The extra income generated in this way will lead to a tertiary level of economic impact through the higher level of household expenditures on goods and services, much of which, again, will be spent within the study area. These effects are referred to as the “induced impacts” of the industry.

From these hypothetical regional inter-industry relationships, output, income, and employment multipliers are estimated. An alternative approach to estimating these multipliers is to perform detailed surveys of individual firms in each region to directly assess the extent of the inter-region, inter-industry interaction in estimating the appropriate multipliers. This analysis was constrained to the use of the 2018 existing Canadian model. The model year is 2018, which contains 2017 *multipliers*, which were brought forward to 2019 estimated using the Canadian Price Index. This is consistent throughout the document.^{xv}

This study utilizes the most recent pertinent survey-derived estimates for all types of tourism in Victoria. The survey sampling methods reviewed in the source documents are considered reasonable for the estimation of general levels of economic activity contained herein. Any opportunity to perform primary research and interviews with local stakeholders was removed because of the Covid-19 pandemic. The periodic overnight tourism surveys conducted by DGV are excellent. Based upon the findings herein, it would be very valuable also to supplement the research to include both cruise and non-cruise day-visitor information. Those modes of visitation constituted an estimated 28% of visitors to Greater Victoria in 2019.

To summarize, in addition to direct final demand impacts, two other types of impacts are estimated: (1) indirect impacts, which measure the change in output production in supporting supply industries caused by the changing input needs of directly affected industries, and (2) induced impacts, which measure the change in regional household expenditure patterns caused by changes in household income. These impacts are really what introduce the concept of multipliers that are in turn subdivided into two types: Type I and Type II multipliers. Type I multipliers measure the direct and indirect effects per dollar of direct effects.

Type I Multipliers = Direct + Indirect/Direct

Type I multipliers sum the results of several rounds of expenditures until, because of “leaks” in the economy, no further expenditures occur. Type II multipliers, such as used herein, measure the overall effects, including the induced impacts per dollar of direct and indirect effects.

^{xv} See further description in *Methodology* under *Type II Multipliers*, in *Qualifications*, and in *Approach and Acknowledgement*.

Type II Multipliers = Direct + Indirect + Induced/Direct

Many economic impact studies use information from the Canadian National Economic Impact Model. This model was developed using a combination of direct survey data obtained through national surveys of inter-industry interaction and then a “sharing down” of the inter-industry relationships to the local or regional level based upon the structure or employment structure of industries in the state or region.

From these government-derived regional inter-industry relationships, output, income, and employment multipliers are estimated. An alternative approach to estimating these multipliers is to perform detailed surveys of individual firms in each region to directly assess the extent of inter-region, inter-industry interaction in estimating the appropriate multipliers. Such surveys are relatively expensive and time consuming. Multipliers used for analysis are based on Statistics Canada economic multipliers for B.C. from the 2018 Interprovincial Input-Output model (the most recent data available) and were updated using Consumer Price Indices to account for inflation. The indirect and induced impacts may occur within Greater Victoria or other areas of B.C. Statistics Canada’s ratios and multipliers are at the overall provincial level.

Thus, in terms of simple analysis of the aggregate impacts of activity on the regional economy, published government estimates of the multipliers are used. The use of the Canadian regional impact multipliers (the most recent table is shown below) for the present analysis is considered reasonable. The same model has been used in most relevant studies addressing the impacts of tourism in the region. In view of this, the comparison of the relative economic impacts of cruise ship and non-cruise ship tourism contained in Table 15 (above) should be considered a standard assessment.

- **Qualifications**

Any estimate of economic impacts is only as good as the basic information entered into the input-output model. In undertaking this research, the best information available was used to attempt to fully characterize the level and mix of spending by cruise and non-cruise tourism in Greater Victoria, B.C.

It should be noted that while BREA estimates of *cruise-related spending* are used in this analysis, the estimated cruise-related *economic impacts* (GDP, employment, output, labour income, and taxes) produced in this study differ significantly from BREA’s 2021 report for Victoria.¹⁸⁰ There are several possible sources of the differences. The primary source of difference relates to the economic impact multipliers used. The BREA estimates used an older version of the Statistics Canada Provincial multipliers (2016), perhaps a vestige of their earlier report. This study utilized the most recent multipliers (2017) available from the same source to arrive at the 2019 estimates.¹⁸¹

In addition, the BREA report portrays the economic impact results as accruing to Victoria when, in fact, this is not the case: their economic impact results are *province-wide for B.C.* The Canadian national input-output model they reference provides impact estimates only at the provincial level; the multipliers are not available at the local Victoria level.

As initially envisioned, this study was to include on-site interviews and data collection. However, the study was constrained by timing, budget, the pandemic, and the halt of cruise operations, all of which prevented our research team from travel and primary data collection in Victoria. Nonetheless, the findings of this study are considered to be reasonable based upon the existing tourism-related databases and comparison with other similar studies completed by the authors and other researchers. In the interest of any future tourism investigations, it would be immensely valuable to have all forms of tourism surveyed on the same periodic basis by one independent entity utilizing the same sampling methods.

Glossary of Terms

Cabotage: The right to carry passengers or cargo between two ports or airports within the borders of one country by a ship or aircraft registered outside of that country. The purpose of the cabotage rule is to protect the domestic industry from foreign competition.

Capital Regional District (CRD): Incorporated in 1966 to provide regional decision-making on issues that transcend municipal boundaries and to enable effective service delivery to residents regionally, sub-regionally, and locally. Today, the CRD delivers regional, sub-regional, and local services to 13 municipalities and three electoral areas on southern Vancouver Island and the Gulf Islands.

Direct effects/impacts: Direct impacts represent the revenues, value-added, income, or jobs that result directly from an economic activity within the study area or a regional economy.

