'Riding the Waves': Scenario Planning for the Atlantic Canada Cruise Industry during the Pandemic

Discussion Paper

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RIDING THE WAVES: SCENARIO PLANNING FOR THE ATLANTIC CANADA CRUISE INDUSTRY DURING THE PANDEMIC

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PROJECT TITLE
Scenario Planning for the Atlantic Canada Cruise Industry

DISCLAIMER
This report is funded by the Atlantic Canada Opportunities Agency (ACOA) under the Atlantic Policy Research Initiative, which provides a vehicle for the analysis of key socioeconomic policy issues in Atlantic Canada. The views expressed in this study do not reflect the views of ACOA or of the Government of Canada. The authors are responsible for the accuracy, reliability and currency of the information.

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This project was conducted in partnership with the Atlantic Canada Cruise Association (ACCA) and supported by the Atlantic Canada Opportunities Agency (ACOA) (Project Number: 217507).

Why we did it

In recent years, the $154-billion cruise industry has been the "fastest growing" industry in the tourism sector, with more than 29 million passengers annually (Coggins, 2014, p. 138; Clancy, 2017; CLIA, 2020). The COVID-19 pandemic, however, has had a devastating impact on the Canadian tourism sector and economy and, in turn, the cruise industry. In May 2020, Transport Canada prohibited overnight passenger vessels that carry more than 100 people from operating in Canadian waters until at least October 31, 2020 (Pottie & Grant, 2021). As a result, there was no cruise season in Atlantic Canada in 2020. The extension of the federal no-sail order to February 28, 2022 (which Transport Canada changed to November 1, 2021 in July 2021), and the high level of uncertainty associated with the virus presented additional challenges and opportunities for the cruise industry. Although it has limited control over several aspects of this situation, the cruise industry must consider and prepare for a number of plausible outcomes for next cruise season and the medium term.

What we did

The purpose of this project is to bring together members of the Atlantic Canada cruise industry and related stakeholders to participate in two rounds of scenario-planning exercises that will help the industry identify and manage risks and seize opportunities in the short and medium term.

The project consisted of seven scenario-planning sessions—four in the spring and three in the summer/fall. The sessions took place both online and in-person. The first round of sessions focused on 2022 when it is assumed cruise operations for Atlantic Canada will have resumed. The second round of scenario-planning sessions focused on a three-to-five-year outlook for the Atlantic Canada cruise industry and included two scenario-planning exercises. The first exercise focused on environmental sustainability and the second looked at the labour challenges and the future of work.

How we did it

We worked closely with the Atlantic Canada Cruise Association to prepare for these two sets of scenario-planning sessions. The ACCA provided the cruise expertise for this project, including data for the pre-session reports and advice about who to invite to the sessions, while the MacEachen Institute conducted desktop research prior to the distribution of pre-session materials, hosting of the scenario-planning sessions, and the release of this report.

We employed the Chatham House Rule during our discussion at the sessions, which means that we collected and summarized participants' ideas but did not attribute them.

General observations

- Tourism is an important employer for the region. Cruise ship passengers bring close to $350 million into the region and help to support more than 2,000 jobs.
- The cruise industry depends on international markets, and largely the U.S.
- The industry depends on social license. Increasingly, this means making progress in environmental, social and economic sustainability, according to the United Nations.

Volatility in the sector:
- Scenario-planning exercises helped us to identify and explore many volatilities in the tourism sector.
- Despite the importance of the sector, many of the jobs are short term with low pay and few benefits. These conditions produce a very unstable workforce, subject to the whims of the market, which in the case of cruise, is largely an external one.
- The key market is the older population with increased health concerns and vulnerabilities.
- Environmental practices are increasingly scrutinized.
- The various ports have different resources and capacities; cities have more resources than smaller communities.
- Cruise works more effectively when multiple partners across jurisdictions cooperate. At the same time, and largely because of dependence on SMEs and the dispersed nature of the sector across multiple jurisdictions, the sector lacks a strong coordination function.
- The pandemic demonstrated that coordination costs across the sector can be high; despite the success of the Atlantic Bubble, there were times when coordination across the region was constrained, which raises risk governance concerns for the sector in the future.
- Further, reliance on SMEs with immediate and short-term pressures and ambitions means it is difficult for the sector to prepare for medium-term challenges and opportunities. This dynamic has resulted in concern about availability of labour because the need is significant and immediate, and the supply is less clear. Medium-term strategic planning for environmental sustainability will be more of a challenge because the need is less urgent and the capital for investment is limited.
- Past crises like SARS in Toronto demonstrated that cooperation across organizations, including all orders of government and private industry, can help the industry to bounce back better.
- During COVID-19, a consensus formed that the tourism sector is an important one that has suffered considerably during the pandemic, and may continue to suffer for some time. There might be an opportunity to use this heightened profile to strengthen medium-term strategic planning across the region. This will involve committed leadership across multiple sectors and jurisdictions. It will also involve community engagement, including key labour, environmental and cultural/heritage NGOs.

Key observations: 2022 season scenarios and initiatives

- **Principal concerns**: While the sector believes demand for cruise in the region will bounce back, it is concerned about its capacity to host visitors next cruise season. The concern stems largely from access to labour, health protocols and the fragility of local tourism supply chains, which are crucial aspects of the tourism experience for visitors.

- **Principal opportunities**: The sector can strengthen coordination with local supply chains, other regional ports, key government and national tourism and public health stakeholders to ensure stability and consistency in the visitor experience.
- **Other notes**: The scenario sessions underscored that access to financial and human resources differ from port to port, which suggests that it is not a one-size-fits-all solution to the current challenges. Aligning standards and delivering consistent experiences to visitors requires a high level of coordination, which is challenging for some ports. The variation in experiences with COVID-19 across the region underscores the risk governance challenges that lie ahead.

Key observations: Green scenarios and initiatives

- **Principal concerns**: On the demand side, customers' interest in green experiences are unclear and potentially volatile. Ostensibly, people prefer environmentally sustainable practices; however, polling data suggests that price is the key determining factor in holiday selection, followed by time and convenience (Jones, 2021). Government regulations from Canada and abroad (including a key market like the U.S.) are more likely to drive sustainability practices. On the supply side, financial constraints and uncertainty brought about by the pandemic raise questions about port cities' financial capacity to make green investments in the medium term.
- **Principal opportunities**: Take advantage of the pent-up demand for travel to generate revenue streams for future investments, including more sustainable experiences. Take advantage of the region's reputation as a safe and environmentally friendly place to visit to develop further this brand. Prepare proposals to develop sustainable infrastructure in light of future funding opportunities that may come to help the tourism sector recover from the pandemic.
- **Other notes:** The sector struggles with medium-term initiatives for which there is an absence of financial incentives. The sector will likely require senior level buy-in with financial support and government directives to make progress in this area. It will also require community engagement with key stakeholders including environmental and heritage NGOs.

