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Cruise ship numbers drop 19%

First fall in industry in 21 years blamed on competition from Seattle, San Francisco

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A steep drop in Vancouver's valuable cruise ship business and other factors - including forest fire devastation - continue to dampen the outlook for B.C.'s tourism sector.

For the first time in 21 years, the Port of Vancouver's cruise ship sector has declined, said Vancouver Port Authority spokeswoman Katherine Bamford.

She said the number of "revenue passengers" locally has fallen by 19 per cent so far in 2003 compared to last year. Each time someone passes through the Vancouver terminal, he or she is counted as a revenue passenger. The number of local sailings has also decreased.

The fall is largely due to "intense" competition from Seattle, Bamford said.

It's too early to speculate about figures for next year, but she added: "The bottom line for us is that we're still under pressure."

John Hansen, president of the North West Cruise Ship Association, said four cruise ships that travel to Alaska are now based in the Emerald City, up from one or two last year. In addition, San Francisco's three home-based cruise ships have snagged some business.

The money at stake is considerable. Bamford said the cruise industry contributes about \$508 million annually to the provincial economy. It's estimated that each sailing contributes about \$1.5 million in local economic benefits.

Bamford said the Seattle port has benefited from the U.S. government's massive infrastructure development program.

That port is also a taxing authority, and so can generate revenues whereas the Port of Vancouver pays taxes and grants, Bamford said. "It's not even close to being a level playing field."

She noted that over the past year the Vancouver port has been trying to get the Canada Marine Act revised. A review panel is considering items, including funding, for revisions, Bamford said.

In addition, Vancouver has joined other coastal communities from Campbell River, Victoria, Nanaimo and Prince Rupert in a long-term effort to develop a "made-in-B.C." cruise product, she said.

Meanwhile, the devastating forest fire situation has pummelled parts of B.C.'s tourism industry.

Tourism BC, which is funded by B.C.'s hotel tax, has chopped its estimates for revenues to B.C.'s hotels.

In January, Tourism BC estimated revenues would be about \$9.3 billion, up about four per cent from last year, said vice-president Rick Lemon.

Due to SARS, Tourism BC lowered its expected hotel tax revenue and forest fires have prompted it to further reduce its expectations.

It now expects its funding to drop four per cent from last year, Lemon said.

And the heat is being felt elsewhere. The Strawberry Hill fire north of Kamloops forced officials to close both Highway 5 and the Sun Peaks access road on August 1 for about 10 days, said Jeff Putnam, executive director of the Sun Peaks Resort Association.

Putnam estimated the resort lost about 10,000 visits during that period, which would have included the Canadian Mountain Bike Championships.

More tourists were deterred after roads re-opened, he said. Putnam estimated the resort is operating with about one-third of its typical amount of visitors.

Kelowna Lakeshore Inn partner Greg Long said late August revenues are down significantly from last year at his Lake Okanagan hotel.

The inn, located close to parts of Kelowna that were evacuated, housed a few evacuees and many firefighters paying government rates.

Tourist traffic to the region dropped off to almost nothing, Long said.

Fortunately for many tourist businesses far from fires, cancellations have been few.

Norm Dove's Echo Valley Ranch, which is ringed by forest near Clinton, is up 10 per cent in terms of guest nights over last year despite some cancellations due to fires elsewhere in the province.

Despite the range of worries, the tourism industry has received some promising news.

Recent Statistics Canada figures indicate that visitor entries to B.C. increased in June for the first time this year. The seasonally adjusted figures show that overall entries rose by 2.8 per cent, with U.S. entries growing by 2.2 per cent and overseas entries by a considerable 6.2 per cent.

Asian entries, which plummeted during the SARS scare, were particularly robust, surging by 19.1 per cent.

However, increases weren't felt locally.

"Our visitor numbers for June were down," said Paul Vallee, executive vice-president at Tourism Vancouver. He said there was a 10-per-cent drop in overnight visitors staying in paid Vancouver accommodation during the month.

That figure is not seasonally adjusted. Rather, it's based on year-over-year comparisons.

Although July figures are preliminary, Vallee said a similar drop in visitor figures looked likely.

However, he said August seemed to be rebounding and predicted that the September tally could surpass numbers for the same period last year. "The remainder of the year looks like it's going to be relatively OK," Vallee said.

Strangely, although the seasonally adjusted figures were up in June, restaurant, caterer and tavern receipts in the province fell by 0.5 per cent.

"I'm perplexed as to how on one hand there could be an improvement, and on the other hand there could be a decline," said Geoffrey Howes, chair of the British Columbia Restaurant and Foodservices Association. He suggested that visitors coming to B.C. are simply spending less.

After a tough first half of the year dragged down by the Iraq war, SARS and mad-cow disease, Howes is guardedly hopeful about the rest of 2003. "There is a reasonable amount of optimism for September," he said. "The industry seems to be sort of on track, albeit later in the year than usual."