Economic impact: Measurement of the spending and employment associated with a sector of the economy (i.e., tourism), a specific project, or a change in government policy or regulation. Economic impact is commonly measured and reported as employment (jobs), wages (salaries), Gross Domestic Product (GDP), and economic output. In this report, it refers to the economic contributions attributable to visitor expenditures on food/beverage, retail, accommodations, ground transportation, attractions, entertainment, and other related activities in Greater Victoria.

Employment or jobs: Represents the total numbers of wage and salaried employees as well as self-employed jobs. This includes full-time, part-time, and seasonal workers measured in annual average jobs.

Greater Victoria comprises Victoria CMA (Census Metropolitan Area), which includes the Township of Esquimalt, District of Oak Bay, District of Saanich, City of Victoria, Town of View Royal, District of Central Saanich, District of North Saanich, Town of Sidney, City of Colwood, District of Highlands, City of Langford, District of Metchosin, and District of Sooke.

Gross Domestic Product (GDP): The total unduplicated value of the goods and services produced in the economic territory of a country or region during a given period. It is a valuation expressed in terms of the prices actually paid by the purchaser after all applicable taxes and subsidies.

Indirect effects/impacts: Indirect effects occur when businesses use revenues originating from outside the region, or study area, to purchase inputs (goods and services) from local suppliers. This secondary, or indirect business generates additional revenues, income, jobs, and taxes for the area economy.

Head tax: A \$50 tax enacted by the federal government as part of Canada's Chinese Immigration Act of 1885 to discourage Chinese labourers from coming to Canada. Only six classes of people were exempt: diplomats, clergymen, merchants, students, tourists, and men of science. Modelled on the 1881 poll tax passed in New Zealand, the tax was increased to \$500 in 1903 and was finally removed in 1923. Within

the cruise industry, the term 'head tax' refers to the passenger vessel tax imposed on each arriving cruise passenger and paid by the cruise lines to the federal or municipal government.

Indirect business taxes: Include sales, excise, and property taxes as well as fees and licences paid by businesses during normal operations. It does not include taxes on profits or income.

Induced effects/impacts: Induced effects or impacts occur when new dollars, originating from outside the study area, are introduced into the local economy. Induced economic impacts occur as the households of business owners and employees spend their earnings from these enterprises to purchase consumer goods and services from other businesses within the region. This induced effect generates additional revenues, income, jobs, and taxes for the area economy.

Input-output analysis: The use of input-output models to estimate how revenues or employment for one or more particular industries, businesses, or activities in a regional economy impact other businesses and institutions in that region and the region as a whole.

Input-output models: A mathematical representation of economic activity within a defined region using inter-industry transaction tables or matrices where the outputs of various industries are used as inputs by those same industries and other industries as well.

Labour income: All forms of employment compensation, including employee wages and salaries, and proprietor income or profits.

Leakage: The way in which revenue generated by tourism is lost to host country's economy. Leakage may be so significant in some developing countries that it partially neutralizes the money generated by tourism.

Local revenues/expenditures: Local revenues or spending represent simple transfers between individuals or businesses within a regional economy. These transactions do not generate economic spin-off or multiplier (indirect and induced) effects.

Marine industry: The use of premises for an activity based on the waterfront involving the manufacture, storage, repair, or servicing of vessels or maritime infrastructure.

Margins: Represents the differences between retail, wholesale, distributor, and producer's prices.

Non-local revenues/expenditures: When outside or new revenues flow into a local economy either from the sale of locally produced goods and services to points outside the study area or from expenditures by non-local visitors to the study area, additional economic repercussions occur through indirect and induced (multiplier) effects.

Other Property Type Income: Income in the form of rents, royalties, interest, dividends, and corporate profits.

Output: Revenues or sales associated with an industry or economic activity.

Overtourism: Tourism that has moved beyond the limits of acceptable change in a destination due to the quantity of visitors, resulting in degradation of the environment and infrastructure, diminished travel experience, wear and tear on built heritage, and/or negative impacts on residents.

Passenger fee or tariff: The amount the cruise lines pay per arriving passenger to the GVHA in Victoria or other private docks in other ports.

Responsible travel: Tourism that minimizes negative economic, environmental, and social impacts.

Shore excursion (shorex): A tour booked by a passenger through the cruise line and offered by an operator with a contract directly with the cruise line

Taxes on production: Taxes payable less subsidies receivable on goods or services produced as outputs and other taxes or subsidies on production, such as those payable on the labour, machinery, buildings, or other assets used in production. Taxes on production and imports do not include any income taxes payable by the recipients of incomes accruing from production, whether employers or employees.

Taxes on production and imports: Taxes payable on goods and services when they are produced, delivered, sold, transferred, or otherwise disposed of by their producers, plus taxes and duties on imports that become payable when goods enter the economic territory by crossing the frontier or when services are delivered to resident units by non-resident units.

Tipping fee: The gate fee paid by anyone who disposes of waste in a landfill. Usually this fee is based on the weight of waste per tonne.

Total impacts: The sum of direct, indirect, and induced effects or economic impacts.

Tour: Any operator-directed service that is not previously covered under the term 'shore excursion,'¹⁸² including those purchased by cruise passengers onshore.

Value-added: Includes wages and salaries, interest, rent, profits, and indirect taxes paid by businesses. In the IMPLAN results tables, 'value-added' equals the sum of labour Income, other property type income, and indirect business taxes.

Visitor economy and visitor sector are used in this study for overnight visitors and non-cruise day visitors (known as day trippers) to Greater Victoria.

References and Literature Reviewed

Not included are newspaper articles, websites, and personal interviews, which are cited as references in the endnotes.