Key observations: Labour scenarios and initiatives

- **Principal concerns**: With the highest share of seniors in Canada, the region is concerned about aging workers' impact on tourism labour and operations. Combined with upward pressure on wages, significant changes to the labour supply could add to existing staffing shortages and capacity issues. A lack of financial and human resources and insufficient information sharing also contribute to concerns about the stability of local supply chains.
- **Principal opportunities**: Recruit workers from different labour pools, offering incentives appropriate for the particular labour pool to which the sector is appealing. By strengthening partnerships with post-secondary institutions and settlement agencies, the industry can enhance its recruitment of students/recent graduates and immigrants, respectively. Introducing more cluster employment opportunities can help address tourism labour shortages by providing employees with stable, year-round work throughout the region. The sector can also think about how to incentivize older workers back to the labour market. Finally, through more emphasis on education, training, career development and medium-term goals, the region can work to professionalize the sector.

- **Other notes**: Labour shortage is a challenge for many sectors. The pandemic has raised the profile of various labour challenges in the tourism workforce. Due to the aging population and outmigration, rural communities have been the most vulnerable to labour force changes. While investing in technology could help the sector address labour issues and prepare for the future, many businesses do not have the capital or certainty required to make such investments. Addressing future labour issues will require the sector to reconcile its need to professionalize with its ongoing dependence on low-wage and seasonal labour.

Résumé

Renseignements sur le projet

Le présent projet a été réalisé en partenariat avec l'Atlantic Canada Cruise Association (ACCA) et a été soutenu par l'Agence de promotion économique du Canada atlantique (APECA) (numéro de projet : 217507).

Justification du projet

Au cours des dernières années, le secteur des croisières, évalué à 154 G$, a connu « la plus forte croissance » du secteur touristique, avec plus de 29 millions de passagers chaque année (Coggins, 2014, p. 138; Clancy, 2017; CLIA, 2020). Cependant, la pandémie de COVID-19 a eu des répercussions désastreuses sur le secteur du tourisme et sur l'économie au Canada et, par conséquent, sur le secteur des croisières. En mai 2020, Transport Canada a interdit la circulation de navires à passagers, offrant de l'hébergement et autorisés à transporter plus de 100 personnes, dans les eaux canadiennes jusqu'au 31 octobre 2020 (Pottie et Grant, 2021). C'est pourquoi le Canada atlantique n'a pas connu de saison des croisières en 2020. La prolongation de l'ordonnance fédérale interdisant la navigation jusqu'au 28 février 2022 (date que Transport Canada avait modifiée une première fois en juillet 2021, pour le 1er novembre 2021) et le haut niveau d'incertitude entourant le virus ont présenté des défis et des possibilités supplémentaires pour le secteur des croisières. Bien que le secteur des croisières ait un contrôle limité sur plusieurs aspects de cette situation, il doit tenir compte de nombreuses conséquences possibles et s'y préparer à moyen terme, pour la prochaine saison des croisières.

Le projet

L'objectif du présent projet est de rassembler les membres du secteur des croisières du Canada atlantique ainsi que les autres intervenants concernés afin de participer à deux rondes d'exercices de planification de scénarios qui aideront à déterminer les risques, à les gérer et à saisir toutes les possibilités à court et à moyen terme.

Le projet a consisté en sept séances de planification de scénarios : quatre au printemps et trois à l'été et à l'automne. Les séances se sont déroulées tant en ligne qu'en présentiel. La première ronde de séances a mis l'accent sur 2022, le moment présumé de la reprise des croisières dans le Canada atlantique. La deuxième ronde de séances de planification de scénarios s'est concentrée sur les perspectives d'ici trois à cinq ans pour le secteur des croisières du Canada atlantique et a comporté deux exercices de planification de scénarios. Le premier exercice portait sur la durabilité écologique et, le deuxième, sur les défis liés à la main-d'œuvre et sur l'avenir du travail.

Réalisation du projet

Nous avons travaillé en étroite collaboration avec l'Atlantic Canada Cruise Association pour la préparation de ces deux séries de séances de planification de scénarios. L'ACCA a fourni l'expertise relative aux croisières pour ce projet, notamment les données qui ont permis de produire les rapports précédant les séances ainsi que des conseils sur les personnes à convier aux séances, tandis que le MacEachen Institute a effectué des recherches préalables à la distribution

de documents à consulter avant les séances, a organisé les séances de planification de scénarios et a publié le présent rapport.

Les discussions durant les séances se sont déroulées conformément aux règles de Chatham House, ce qui signifie que nous avons recueilli et résumé les idées des participants sans les leur attribuer.

Observations générales

- Le secteur touristique est un employeur important dans la région. Les passagers de navires de croisière rapportent près de 350 M$ à la région, ce qui permet de créer plus de 2 000 emplois.
- Le secteur des croisières dépend de marchés internationaux, et essentiellement de celui des États-Unis.
- Le secteur est également tributaire de l'acceptabilité sociale. Selon les Nations Unies, cela signifie que des progrès doivent être réalisés en matière de viabilité sociale, économique et de l'environnement.

Fluctuations dans le secteur:
- Les exercices de planification de scénarios nous ont aidés à cerner et à étudier plusieurs éléments fluctuant dans le secteur touristique.
- Malgré l'importance de ce secteur, beaucoup des emplois qui y sont associés sont à court terme et à faible revenu et disposent de peu d'avantages sociaux. Ces conditions génèrent une grande précarité de la main-d'œuvre, tributaire des fluctuations du marché, qui, dans le cas des croisières, est principalement extérieur.
- La clientèle ciblée par ce marché est la population plus âgée, qui est plus vulnérable et dont les préoccupations relatives à la santé sont accrues.
- Les pratiques écologiques sont de plus en plus scrutées à la loupe.
- Les ports disposent de différentes ressources et capacité; les villes ont davantage de ressources que les plus petites collectivités.
- Les croisières gagnent en efficacité lorsque de multiples partenaires de différentes provinces collaborent. En même temps, et en grande partie parce que le secteur est tributaire des petites et moyennes entreprises (PME) et qu'il s'étend à plusieurs provinces, une solide fonction de coordination manque à l'appel dans le secteur.
- La pandémie a démontré que les coûts relatifs à la coordination pour l'ensemble du secteur peuvent être élevés; malgré la réussite de la « bulle atlantique », la coordination de l'ensemble de la région a parfois connu des limites, ce qui soulève des questions en matière de gouvernance du risque dans ce secteur pour l'avenir.
- De plus, la dépendance à l'égard de PME, dont les contraintes et les aspirations sont immédiates et à court terme, fait en sorte qu'il est difficile pour le secteur de se préparer pour les défis et les possibilités à moyen terme. Cette dynamique a provoqué des inquiétudes par rapport à la disponibilité de la main-d'œuvre, puisque la demande est considérable et immédiate, tandis que l'offre est incertaine. La planification stratégique à moyen terme, en ce qui concerne la viabilité écologique, représentera un plus grand défi, puisque ce besoin est moins urgent et que l'on dispose de capitaux limités pour investir dans ce secteur.

- Des crises passées comme celle du SRAS, à Toronto, ont démontré que la collaboration d'organisations, y compris tous les ordres de gouvernement et l'entreprise privée, peut favoriser une meilleure relance du secteur touristique.
- Durant la COVID-19, l'importance du secteur touristique, ainsi que les difficultés considérables qu'il a éprouvées durant la pandémie et qu'il pourrait encore connaître pendant un certain temps, a fait l'objet d'un consensus. On pourrait utiliser cette plus grande visibilité afin de consolider la planification stratégique à moyen terme dans l'ensemble de la région. Cela nécessitera des dirigeants engagés dans de multiples secteurs et provinces. L'engagement communautaire sera également requis, notamment des principales organisations non gouvernementales relatives à la main-d'œuvre, à l'environnement, à la culture et au patrimoine.

Principales observations : scénarios et initiatives pour la saison 2022

- **Principales préoccupations** : Bien que l'on estime, au sein du secteur, qu'il y aura un redressement de la demande pour des croisières dans la région, la capacité d'accueillir des visiteurs lors de la prochaine saison des croisières est une préoccupation. Cette préoccupation découle en bonne partie de l'accès à la main-d'œuvre, des protocoles sanitaires et de la fragilité des chaînes d'approvisionnement du tourisme local, qui sont des aspects déterminants de l'expérience touristique pour les visiteurs.
- **Principales possibilités** : Le secteur peut améliorer la coordination avec les chaînes d'approvisionnement locales, d'autres ports régionaux ainsi que les principaux intervenants gouvernementaux et nationaux en matière de tourisme et de santé publique, afin de veiller à la continuité et à l'uniformité de l'expérience des visiteurs.
- **Autres remarques** : Les séances portant sur les scénarios ont mis en évidence que l'accès aux ressources financières et humaines varie d'un port à l'autre, ce qui indique qu'il n'y aura pas de solution passe-partout pour tous les enjeux actuels. L'harmonisation des normes et l'uniformisation des expériences offertes aux visiteurs nécessitent un niveau élevé de coordination, ce qui s'avère difficile dans certains ports. L'écart entre les expériences en raison de la COVID-19 dans la région souligne les enjeux en matière de gouvernance du risque qui nous attendent.

Principales observations : scénarios et initiatives écologiques

- **Principales préoccupations** : Du point de vue de la demande, l'intérêt de la clientèle pour des expériences axées sur la durabilité écologique est incertain et possiblement précaire. Visiblement, les gens préfèrent les pratiques respectueuses de l'environnement; cependant, les résultats de sondages indiquent que le prix est le facteur le plus déterminant dans le choix des vacances, suivi par les dates et la commodité (Jones, 2021). Les réglementations gouvernementales au Canada et à l'étranger (notamment pour un marché stratégique comme les États-Unis) sont plus susceptibles de favoriser les pratiques en matière de durabilité écologique. Du point de vue de l'offre, les contraintes financières et l'incertitude occasionnées par la pandémie ont soulevé des questions quant à la capacité financière des villes portuaires d'effectuer des investissements en faveur de la durabilité écologique à moyen terme.
- **Principales possibilités** : Profiter de la demande refoulée à l'égard des voyages pour générer des sources de revenus pour de futurs investissements, notamment pour des expériences plus durables. Profiter de la réputation de la région comme étant un lieu

sécuritaire et respectueux de l'environnement à visiter, afin de faire évoluer davantage cette image de marque. Préparer des propositions pour la mise au point d'une infrastructure durable, compte tenu de possibilités de financement à venir pour contribuer au redressement du secteur touristique après la pandémie.

- **Autres remarques :** Le secteur connaît des difficultés en ce qui concerne les initiatives à moyen terme pour lesquelles les incitations financières sont inexistantes. Le secteur aura probablement besoin d'un appui de niveau supérieur ainsi que du soutien financier et de directives du gouvernement pour avancer sur ce point. L'engagement communautaire d'intervenants importants sera également nécessaire, notamment d'organisations non gouvernementales environnementales et patrimoniales.

Principales observations : scénarios et initiatives relatives à la main-d'œuvre

- **Principales préoccupations** : Abritant la plus grande proportion d'aînés au Canada, l'une des préoccupations dans la région est l'incidence du vieillissement des travailleurs sur la main-d'œuvre et les activités du secteur touristique. En conjuguant cela aux pressions exercées en faveur d'une augmentation des salaires, des changements considérables à la main-d'œuvre disponible pourraient s'ajouter aux pénuries de personnel et aux enjeux relatifs à la capacité qui existent à l'heure actuelle. Un manque de ressources financières et humaines et une transmission insuffisante de l'information contribuent également aux préoccupations concernant la continuité des chaînes d'approvisionnement locales.

- **Principales possibilités** : Recruter des travailleurs provenant de différents bassins de main-d'œuvre, en leur offrant des avantages appropriés en fonction du bassin pour lequel le secteur est attrayant. En consolidant les partenariats avec des établissements d'enseignement postsecondaire et des organismes de services d'établissement, le secteur peut accroître le recrutement d'étudiants, de personnes récemment diplômées et d'immigrants, respectivement. Intégrer davantage de processus d'embauche par cohorte peut aider à remédier aux pénuries de main-d'œuvre dans le secteur touristique en offrant aux employés un travail stable durant toute l'année, et partout dans la région. Le secteur peut également envisager des façons de motiver le retour de travailleurs plus âgés sur le marché du travail. Enfin, en mettant davantage l'accent sur l'éducation, la formation, le perfectionnement professionnel et les objectifs à moyen terme, la région peut travailler à la professionnalisation du secteur.

- **Autres remarques** : La pénurie de main-d'œuvre représente un défi dans plusieurs secteurs. La pandémie a mis davantage en évidence diverses difficultés relativement à la main-d'œuvre du secteur touristique. En raison du vieillissement de la population et de l'exode rural, les collectivités des régions rurales ont été les plus vulnérables aux changements sur le marché du travail. Bien que des investissements dans la technologie puissent aider à résoudre des problèmes liés à la main-d'œuvre dans ce secteur ainsi qu'à le préparer pour l'avenir, plusieurs entreprises ne disposent pas des fonds ni des convictions nécessaires pour les effectuer. Pour être en mesure de remédier à de futurs enjeux relatifs à la main-d'œuvre, ce secteur devra concilier son besoin de professionnalisation et sa dépendance actuelle à l'égard de la main-d'œuvre saisonnière et à faible revenu.

2. Summary of Recommendations

The cruise industry in Atlantic Canada benefits from a collaborative approach; there is a shared interest in working together and, in fact, expanding the existing partnership to include new partnerships with private industry and the community/NGO sector to articulate a shared vision for the sector.

The tourism sector, including the cruise industry, finds itself in a highly fluid situation. There is a high degree of uncertainty on the demand and supply side. On the demand side, uncertainties include how the market will bounce back from COVID-19 and how environmental concerns in the population will impact demand. On the supply side, uncertainties include health protocols, the availability of labour, environmental standards, infrastructure investments and how to maintain social license in a community.

Good risk governance in a highly uncertain context requires reliable information, informed yet flexible standards and adaptive capacity in the workforce and among stakeholders. With this in mind, we offer these recommendations.

- Stronger coordination function at the local, regional and national level. The sector is highly dependent on SMEs; it requires capacity to coordinate and develop shared positions across sectors and jurisdictions; it requires engagement with all orders of government, industry and NGOs, particularly community, health, environmental, labour and heritage/cultural organizations.