- Avrami, Erica. (2013). *Harboring Tourism: Cruise Ships in Historic Port*. World Monuments Fund. Communities Report of an International Symposium held in Charleston, South Carolina, February 6–8, 2013.
- Becker, Elizabeth. (2013). *Overbooked: The Exploding Business of Travel and Tourism*. New York, NY: Simon & Schuster.
- Business Research & Economic Advisors (BREA). (January 2009). *British Columbia Cruise Sector Economic Impact Model*. The North West Cruise Ship Association.
- Business Research & Economic Advisors (BREA). (October 2004). *The Contribution of the International Cruise Industry to the Canadian Economy in 2003*. Prepared for North West Cruise Ship Association, Vancouver Port Authority & St. Lawrence Cruise Association.
- Business Research & Economic Advisors (BREA). (March 2021). *The Economic Contribution of the Cruise Industry in Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending*.
- Business Research & Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending*.
- Business Research & Economic Advisors (BREA). (April 2017). *The Economic Contribution of the International Cruise Industry in Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending 2016*.
- Business Research & Economic Advisors (BREA). (March 2008). *The Economic Contribution of the International Cruise Ship Industry in Canada 2007*. Cruise Lines International Association, Inc.
- Business Research & Economic Advisors (BREA). (December 2020). *The Global Economic Contribution of Cruise Tourism, 2019*. Prepared for CLIA.
- Chen, Jamie M., James F. Patrick, Alexis Papathanassis, Xinjian Li. (2019). "A meta-analysis of the direct economic impacts of cruise tourism on port communities." *Tourism Management Perspectives*. 31.pp. 209-218.
- CLIA. (2019). *2019 Cruise Trends & Industry Outlook*.
- CLIA. (2020). *State of the Cruise Industry Outlook 2020*.
- CLIA North West and Canada. (April 25, 2017). "Cruise ship industry contributes \$3.2 billion to the Canadian economy in 2016." CNW Group/Cruise Lines International - North West & Canada.
- Destination Canada. (May 26, 2020). "COVID-19 Impact and Recovery Report: International Summary."
- Destination Canada. (November 2021). *Tourism's Big Shift: Key Trends Shaping the Future of Canada's Tourism Industry*.
- Destination Greater Victoria. (2020). *Research Insights on Visitors to Greater Victoria*.
- Destination Greater Victoria. (December 2021). *2022-2026 Strategic Plan*.
- Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*.
- Gorecki, Karen and Bruce Wallace. (2003). *Ripple Effects: The Need to Assess the Impacts of Cruise Ships in Victoria B.C.* Vancouver Island Public Interest Research Group.
- G S Gislason and Associates Ltd. (April 2007). *Economic Contribution of the Oceans Sector in British*

- Columbia. Prepared for Canada/British Columbia Oceans Coordinating Committee.
- HDR Corporation. (June 2021). *Economic Impact Study – Victoria and Esquimalt Harbours*. Greater Victoria Harbour Authority (GVHA).
- Honey, Martha, editor. (2019). *Cruise Tourism in the Caribbean: Selling Sunshine*. London: Routledge Press.
- Honey, Martha and Kelsey Frenkiel, editors. (May 2021). *Overtourism: Lessons for a Better Future*. Washington, DC: Island Press.
- Honey, Martha. (October 2020). *The Economics of Cruise Tourism in Key West: Behind the Cruise Industry's Propaganda Veil*. Prepared for Stand.earth.
- International Council of Cruise Lines (ICCL). (August 2003). *The Contribution of the North American Cruise Industry to the U.S. Economy in 2002*. Arlington, Virginia: ICCL.
- InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact of Tourism in Greater Victoria, B.C. Final Report*. Prepared for Tourism Victoria.
- James Bay Neighbourhood Association. (April 2011) *Costs and Benefits of Cruise Ship Tourism in Victoria*. Overview of a report prepared by Dr. Brian Scarfe.
- James Bay Neighbourhood Association. (December 2019). Presentations by JBNA and industry advocates to Committee of the Whole, City of Victoria.
- Kayahan, Burc, Ross Klein, Rob Moir, Jason Stevens, and Brian VanBlarcom. (October 4, 2017). *Economic Impact of Cruise Tourism in Atlantic Canada*. Memorial University. Funded by the C.A.R.E initiative at Memorial University. Power point.
- Klein, Ross. (August 2005). *Playing Off the Ports B.C. and the Cruise Tourism Industry*. Canadian Centre for Policy Alternatives. B.C. Office.
- Klein, Ross. (2011). "Responsible Cruise Tourism: Issues of Cruise Tourism and Sustainability" *Journal of Hospitality and Tourism Management*.
- Larsen, Svein and Katharina Wolff. (January 20, 2016). "Exploring assumptions about cruise tourists' visits to ports." *Tourism Management Perspectives*.
- Martin Associates. (April 2004). *The Economic Impacts of the 2003 Cruise Season at the Port of Seattle*. The Port of Seattle.
- McCarthy, John. (2018). "Responsible cruise tourism and regeneration: the case of Nanaimo, British Columbia, Canada." *International Planning Studies*. Vol 23, No. 3, 225–238.
- Ray, Rahul Edward. (December 2003). *Implications of Cruise Ship Tourism on British Columbia's North Coast*. Research Project. Master of Resource Management. Simon Fraser University. Report No 348.
- Scarfe, Brian L., BriMar Consultants, Ltd. (March 2011). *Victoria as a Port-of-Call: the Costs and Benefits of Cruise Ship Visits*. Prepared for the James Bay Neighbourhood Association.
- Smith, Brock. (November 2007). *MV Coho Economic Impact Study*. Tourism Victoria.
- Smith, David A. (Spring 2012). "Imagining Victoria: Tourism and the English Image of British Columbia's Capital." *The Pacific Northwest Quarterly*. Vol. 103, No. 2. pp. 67-83. Published by: University of Washington.
- Stand.earth and West Coast Environmental Law. (February 2021). *The West Coast Cruise Industry: Canada at the Low Water Mark. An Investigation Into the Regulations for Cruise Ship Pollution along the West Coast from California to Alaska*.
- Thomas Murray and Associates, Inc. (October 2005). *The Impacts of the Cruise Ship Industry on the Quality of Life in Key West*. City of Key West Naval Properties Local Redevelopment Authority.
- VanBlarcom, Brian; Burc Kayahan; & Ross Klein. (2018). *Economic Impact of Cruise Tourism in Atlantic*

Canada: Is Cruise Passenger Spending exaggerated? Travel and Tourism Research Association
Canada. Annual Conference, September 25-28. Halifax.