- The labour market, particularly for low paid service jobs, is highly volatile at present, partly due to COVID-19; however, these challenges are not likely to go away in a post-pandemic era. Labour shortages will continue to be a challenge for the region. The sector requires stronger connections to universities and colleges, immigration services and cluster employment services and platforms; stronger retention strategies, including an understanding of how competitive the labour market is as well as the unique needs, concerns, skills and aspirations of its existing employees and how to support them. They will also need to consider how to incentivize the aging workforce to continue working. They will also have to further professionalize the sector with more stable employment and higher salaries and a structured career path. The 'great resignation' (Bartleby, 2021) has brought these issues to the fore but these labour force issues have been emerging for some time in the tourism sector and will require ongoing commitment from the sector to address them.

- The vulnerabilities of the sector have received considerable profile during the pandemic. To address these vulnerabilities and challenges, the sector should develop stronger medium-term plans. This planning will require support from and engagement with senior leadership and regional communities. Given the number of stakeholders and jurisdictions, a strictly top-down approach is unlikely to be successful. Therefore, stronger cooperation and alignment are required.

- Finally, the sector will require a strong research capacity to monitor best practices and regulatory positions on the international stage. The future of cruise in Canada will depend partly on the performance of the local operators and policymakers, but will also depend on decisions by tourists and governments made in international markets; the industry will have to keep a close eye on international trends in travel, health and environment.

Next steps

Establish strong community-based stakeholder committees at the port, including key suppliers, NGOs and public health, to address tourism supply chain issues, such as transportation. Membership should reflect current and future sense of the industry and community.

Use the new focus and momentum in the sector to further sustainability planning.
- Short- and medium-term plan to address labour shortages
- Medium-term environmental plan that can take advantage of emerging climate change focus and opportunities

Strengthen the local research function to help anticipate changes in social license and international markets, particularly the U.S. and European regulations.

PART I: BACKGROUND

3. Introduction

In recent years, the $154-billion cruise industry has been the "fastest growing" industry in the tourism sector, with more than 29 million passengers annually (Coggins, 2014, p. 138; Clancy, 2017; Cruise Lines International Association [CLIA], 2020). The COVID-19 pandemic, however, has had a devastating impact on the Canadian tourism sector and economy and, in turn, the cruise industry. The confined environment of cruise ships makes them particularly vulnerable to virus transmission (Pan et al., 2021; Holland, 2020). In May 2020, the Federal Minister of Transport prohibited overnight passenger vessels that carry more than 100 people from operating in Canadian waters until at least October 31, 2020 (Pottie & Grant, 2021). As a result, there was no cruise season in Atlantic Canada in 2020, jeopardizing more than 2,000 direct and indirect jobs that depend on this sector and the $347 million that the cruise sector injects, directly and indirectly, into the Atlantic Canadian economy (Pottie & Grant, 2021; Business Research & Economic Advisors [BREA], 2021). The extension of the federal no-sail order to February 28, 2022 (which Transport Canada changed to November 1, 2021 in July 2021), and the high level of uncertainty associated with the virus presented additional challenges and opportunities for the cruise industry, from overcoming economic losses to restoring confidence in potential cruisers and port communities.

Although it has limited control over a variety of potential scenarios for next season and the future, the cruise industry has the opportunity to start fresh, possibly with a renewed emphasis on health and safety and other forces impacting the sector, such as sustainability and labour issues. This project applied scenario planning to provide the Atlantic Canada cruise industry with a

method for identifying plausible futures for the region and strategies for planning a safe return to cruising in 2022 and three to five years from now.

4. Project Description and Overview

4.1. Purpose

The purpose of this project was to bring the Atlantic Canada cruise industry and related stakeholders together to participate in scenario-planning exercises that would help the industry identify and manage risks and seize opportunities in the short and medium term.

4.2. Goals

- Provide the Atlantic Canada cruise industry and related stakeholders with relevant information and structure to describe, examine and respond to possible short- and medium- and longer-term futures.
- Develop recommendations for the cruise industry that build on session discussions and consider the lasting economic and health impacts of COVID-19 and sustainability and labour issues that could challenge its future.

4.3. Deliverables

- **Scenario-Planning Sessions**: The MacEachen Institute facilitated seven scenario-planning sessions—four in the spring of 2021 and three in the summer/fall of 2021. The first set of sessions focused on 2022, the next cruise season for Atlantic Canada, while the second set looked at three to five years from now.
- **Final Report**: The MacEachen Institute published a report following each round of sessions. The reports summarize the sessions and provide the cruise industry with recommendations for moving forward.
- **ACOA Presentation**: Deliver a presentation to ACOA following the completion of both sets of sessions. This presentation provided ACOA with an overview of the sessions and next steps for the Atlantic Canada cruise industry.
- **Public Panel**: Host a public panel on the future of the Atlantic Canada cruise industry. This panel, "Solutions to Workforce Issues in the Seasonal Tourism Sector," consisted of tourism, labour and immigration professionals from the region and addressed workforce challenges.

4.4. Session structure

The project consisted of seven scenario-planning sessions—four sessions in the spring and three in the summer/fall. The sessions took place both online and in-person and were moderated by Kevin Quigley, the Scholarly Director of the MacEachen Institute.

Round one:
The first round of sessions focused on 2022 when it is assumed cruise operations for Atlantic Canada will have resumed. Due to the impact of the pandemic's third wave in Atlantic Canada, the spring sessions all took place online.

The first session, a three-hour online event on May 28, introduced participants to risk governance and scenario planning, followed by a discussion of potential driving forces in the cruise industry, which are concepts largely outside an organization's control but that significantly impact the organization/industry.

During the second and third sessions on June 3 and 4, two three-hour online events, we built on the driving forces identified at the first session through a guided discussion about four plausible futures for the industry, including the underlying causes and risks and opportunities they present. These sessions also included presentations by two guest speakers—David Robinson from Destination Canada, who spoke about the recovery of the tourism sector, and Shane O'Flaherty from Microsoft, who discussed technology and the cruise sector (see *Appendix D* for the guest speakers' biographies).

The third session, a two-hour online event on June 11, included a discussion about policy and responses the industry can pursue in light of the four futures.

Round two:
The second round of scenario-planning sessions focused on a three-to-five-year outlook for the Atlantic Canada cruise industry. This round of sessions included two scenario-planning exercises. The first exercise focused on environmental sustainability and the opportunities and challenges it poses for the industry. During the second exercise, we looked at the future of work, including the impact of technology on industry operations.

The first session was a two-hour virtual event on September 10. It provided attendees with a brief overview of scenario planning and included a discussion of the relevant driversfor the success of the cruise industry in the three-to-five-year timeframe.

The second session on September 17 was a full-day event at the Westin Nova Scotian. This session included two guest speakers, Claus Bødker from Cruise Baltic & Cruise Copenhagen Network, who presented on environmental considerations for the industry, and Sandra McKenzie from the Forge Institute, who discussed the future of the labour force. Building on ideas from these discussions, the group described plausible futures for the cruise industry, including the underlying causes, risks, and opportunities associated with each scenario.

The third session, a two-hour virtual event on October 6, included a guided discussion in which the group considered strategies to address the four plausible scenarios identified in each exercise.