Vander Steen, Bob. (December 2019). *Cruise ships and the effect on traffic and speeds in James Bay.*
Prepared for James Bay Neighbourhood Association (JBNA).

World Tourism Organization (UNWTO). (2010). *Cruise Tourism: Current Situation and Trends.* Madrid,
Spain: World Tourism Organization.

Endnotes

- ¹ Welcome to Victoria Cruise Industry Alliance. <http://www.viccruise.com/>
- ² Martha Honey interviews with Paul Servos, November 2021.
- ³ Tourism Victoria. "About Greater Victoria and its Visitor Economy." [zhttps://www.tourismvictoria.com/plan/local-info/about-victoria](https://www.tourismvictoria.com/plan/local-info/about-victoria).
- ⁴ Elizabeth Becker (2013). *Overbooked: The Exploding Business of Travel and Tourism*. New York, NY: Simon & Schuster. pp. 132-136.
- ⁵ Martha Honey, editor. (2019). *Cruise Tourism in the Caribbean*. Routledge Press. pp. 4-8.
- ⁶ World Tourism Organization (UNWTO). (2010). *Cruise Tourism: Current Situation and Trends*. Madrid, Spain: World Tourism Organization. pp. 61-66.
- ⁷ Robert McGillivray. (June 1, 2021). "2021 Cruise Line Revenue Still Far From 2019 Levels." *Cruise Hive*. <https://www.cruisehive.com/2021-cruise-line-revenue-still-far-from-2019-levels/51338>.
- ⁸ McGillivray. (June 1, 2021). "2021 Cruise Line Revenue."
- ⁹ "Number of ocean cruise passengers worldwide in 2019 and 2020, by region." (July 8, 2021). *Statista*. <https://www.statista.com/statistics/287111/cruise-passengers-by-source-country/>
- ¹⁰ Authors interviews with cruise business leaders in Victoria.
- ¹¹ CLIA. (2019). *2019 Cruise Trends & Industry Outlook*. p. 21. <https://cruising.org/-/media/eu-resources/pdfs/CLIA%202019-Cruise-Trends--Industry-Outlook>.
- ¹² CLIA. (June 2019 v.2). "Alaska remains hot as CLIA releases numbers and insights." *Cruise News*. <https://akcruise.org/2019/06/alaska-remains-hot-as-clia-releases-numbers-and-insights>
- ¹³ Brittany Chruscie. "Top Cruise Destinations 2020." *Cruise Critic*. <https://www.cruise critic.com/articles.cfm?ID=4833#alaskaProclaiming>
- ¹⁴ International Council of Cruise Lines (ICCL). (August 2003). "The Contribution of the North American Cruise Industry to the U.S. Economy in 2002." Arlington, Virginia: ICCL; Mintel. (June 2004). *Cruises: North America and the Caribbean*, and (April 2005). *Cruises: US*. London, United Kingdom.
- ¹⁵ Honey. (2019). *Cruise Tourism*. p. 5.
- ¹⁶ Becker. (2013). *Overbooked*. pp. 138-139.
- ¹⁷ UNWTO. (2010). *Cruise Tourism*. p. 16.
- ¹⁸ Bill McGee. (January 8, 2013). "Why are Cruise Ships Registered in Foreign Countries?" *USA Today*. <http://www.usatoday.com/story/travel/cruises/2012/12/11/why-are-cruise-ships-registered-in-foreign->
- ¹⁹ Becker. (2013). *Overbooked*. p. 139.
- ²⁰ Francisco Oyogo. (2016). "Cruise Ships: Continuity and Change in the World-System." *Journal of World-Systems Theory*. 22 (1): 33.
- ²¹ Martha Honey interviews with cruise experts in Victoria and Alaska. June–December 2021.
- ²² Page Marine Crews. <https://cruise.jobs/recruitment-agents/canada/22/page-marine-crews/>
- ²³ Ross Klein. (April 13, 2010). "The cost of cruising." *The Vancouver Observer*.
- ²⁴ Ross Klein. (December 2001-January 2002). "High Seas, Low Pay. Working on Cruise Ships." *Our Times*.
- ²⁵ Ross Klein. (April 13, 2010). "The cost of cruising." *The Vancouver Observer*.
- ²⁶ "Crew Members Talk Living Conditions on Cruise Ships." (June 6, 2021). *Cruise Industry News*. <https://www.cruiseindustrynews.com/cruise-news/25162-crew-members-talk-living-conditions-on-cruise-ships.htm>.
- ²⁷ ITF Seafarers. "Inside the Issue: Cruise." <http://www.itfseafarers.org/ITI-cruise.cfm>.
- ²⁸ International Transport Workers' Federation (ITF). Quoted in Ross A. Klein. (December 2001/January 2002). "High Seas, Low Pay: Working on Cruise Ships." *Our Times: Canada's Independent Labour Magazine*. <http://www.cruisejunkie.com/ot.html>.

-
- ²⁹ Brian Parkinson. (October 26, 2020). "Maritime Law: The One Change That Could Save The Cruise Industry." *Cruise News*. <https://cruiseradio.net/the-jones-act-passenger-vessel-services-act-1886-maritime-law/>.
- ³⁰ U.S. Customs and Border Protection. (September 2019). The Passenger Vessel Services Act. <https://www.cbp.gov/sites/default/files/assets/documents/2019-Sep/PVSA-ICP.pdf>.
- ³¹ Parkinson. (October 26, 2020). "Maritime Law."
- ³² Parkinson. (October 26, 2020). "Maritime Law."
- ³³ Ethan Huang. (September 26, 2018). "An Overview of Cabotage Laws – More Than Just the Jones Act.? *More Than Shipping*. <https://www.morethanshipping.com/an-overview-of-cabotage-laws-more-than-just-the-jones-act>.
- ³⁴ Authors interviews with Victoria business leaders and port officials.
- ³⁵ Martha Honey interviews with Victoria business leader. October 2021.
- ³⁶ Lisa Cordasco. (July 10, 2021) "Covid-19: Victoria tourism businesses need return of foreign tourists to thrive." *Vancouver Sun*. <https://vancouver.sun.com/news/local-news/some-victoria-tourism-businesses-optimistic-others-devastated-over-summer-season>.
- ³⁷ Katie DeRosa. (May 17, 2021). "U.S. Senate passes bill allowing Alaska-bound cruise ships to bypass B.C." *Vancouver Sun*. <https://vancouver.sun.com/news/local-news/u-s-senate-passes-bill-allowing-alaska-bound-cruise-ships-to-bypass-b-c>.
- ³⁸ Kiernan Green. (July 7, 2021). "Victoria-led cruise tourism, business coalition warns of potential losses." *Victoria News*. <https://www.vicnews.com/news/victoria-led-cruise-tourism-business-coalition-warns-of-potential-losses/>.
- ³⁹ Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*. p. 26.
- ⁴⁰ Lisa Cordasco. (July 10, 2021). "COVID-19: Victoria tourism businesses need return of foreign tourists to thrive." *Vancouver Sun*. <https://vancouver.sun.com/news/local-news/some-victoria-tourism-businesses-optimistic-others-devastated-over-summer-season>.
- ⁴¹ Carla Wilson. (July 14, 2021). "Cruise ships allowed back in Canadian ports as of November, Covid permitting." *Times Colonist*. <https://www.timescolonist.com/news/local/cruise-ships-allowed-back-in-canadian-ports-as-of-november-covid-permitting-1.24342270>.
- ⁴² Darron Kloster. (November 30, 2021). "Cruise ships returning to Victoria after two-year absence." *Vancouver Sun*. <https://vancouver.sun.com/news/local-news/cruise-ships-returning-to-victoria-after-two-year-absence>.
- ⁴³ Simon Little. (December 2, 2021). "350 cruises set to hit Victoria in 2022 as port confirms first Canadian stops in 2 years." *Global News*, <https://globalnews.ca/news/8420923/350-cruises-victoria-2022-first-canadian-stops/>.
- ⁴⁴ Richard Zussman. (September 15, 2021). "U.S. congressman pushing for cruise ships to permanently bypass British Columbia." *Global News*. <https://globalnews.ca/news/8192998/u-s-congressman-pushing-for-cruise-ships-to-permanently-bypass-british-columbia/>.
- ⁴⁵ Paul Servos. (October 8, 2021). "Comment: Our New Reality Is Fewer Cruise-Ship Visits; That's Not Necessarily a Bad Thing." *Times Colonist*. <https://www.timescolonist.com/opinion/op-ed/comment-our-new-reality-is-fewer-cruise-ship-visits-that-s-not-necessarily-a-bad-thing-1.24362991>.
- ⁴⁶ Destination Greater Victoria. (December 2021) *2022–2026 Strategic Plan*. pp. 4, 36.
- ⁴⁷ JBNA. *Fair Sailing: Retiink theRestart*. "Harbours & Ports." <https://www.fair-sailing.com/>.
- ⁴⁸ Smith, *Imagining Victoria*. p. 68,
- ⁴⁹ "The Esquimalt and Songhees Nations." *Victoria Harbour History*. <https://www.victoriaharbourhistory.com/harbour-stories/lekwungen/>.
- ⁵⁰ David A. Smith. (Spring 2012). "Imagining Victoria: Tourism and the English Image of British Columbia's Capital." *The Pacific Northwest Quarterly*. Vol. 103, No. 2. p. 67. Published by: University of Washington State. <https://www.jstor.org/stable/24624488>.
- ⁵¹ Smith, *Imagining Victoria*. p. 67.
- ⁵² Smith, *Imagining Victoria*. pp. 71-2.
- ⁵³ Smith, *Imagining Victoria*. p. 72.
- ⁵⁴ Fairmont Empress, <https://www.historichotels.org/hotels-resorts/fairmont-empress/history.php>
- ⁵⁵ Smith, *Imagining Victoria*. p. 74.