5. Methods

Partnership

We worked closely with the Atlantic Canada Cruise Association to prepare for these two sets of scenario-planning sessions. The ACCA provided the cruise expertise for this project, including data for the pre-session reports and advice about who to invite to the sessions.[1] We met bi-weekly with the ACCA between February 2021 and July 2021, with weekly meetings occurring in the few weeks leading up to and during the two rounds of sessions. We also met following completion of the sessions to clarify the project's next steps. These meetings contributed to our understanding of the Atlantic Canada cruise industry and the challenges it continues to face. This collaboration contributed to the planning and hosting of these sessions and their success.

Chatham House Rule

Under the Chatham House Rule, meeting attendees "are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant may be revealed" (Chatham House, n.d., para. 3). We employed this rule during our discussions at the sessions, during which we collected and summarized ideas but did not attribute them.

Sessions

The planning of these sessions required careful attention to regional public health directives. As a result of the COVID-19 pandemic, sessions, with the exception of the second fall session, were hosted online via Zoom. Overall, the structure of the sessions proved to be effective. Online meetings can be difficult due to technical difficulties and issues related to participant engagement, such as 'Zoom fatigue'. To address these challenges and enhance participation, we administered surveys to prepare participants for sessions. In addition to enhancing our data collection, the surveys provided participants with an opportunity to reflect on the scenarios and initiatives before the sessions and gave more introverted learners a way to contribute to session discussions. We also collected feedback on session content and delivery, which was largely positive.

6. Risk Governance

This section introduces key concepts from the risk governance literature that we will use throughout our analysis.

6.1. Context

Hood, Rothstein, and Baldwin hypothesize that context shapes the manner in which regimes regulate risk. They define regimes as "the complex of institutional geography, rules, practice and animating ideas that are associated with the regulation of a particular risk or hazard" (2001, p. 9). There are three lenses that Hood et al. (2001) use to explore context: (1) the market dynamics, including the role of law and insurance; (2) the public's opinions about the risk, including the

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[1] The MacEachen Institute also conducted desktop research prior to the distribution of pre-session materials, hosting of the scenario planning sessions, and the release of this report.

role of media; (3) the way power and influence are concentrated in groups. We will use these three contextual factors—markets, public opinion/popular media—and interest groups at different times in our analysis in order to consider various pressures that are acting on the regulation of the cruise industry and ports during and following the pandemic.

6.2. What is risk governance?

The International Risk Governance Council (IRGC) takes a broad view of understanding risk and how to address it. According to the IRGC, risk governance is defined as the totality of actors, rules, conventions, processes, and mechanisms concerned with how relevant risk information is collected, analyzed, and communicated and how management decisions are taken.

Risk governance can be a structured and holistic way to think about risks and how to address them. Renn (2008), one of the key contributors to the IRGC, divides the risk governance process into two broad spheres: *assessment*, which focuses on knowledge generation, and *management*, which focuses on decisions and action.

The assessment phase includes **pre-assessment**, which captures existing indicators, routines and conventions that may prematurely narrow what is going to be addressed, and **risk appraisal**, which includes technical risk assessments and determining the level of social concern.

Tolerability and acceptability straddle both knowledge generation and management; they determine "appetite" for risk, given likelihood, consequence, and the level of residual risk allowable after mitigation measures are put in place.

The final stage is **risk management**, which focuses on the actions required to manage risk to an acceptable level. While Renn shows the process as four discrete and sequential steps, it is not necessarily linear or easily compartmentalized. The process is dynamic and iterative as new data comes to light, particularly for risks where there are considerable knowledge gaps, such as the COVID-19 pandemic.

6.3. Uncertain and ambiguous risks

The IRGC framework distinguishes between types of risk. As a starting point, it is useful to think about our state of knowledge of a particular risk and how this will influence the process and the actors with which we engage.

The IRGC framework divides risks into four classes: simple, complex, uncertain, and ambiguous. The classification of risk is "not related to the intrinsic characteristics of hazards or risks themselves but to the state and quality of knowledge available about both hazards and risks" (Renn & Walker, 2008, p. 18). An example of a simple risk would be road safety. We typically have reliable data for simple risks. Although car accidents are random, the number of car accidents that occur each year, including deaths and serious injuries, is quite predictable. For these types of risk problems, we assume the future will look like the past and we focus on how to improve road safety based on past experience. In other words, we jump almost immediately to

the last stage of the risk governance process—risk management—and deliberate over options based on past experience.

COVID-19 in the early stages can be understood as an uncertain risk. **Uncertain risks** exist when there is an absence of reliable predictive data to allow us to make reasonable forecasts about the future. These limitations diminish confidence in traditional objective measures of risk estimation, and therefore risk management becomes more reliant on "fuzzy" or subjective measures of risk estimation (Renn, 2008, pp. 18-9). Uncertain risks frequently generate surprises or realizations that risk-modelling frameworks and experts fail to anticipate or explain (e.g., rare natural disasters, terrorism, pandemics). For this type of risk, we are particularly interested in **risk tolerance**. If the consequences can be catastrophic and irreversible, then we adopt a precautionary approach. While a precautionary stance will lead us to be more cautious in our decisions, there is still scope for exploration, discussion, and debate over what a precautionary stance might entail. Generally, however, precautionary approaches are expensive and paper over controversy.

People's reactions to risk are deeply embedded in psychological and sociological phenomena. The psychology of risk literature identifies several biases in people's ability to draw inferences in the face of uncertainty. People are particularly anxious about unknown and high-dread risks (Craig, 2005; Quigley et al., 2017). Unknown risks include those that are unobservable, unknown to those exposed and to science, new, and have a delayed effect. High-dread risks include those that are understood to be uncontrollable, inequitable in their reach, potentially catastrophic, of high risk to the future, not easily reduced, include involuntary exposure, and affect people personally. Uncertain risks like pandemics have many of these characteristics. Moreover, our willingness to tolerate risk is influenced by a variety of social factors, including age, gender, income, employment status, ethnicity, lived experiences, (dis)ability, geographic location, worldviews, and institutional arrangements (Jaeger et al., 2001; Quigley et al., 2017; Hood et al., 2001).

As we have learned more about COVID-19, the pandemic has also taken on aspects of **ambiguous risk**. Ambiguous risks result from contested perspectives on the justification, severity or wider meanings associated with a threat (Renn, 2008). Risk tolerance varies by a number of social factors, as noted above. There is no one metric for risk perception; there is no one risk governance solution. Ambiguous risks are particularly concerned with events in which we have access to data, but we disagree on what it means and what to do about it. We have seen evidence of this as government regulations have become contested; people with different views have debated over the balance between health interests and economic ones. When studying ambiguous risks, the IRGC framework focuses on process and considers questions about how we gather data, interpret it and frame the risk event, and develop sometimes provisional conclusions until more information becomes available or a consensus is reached (IRGC, 2015, 2017). When we are confronted with such high levels of uncertainty and ambiguity, the risk literature recommends scenario planning as a process that can help us to think about the future and our ability to respond to it.

In sum, context can help us understand how various social and economic pressures are exerted on government responses to risk, while risk governance provides a structure to

examine how people assess, manage, and address risks. Not all risks are the same; they can be classified according to how much we know about them. Simple risks are those that have reliable data and are easier to predict. Uncertain risks exist where this is an absence of reliable predictive data to help us plan for the future. COVID-19 can be classified as an uncertain risk, particularly during the early stages of the pandemic. Arguably, COVID-19 has assumed aspects of an ambiguous risk, with conflicting interpretations of the risk, what it means and what to do about it.