-
- ⁵⁶ Jincheng Zhi. (2011). "Chinese Immigration and the Canadian Pacific Railway: 1880-1885." Department of Economics, Queen's University, Kingston, Ontario.
https://www.econ.queensu.ca/sites/econ.queensu.ca/files/student_papers/272.pdf
- ⁵⁷ Victoria, <https://www.tourismvictoria.com/plan/local-info/about-victoria/history>].
- ⁵⁸ Smith, *Imagining Victoria*. p, 70.
- ⁵⁹ Smith, *Imagining Victoria*. p. 80.
- ⁶⁰ "About the Greater Victoria Harbour Authority." Greater Victoria Harbour Authority. <https://gvha.ca/about-gvha/newsroom/greater-victoria-harbour-authority-releases-2020-21-annual-report-and-financial-statements/>.
- ⁶¹ Destination Greater Victoria. (December 2021). *2022-2026 Strategic Plan*. p. 36.
- ⁶² Andrew A. Duffy, "No Accidental Tourists: The Slick Sell of Our City to the Outside World," *Times Colonist*, June 3, 2000, B5. Quoted in Smith, IV, p. 81.
- ⁶³ Destination Greater Victoria. (2021). "Awards & Accolades." <https://www.tourismvictoria.com/plan/local-info/about-victoria/awards-accolades>.
- ⁶⁴ InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact of Tourism in Greater Victoria, B.C. Final Report*. Prepared for Tourism Victoria. p. 2.
- ⁶⁵ InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact*." p. 3.
- ⁶⁶ Smith, *Imagining Victoria*. p. 69.
- ⁶⁷ Brian Scarfe, BriMar Consultants, Ltd. (March 2011). *Victoria as a Port-of-Call: The Costs and Benefits of Cruise Ship Visits*. Prepared for the James Bay Neighborhood Association. p. 3, 26.
- ⁶⁸ Servos. (October 8, 2021). "Comment."
- ⁶⁹ Scarfe. (March 2011). *Victoria as a Port-of-Call*. p. 2.
- ⁷⁰ Western Stevedoring. (May 19, 2020). "2019 Cruise Ship Schedule." Ogden Point, Victoria, B.C.
- ⁷¹ Royal Caribbean. "Adventure in Bloom." <https://www.royalcaribbean.com/cruise-to/victoria-british-columbia?&country=USA>.
- ⁷² Business Research & Economic Advisors (BREA). (April 2017). *The Economic Contribution of the International Cruise Industry in Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending 2016*. p. 15.
- ⁷³ Martha Honey interviews with Paul Servos, November 2021.
- ⁷⁴ Ross Klein. (August 2005). "Playing Off the Ports: BC and the Cruise Tourism Industry." Canadian Centre for Policy Alternatives. B.C. Office. p. 4.
- ⁷⁵ Klein (2005). "Playing Off the Ports." p. 10.
- ⁷⁶ Rahul Edward Ray. (December 2003). "Implications of Cruise Ship Tourism on British Columbia's North Coast." Research Project. Master of Resource Management. Simon Fraser University. Report No 348. p. 52. http://rem-main.rem.sfu.ca/theses/RayRahul_2003_MRM348.pdf.
- ⁷⁷ "A revamped cruise ship strategy with potential." (June 21, 2016). *The Northern View*. <https://www.thenorthernview.com/news/a-revamped-cruise-ship-strategy-with-potential/>.
- ⁷⁸ Servos. (October 8, 2021). "Comment."
- ⁷⁹ GVHA. (September 29, 2020). "Greater Victoria Harbour Authority Releases 2019-20 Annual Report and Financial Statements." <https://gvha.ca/about-gvha/newsroom/greater-victoria-harbour-authority-releases-2019-20-annual-report-and-financial-statements/>.
- ⁸⁰ Martha Honey interviews with Paul Servos, November 2021.
- ⁸¹ Scarfe. (March 2011). *Victoria as a Port-of-Call*. p. 17.
- ⁸² GVHA. (2021). *Economic Impact*. p. 10
- ⁸³ GVHA. (2021). *Economic Impact*. p. 70.
- ⁸⁴ GVHA. (2021). *Economic Impact*. p. 11.
- ⁸⁵ GVHA. (2021). *Economic Impact*. p. 17.

-
- 86 GVHA. (September 29, 2021). "Greater Victoria Harbour Authority."
- 87 "GVHA Marinas and Properties." Greater Victoria Harbour Authority. <https://gvha.ca/deep-water-terminal/terminal-information/>.
- 88 The Breakwater District at Ogden Point. <https://gvha.ca/the-breakwater-district/>.
- 89 Western Stevedoring Company Ltd. BC Marine Terminal Operators Association. <https://bcmarineterminals.com/western-stevedoring/#:~:text=Western%20Stevedoring%20is%20a%20wholly,company%20in%20the%20western%20hemisphere.>
- 90 SSA Marine. <https://www.ssamarine.com/>.
- 91 Carrix. Expanding Global Enterprise. <https://www.carrix.com/>
- 92 Scarfe. (March 2011). Victoria as a Port-of-Call. p. 25.
- 93 Victoria Cruise Terminal. Cruise Services. Western Stevedoring. <https://www.westeve.com/services/cruise-services.>
- 94 GVHA. (March 2019). Ogden Point Cruise Related Operations. p. 4.
- 95 "Victoria Harbour Authority Welcomes New Bus Deal." (October 22, 2017). *Cruise Industry News*. <https://www.cruiseindustrynews.com/cruise-news/17985-victoria-harbour-authority-welcomes-new-bus-deal.html>.
- 96 Martha Honey interviews with Paul Servos, November 2021.
- 97 GVHA. (September 29, 2021). "Greater Victoria Harbour Authority."
- 98 GVHA. (September 29, 2020). "Greater Victoria Harbour Authority."
- 99 GVHA. (September 29, 2021). "Greater Victoria Harbour Authority."
- 100 James Bay Neighbourhood Association. "Our History." <https://jbna.org/about/our-history/>.
- 101 James Bay Neighbourhood Association. "Our History."
- 102 James Bay Neighbourhood Association. "About James Bay." <https://jbna.org/of-interest/james-bay/>.
- 103 Global Cruise Activist Network (GCAN). <https://globalcruiseactivistnetwork.com/about-us.>
- 104 JBNA. *Fair Sailing: Rethink the Restart*. <https://www.fair-sailing.com/>.
- 105 Murray Sinclair. (December 2013). "Is the GVHA the Proper Body to Assume Responsibility for our Water Airport?" *James Bay Beacon*. <http://www.jamesbaybeacon.ca/?q=node/1128>.
- 106 Christine Willow and Ian Robertson. (September 7, 2021). "Comment: Building Back Better as Cruise Ships Return." *Times Colonist*. <https://www.timescolonist.com/opinion/op-ed/comment-building-back-better-as-cruise-ships-return-1.24356099>.
- 107 Personnel with DGV were the primary source of information for the non-cruise related tourism data.
- 108 Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*.
- 109 Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*. p. 5, 17.
- 110 Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*. p. 17.
- 111 Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*. p. 20.
- 112 Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*. p. 21.
- 113 Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*. p. 25. https://www.tourismvictoria.com/sites/default/files/destination_greater_victoria_2019_visitor_survey_report.pdf
- 114 Thomas Murray personal communication with a Destination Greater Victoria official. July 27, 2021.
- 115 Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*.
- 116 InterVISTAS is "a part of Royal HaskoningDHV Engineering, an independent and international engineering and project management consultancy." InterVISTAS. "Our History." <https://www.intervistas.com/about-us/>.
- 117 InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact*. p. 5.
- 118 InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact*. p. 5.
- 119 Martha Honey's telephone and email correspondence with Doris Mak, Vice President, InterVISTAS Consulting Inc in Vancouver, November 11 & 12. 2021.