7. Scenario Planning

7.1. What is scenario planning?

For many aspects of futures planning, prediction based on previous trends is a useful and necessary tool to remain competitive and inform decisions. But how can an organization anticipate events that do not follow a trend? What should an organization do when the future is uncertain, and a variety of dimensions intersect to create an outcome that is almost impossible to predict? These situations require more than just forecasting. In these cases, data on past performance is not as reliable and the range of estimates is significant and uncertain—the 1970s oil crisis, 9/11, climate change debates, and the 2007-8 financial crisis are examples of events in which scenario planning was frequently used. COVID-19 is also one of these situations.

In light of uncertainties presented by COVID-19 and the cruise industry in three to five years from now, scenario planning can challenge us to think differently, and invite us to examine alternative outcomes and how to respond to them. A scenario is not a prediction of the future but rather a hypothetical sequence of events that is helpful in investigating causes and necessary decision points (Van Asselt et al., 2010). Scenario planning can help organizations distinguish between what they can and cannot control, and what policies they can develop in response to the situation.

Scenario planning includes these four processes:
1) Identifies 'driving factors' for the organization
2) Identifies potential risks and uncertainties for the organization
3) Imagines potential future scenarios for the organization
4) Develops criteria by which to judge policies and plans to address these futures.

7.2. Scenario-planning design and steps

There is no one way to do scenario planning. We followed the intuitive logics method. During these sessions, we applied an exploration approach to scenario planning that is intuitive and leverages stakeholder engagement to approach simple scenarios/problems. This method required active participation of stakeholders throughout the exercises.

A key step of the scenario-planning process is to identify and explain key contextual drivers for the industry. The driving forces need to be ranked and plotted on an impact/uncertainty matrix (see *Figure 1*). Those that have the most impact and are most difficult to predict or most

uncertain are identified as the highest-ranking clusters and become the central variables for the exercise.
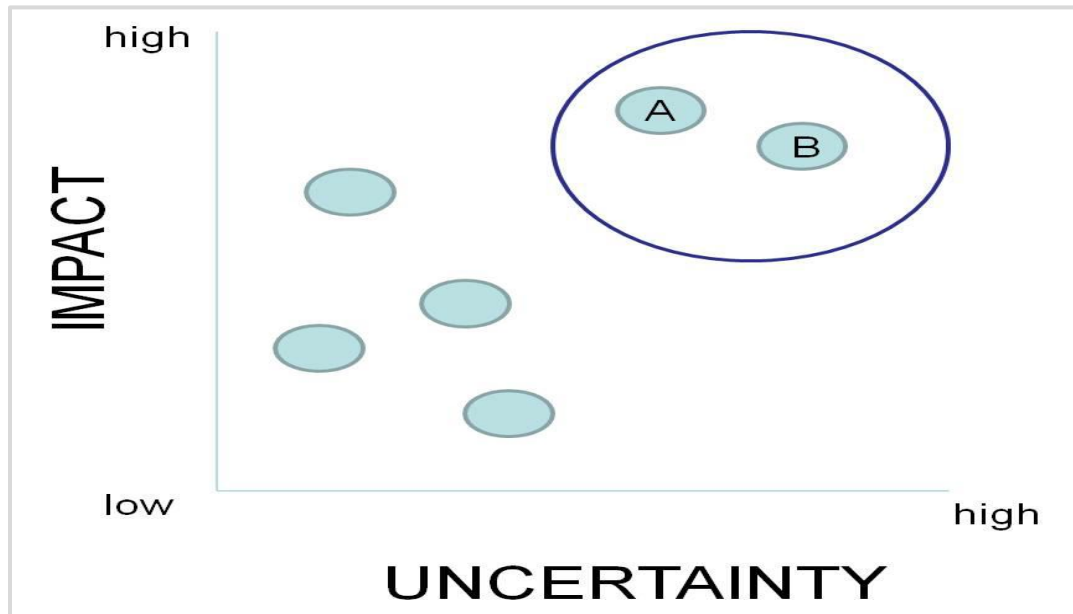
Figure 1: Impact / Uncertainty Matrix. We plot the variables on this matrix to determine what driving forces demonstrate the most impact and uncertainty.

After the selection of two driving forces, we plot them as the axes on a 2 x 2 scenario matrix. The 2 x 2 matrix is often referred to as the "standard" tool in intuitive logics scenario planning (Van Asselt et al., 2010; Ringland, 2002; Ramirez and Wilkinson, 2014). Like most aspects of intuitive logics scenario planning, the 2 x 2 matrix can be used differently depending on the circumstance. The conventional structure of an intuitive logics scenario-planning exercise using the 2 x 2 matrix is referred to as the backbone. The backbone matrix is built by:

a) Identifying and explaining key contextual drivers for the organization. In the backbone model these are the two factors that score the highest with regards to impact and uncertainty. They serve as the axes for the matrix.

b) Developing different scenarios based on the organization's key drivers. Each of the four possible scenarios is plotted on the 2 x 2 matrix (see *Figure 2*).

c) Identifying policy and program characteristics suited to the scenarios that they generate.
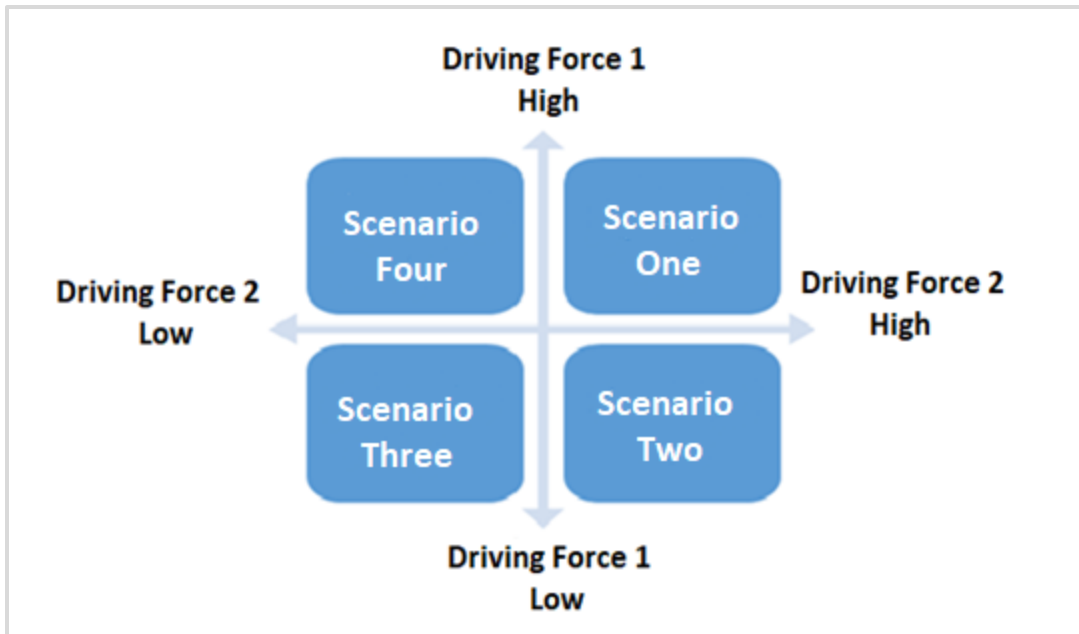
Figure 2: The Backbone / 2 x 2 Matrix. An example of a 2 x 2 matrix that sets up four scenarios.

After using the 2 x 2 matrix to identify four plausible futures for the organization/industry, participants are asked to answer the following questions:
- What does the scenario look like?
- How would the region get to this scenario?
- What are the underlying causes of this scenario?
- What are the potential critical failures[2] of this scenario?
- What are the opportunities that present themselves in this scenario?

Each of the scenarios is then given a name to capture the essence of the scenario to allow for easy reference.

In sum, a scenario is not a prediction of the future but rather an attempt at understanding causal factors that impact a particular organization or sector and how to address them. Successful scenario planning requires active participation by those involved in the sector, with people coming as individuals with a wide array of views. While there are many scenario-planning methods, we employed the intuitive logics method and drew on the work of Van der Heijden, Van Asselt, and others, with some modifications of our own. An essential step of the scenario-planning process is to identify which driving forces have the most impact and which are the most difficult to predict or most uncertain. We plot these driving forces on a 2 x 2 matrix to identify four potential scenarios and to develop strategies for addressing these futures.

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[2] For our discussion, critical failures are the circumstances or occurrences that would significantly impact the cruise industry's operations or recovery.

8. Overview of the Canadian Cruise Industry

On an annual basis, Canadian port authorities receive about 1.3 million cruise passengers, which generates more than $3 billion for the Canadian economy (Association of Canadian Port Authorities [ACPA], n.d.). In 2019, Americans accounted for about 72% of cruise passenger arrivals, followed by Canadian and U.K. residents at 11% each (BREA, 2021). Two-thirds of these passengers were 65 or older, and with an average household income of $110,000 (BREA, 2021).

8.1. Economic impacts

The cruise industry is an important source of revenue and jobs for industries across the Canadian economy. We can categorize the economic impacts of the industry into five sources: cruise passenger and crew spending on goods and services, cruise lines spending for port services, expenditures by cruise lines for purchasing goods and services required for maintaining operations, such as fuel, and capital expenditures for equipment and facilities purchased from Canadian businesses (BREA, 2021).

In 2019, close to 1,400 cruise ships visited cruise ports across Canada, which amounted to more than 3 million passengers, an increase of 37% from 2016 (BREA, 2021). Cruise lines, passengers, and crews also generated just below $2 billion in direct spending in 2019, an increase of 3% from 2016, and provided 16,927 jobs across Canada (BREA, 2021). These impacts were largely absorbed by three industries in the service-producing sector, including transportation and warehousing, accommodation and food services, and professional and technical services, at 31%, 18%, and 17%, respectively. Collectively, direct and indirect cruise-related spending resulted in $4.277 billion in total output for the Canadian economy and supported 30,257 jobs (BREA, 2021). *Figure 3* illustrates the direct and indirect impacts of the cruise industry on Canadian industries.

Industry/Sector	Number of Jobs	Outputs (in billions)
Goods-Producing Sector	**6,740**	**$1.857**
Manufacturing	5,314	$1.463
Natural resources, utilities & construction	1,426	$0.394
Service-Producing Sector	**23,517**	**$2.282**
Accommodation & food services	6,348	$0.404
Financial services	2,100	$0.273
Information, culture & recreation	873	$0.253
Other services & government	3,097	0.157
Professional & technical services	4,174	$0.387
Transportation & warehousing	5,420	$0.711
Wholesale & retail trade	1,505	$0.097
Spending by Sector	---	**$4.139**
Business taxes (minus subsidies)	---	$0.138
Total	**30,257**	**$4.277**

Although to a lesser extent than other North American port destinations, the Canadian cruise industry also contributes to other travel industries, including aviation. One-way embarkations and disembarkations, round-trip embarkations, and Canadian transit passengers, at a total of 784,400 travellers, generated $195.8 million in direct air fares for the aviation industry and Canadian economy in 2019 (BREA, 2021). Additionally, travel insurance, which was purchased for an average of $75 by about 20% of Canadians who booked cruises contributed $15.6 million to the economy (BREA, 2021).

8.2. Atlantic Canada

The cruise industry in Atlantic Canada, which is part of the Cruise Canada New England (CCNE) Alliance, operates as a port of call for cruise ships along the U.S. and Canadian coasts (CCNE, n.d.; BREA, 2021). In other words, the Atlantic region is a turnaround port for Canada New England cruises (McCarthy, 2018). The Atlantic cruise industry has six primary ports, Charlottetown, Corner Brook, Halifax, Saint John, St. John's, and Sydney, and several niche ports, which collectively accounted for about 29% of total cruise arrivals in 2019 (BREA, 2021). The Atlantic coastline, fall foliage, maritime heritage, and hospitality attract visitors to these ports, with repeat cruise visitors accounting for approximately 35% to 45% of all passenger visits to Halifax, Sydney, and Saint John (McCarthy, 2018). The region also supports 1,145 direct jobs (full-time and part-time) in the goods-producing and service-producing sectors in Atlantic Canada (see *Figure 4*). The cruise industry supports another 940 indirect jobs, for a total of 2,085 jobs in Atlantic Canada (BREA, 2021).

Industry/Sector	Number of Direct Jobs
Goods-Producing Sector	**104**
Agriculture, utilities & construction	5
Manufacturing	99
Service-Producing Sector	**1,041**
Accommodation & food services	366
Financial & business services	52
Transportation & warehousing	458
Wholesale & retail trade	42
Other services & government	123
Total Jobs	**1,145**

Figure 4: Direct Cruise Industry Jobs in Atlantic Canada. The service-producing sector accounts for 91% of direct jobs in the Atlantic region.
Source: BREA (2021).

In 2019, Atlantic Canadian ports welcomed more than 873,600 passengers, an increase of 52% from 2016, and generated $347 million for the regional economy (BREA, 2021). 673,000 or 91%

of cruise passengers visited four of the region's central ports, Halifax, Saint John, Sydney, and Charlottetown, which respectively, accounted for roughly 11%, 6%, 5%, and 4% of all cruise passenger arrivals in Canada (BREA, 2021; see *Figure 5*). Approximately 89% of all passenger arrivals disembarked and explored the ports, however, with fewer overnight stays than other Canadian port regions, passenger spending is lowest in the Atlantic region at $86 per passenger (BREA, 2021).

Port	Total Cruise Passenger Arrivals	Average Passenger Expenditure	Total Passenger Expenditures (in millions)
Charlottetown	128,200	$104.29	$11.9
Corner Brook	25,100	$75.89	$1.7
Halifax	323,700	$88.44	$25.5
Saint John	196,000	$86.60	$15.1
St. John's	29,700	$77.66	$2.1
Sydney	153,800	$71.85	$9.8
Other Atlantic Canada Ports	17,000	$37.95	$0.6
Total	873,500	$85.72	$66.7

Figure 5: Cruise Passenger Arrivals and Expenditures. Atlantic Canada's central ports—Charlottetown, Halifax, Saint John, and Sydney—accounted for 93% of total cruise passenger expenditures in 2019 **Source**: BREA (2021).