-
- ¹²⁰ Martha Honey, telephone interview with Graham Wallace, Executive Director of Governance, Research and Corporate Communications, Destination Greater Victoria, November 30, 2021.
- ¹²¹ Business Research & Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending*. Prepared for the Greater Victoria Harbour Authority (GVHA). Released by GVHA in November 2021.
- ¹²² For more on BREA see Martha Honey. (November 1, 2020). *The Economics of Cruise Tourism in Key West: Behind the Cruise Industry's Propaganda Veil*. Prepared for Stand.earth. <https://www.stand.earth/sites/stand/files/economics-of-cruise-tourism-key-west-behind-industry-propaganda-veil-standearth-october2020.pdf>.
- ¹²³ Business Research & Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*.
- ¹²⁴ Business Research & Economic Advisors (BREA). (March 2021). *The Economic Contribution of the International Cruise Industry in Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending 2019*. Prepared for the Cruise Lines International Association (CLIA).
- ¹²⁵ BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*.
- ¹²⁶ Business Research & Economic Advisors (BREA). (April 2017). *The Economic Contribution of the International Cruise Industry in Canada*.
- ¹²⁷ BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*.
- ¹²⁸ Business Research & Economic Advisors (BREA). (March 2021). *The Economic Contribution of the International Cruise in Canada*.
- ¹²⁹ BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*.
- ¹³⁰ GVHA. (March 2019). *Ogden Point Cruise Related Operations*. p. 4.
- ¹³¹ Scarfe. (March 2011). *Victoria as a Port-of-Call*.” p. 7
- ¹³² Scarfe. (March 2011). *Victoria as a Port-of-Call*.” p. 8
- ¹³³ JBNA. *Fair Sailing*. (September 2021). “Overtourism.” <https://www.fair-sailing.com/solutions>.
- ¹³⁴ BREA. (March 2008). *The Economic Contribution of the International Cruise Industry in Canada 2007. Executive Summary*. Prepared for North West Cruise Ship Association, Cruise Newfoundland and Labrador, Cruise the Saint Lawrence, Atlantic Canada Cruise Association, Cruise BC p. 7.
- ¹³⁵ BREA. (March 2021). *The Economic Contribution of the International Cruise Industry in Canada*. p. 26.
- ¹³⁶ BREA. (March 2021). *The Economic Contribution of the International Cruise Industry in Canada*. p. 27.
- ¹³⁷ Martha Honey interviews with cruise related business leaders, Victoria and Juneau, AK. June-November 2021.
- ¹³⁸ BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. p. 8.
- ¹³⁹ BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. p. 8.
- ¹⁴⁰ BREA. (March 2021). *The Economic Contribution of the International Cruise Industry in Canada*. pp. 30-32, 58.
- ¹⁴¹ Scarfe. (March 2011). *Victoria as a Port-of-Call*.” p. 11-12
- ¹⁴² BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. pp.6-8.
- ¹⁴³ BREA. (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. p.7.
- ¹⁴⁴ Greater Victoria Harbour Authority (GVHA). (2020). *Management Discussion & Analysis FY2019/20*. p. 9. <https://gvha.ca/wp-content/uploads/2020/10/2019-20-MDA-Final.pdf>.
- ¹⁴⁵ Greater Victoria Harbour Authority (GVHA). (2020). *Annual Report 2019*. p. 27. <https://gvha.ca/wp-content/uploads/2020/10/2019-20-Annual-Report.pdf>.
- ¹⁴⁶ Business Research and Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. p. 5.
- ¹⁴⁷ Business Research and Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. p. 5.
- ¹⁴⁸ Sarah Reid. (August 13, 2019). “Cruise ship garbage angers Victoria residents near expanded waste facility.” CTV News. <https://vancouverisland.ctvnews.ca/cruise-ship-garbage-angers-victoria-residents-near-expanded-waste-facility-1.4548692>.

-
- ¹⁴⁹ CRD. (2019). "How Hartland Works." *Environmental Regional Management 2019 Progress Report*. p. 17. https://www.crd.bc.ca/docs/default-source/crd-document-library/plans-reports/landfill-recycling/2019-reports/2019-solid-waste-annual-report.pdf?sfvrsn=107d30cc_4.
- ¹⁵⁰ JBNA. *Fair Sailing. Rethink the Restart*. (2021). "FAQs - Foreign Garbage." JBNA Fair Sailing. p. 1. <https://www.fair-sailing.com/faqgarbage>.
- ¹⁵¹ CRD (Capital Regional District). (2020). *Environmental Regional Management 2020 Progress Report*. p. 17. https://www.crd.bc.ca/docs/default-source/crd-document-library/plans-reports/landfill-recycling/2020-reports/crd-2020-solidwasteprogressreport.pdf?sfvrsn=27a741cd_6.
- ¹⁵² CRD. (2019). "How Hartland Works." *Environmental Regional Management 2019 Progress Report*. p. 17. https://www.crd.bc.ca/docs/default-source/crd-document-library/plans-reports/landfill-recycling/2019-reports/2019-solid-waste-annual-report.pdf?sfvrsn=107d30cc_4.
- ¹⁵³ JBNA. *Fair Sailing. Rethink the Restart*. (2021). "FAQs - Foreign Garbage."
- ¹⁵⁴ Marg Gardiner. (September 1, 2021). "Comment: If We Must Have Cruise Ships, They Should Do No Harm." *Times Colonist*. <https://www.c.com/opinion/comment-if-we-must-have-cruise-ships-they-should-do-no-harm-4691770>.
- ¹⁵⁵ JBNA. *Fair Sailing. Rethink the Restart*. (2021). "FAQs - Foreign Garbage."
- ¹⁵⁶ Stand.earth and West Coast Environmental Law. (February 2021). *The West Coast Cruise Industry: Canada at the low water mark. An investigation into the regulations for Cruise Ship Pollution along the West Coast from California to Alaska*. https://www.stand.earth/sites/stand/files/regulating_the_west_coast_cruise_industry_final4.pdf.
- ¹⁵⁷ *Cruise ban spares B.C. coast up to 31 billion litres of wastewater*. (February 17, 2021). The Weather Network. <https://www.theweathernetwork.com/en/news/climate/impacts/cruise-ban-sparers-b-c-coast-up-to-31-billion-litres-of-wastewater>.
- ¹⁵⁸ Thomas Murray, personal communication with Lindsay Gaunt, Director, Cruise Development, GVHA. August 2021.
- ¹⁵⁹ KPMG LLP. (March 31, 2020). *Financial Statements of the Greater Victoria Harbour Authority and Independent Auditors' Report. Year ended March 31, 2020*. p. 11. <https://gvha.ca/wp-content/uploads/2020/09/2020-03-31-GVHA-FS-AR.pdf>.
- ¹⁶⁰ Martha Honey. Interviews with Paul Servios, former GVHA CEO. November 2021.
- ¹⁶¹ GVHA. (2017). *Financial Performance: Stakeholder Report 2016/17*. https://gvha.ca/wp-content/uploads/2019/05/20171010_GVHA_2017_Stakeholder_Report.pdf.
- ¹⁶² GVHA. (2020). *Management Discussion & Analysis FY2019/20*. p. 10.
- ¹⁶³ KPMG. (September 11, 2020). *Financial Statements of Greater Victoria Harbour Authority. Year ended March 31, 2020. Independent Auditors' Report*.
- ¹⁶⁴ Martha Honey interviews with Paul Servos, November 2021.
- ¹⁶⁵ Martha Honey correspondence with Paul Servos, February 2022.;
- ¹⁶⁶ GVHA. (2020). *Management Discussion & Analysis FY2019/20*. pp. 12-14.
- ¹⁶⁷ Business Research and Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*. pp.10-12.
- ¹⁶⁸ Martha Honey interviews with cruise experts in Victoria and Alaska. June – December 2021.
- ¹⁶⁹ GVHA. (2020). *Management Discussion & Analysis FY2019/20*. P. 10.
- ¹⁷⁰ InterVISTAS Consulting, Inc. (May 25, 2018). *Economic Impact*. p. 5.
- ¹⁷¹ Destination Canada. (November 2021). "Introduction." *Tourism's Big Shift: Key Trends Shaping the Future of Canada's Tourism Industry*. https://www.destinationcanada.com/sites/default/files/archive/1515-Tourism%27s%20Big%20Shift%3A%20Key%20Trends%20Shaping%20the%20Future%20of%20Canada%27s%20Tourism%20Industry%20z%20November%202021/Destination%20Canada_Tourism%26%23039%3Bs%20Big%20Shift_Report_November%202021_EN.pdf.
- ¹⁷² Destination Canada. (November 2021). *Tourism's Big Shift: Key Trends Shaping the Future of Canada's Tourism Industry*.
- ¹⁷³ Destination Greater Victoria. (December 2021). *2022-2026 Strategic Plan*. pp. 37-38.
- ¹⁷⁴ Destination Greater Victoria. (December 2019). *2019 Visitor Survey Report*.

¹⁷⁵ Business Research & Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*.

¹⁷⁶ Business Research & Economic Advisors (BREA). (March 2021). *The Economic Contribution of the International Cruise Industry in Canada: A Survey-based Analysis of the Impacts of Passenger, Crew and Cruise Line Spending 2019*. Prepared for the Cruise Lines International Association (CLIA).

¹⁷⁷ Capital Daily Staff. (December 2, 2019). "Victoria's Cruise Ship Conundrum." *Capital Daily*.
<https://www.capitaldaily.ca/news/cruise-ship-victoria-ogden-point-carbon-climate>.

¹⁷⁸ Destination Canada. (November 2021). *Tourism's Big Shift: Key Trends Shaping the Future of Canada's Tourism Industry*. p. 36.

¹⁷⁹ Stand.earth and West Coast Environmental Law. (February 2021). *The West Coast Cruise Industry: Canada at the low water mark. An investigation into the regulations for Cruise Ship Pollution along the West Coast from California to Alaska*.

https://www.stand.earth/sites/stand/files/regulating_the_west_coast_cruise_industry_final4.pdf.

¹⁸⁰ Business Research & Economic Advisors (BREA). (July 2021). *The Economic Contribution of the Cruise Industry in Victoria, Canada*.

¹⁸¹ Statistics Canada, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501>.

¹⁸² GVHA. (March 2019). *Ogden Point Cruise Related Operations*.