Air travel expenditures for cruises and travel insurance also contributed $190,000 and $740,000, respectively, to the Atlantic Canadian economy.

Spending by cruise ship crews also contributes to the industry's economic impact. In 2019, 362,000 crew members visited Atlantic Canada and 39% of them collectively spent $11.4 million (BREA, 2021). *Figure 6* lists the economic impact of cruise ship crews by port.

Port	Onshore Crew Visits	Total Spending (in millions)
Charlottetown	21,600	$1.8
Corner Brook	4,500	$0.3
Halifax	52,900	$4.9
Saint John	29,300	$2.2
St. John's	5,400	$0.4
Sydney	23,700	$1.7
Other ports	4,000	$0.1
Total	141,400	$11.4

Figure 6: Spending by Cruise Ship Crews. Onshore spending by cruise ship crews accounts for about 7% of total cruise-related spending.
Source: BREA (2021).

As a transit region, food and beverage services and transportation industries capture most of the industry's economic impact on the region. In 2019, cruise lines spent $78.2 million in Atlantic Canada, which is an increase of 56% from 2016 (BREA, 2021; see *Figure 7*).

Total Spending by Cruise Lines in Atlantic Canada, 2019
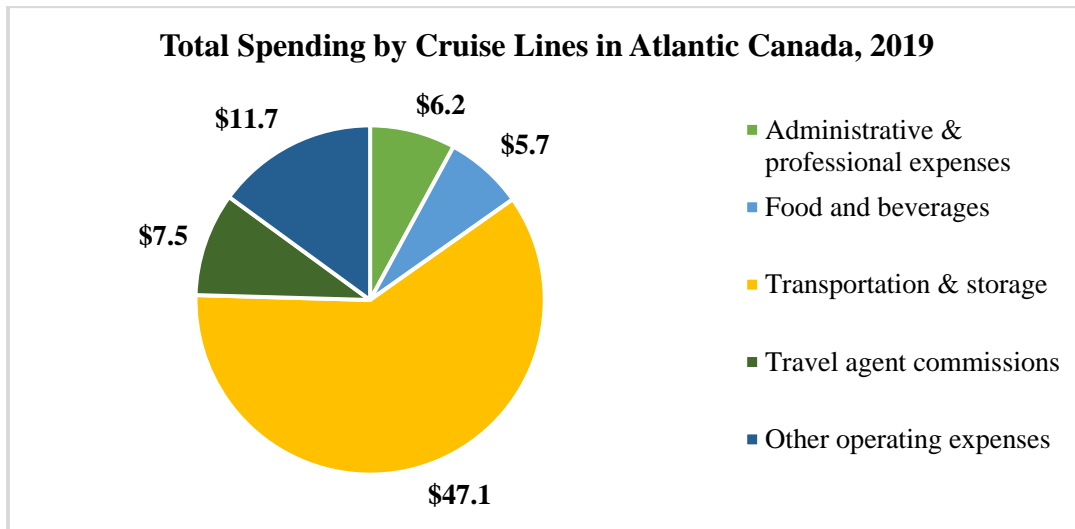
Figure 7: Total Spending by Cruise Lines. Transportation and storage accounts for about 60% of total cruise line spending.
Source: BREA (2021).

8.3. Impacts of COVID-19 on the cruise industry

Before COVID-19, a cruise ship was built about every 47 days (Holland, 2021). In 2019, 29.7 million people globally went on a cruise (CLIA, 2020). The $45 billion industry also provided 1.17 million jobs (FTE equivalent) and supplied more than $50 billion in wages (Robles, 2020; CLIA, 2020). As of March 2021, however, COVID-19 has led to $50 billion in financial losses for the industry, the selling or scrapping of 18 cruise ships, and put an end to trading for at least three cruise lines (Holland, 2021).

Before the COVID-19 pandemic, McCarthy (2018) contended that small to medium cities would become central destinations for the global cruise industry, which could have a significant impact on Atlantic Canada. The Atlantic Canada region was also projecting industry growth for 2020. The three largest ports in the region, Halifax, Saint John and Sydney, were anticipating a record year for cruise arrivals, with an estimated 350,000 in Halifax and more than 200,000 in both Saint John and Sydney (Mills, 2020; Port Saint John, 2020; King, 2020). As a result of COVID-19, however, there was no cruise season for the Atlantic Canada region, or much of the world, in 2020. With the federal no-sail order in place, the cruise season for 2021 also did not happen. These lost seasons have economically impacted the cruise industry, including a significant loss in revenues and related business and employment opportunities.

Penco et al. (2019) suggest that a region's reputation can impact how consumers will respond to a critical event. Critical events that are out of the control of a business or industry, such as a pandemic, often have less influence on the future attitudes and behaviours of consumers (Penco et al., 2019). Atlantic Canada's reputation as a welcoming and safe destination should also put

the cruise industry in a good position when operations resume. As part of a highly interdependent sector, however, the survival of other industries in the tourism sector is also important (McCann, 2021). The World Tourism Organization (UNWTO) recorded the worst year for the sector to date, as indicated by one billion fewer international arrivals globally (Cherney, 2021). In October 2020, tourism experts anticipated that the sector could rebound in 2021, but as of October 2021, estimates suggest that global tourism will not recover until 2023/2024 or later. While the number of international tourist arrivals in July 2021 was the highest reported since April 2020, the number of tourists was still 67% lower than in July 2019 (World Tourism Organization [UNWTO], 2021). Atlantic Canada, however, experienced a rebound in tourism in the summer of 2021, with NS reporting the arrival of 232,000 non-resident visitors in August 2021, a 124% increase from 2020 (Government of Nova Scotia, 2021). A recent Cruise Critic (2021) survey also found that cruisers are ready for the industry's return, with 66% of respondents (n=5,400) indicating that they already have a cruise booked and 96% of those who do not planning to do so in the future.

In sum, the cruise industry injects more than $2 billion into the Canadian economy and supports about 30,000 jobs across the country. The industry anticipated another year of growth for 2020, including Atlantic Canada, which experienced a 52% increase in cruise passenger arrivals between 2016 and 2019. The COVID-19 pandemic, however, has resulted in the suspension of two consecutive cruise seasons for the region, which has also impacted the tourism sector and related businesses. While Atlantic Canada has fared better than other parts of Canada, including NS, which experienced a slight rebound in tourism in summer 2021, the uncertainty associated with COVID-19 variants and the return of global tourism and cruising poses challenges for the industry. By employing scenario planning, the cruise industry can examine these challenges and develop recovery strategies in light of different futures it could experience.

9. Past Crises

Crises are not new to the tourism sector. While COVID-19 is the most significant in the sector's modern history, 9/11, the U.K. Foot and Mouth Outbreak, SARS, the 2007-8 financial crisis, and H1N1 are recent examples of events that have demonstrated the sector's volatility, a consequence of its fragmented supply chain. What is perhaps most surprising is that so many people can work in a sector so volatile. The paradox is that the more successful the sector is in terms of job creation, the more vulnerable are the people who work in it. We build on these ideas below in our discussions of the 2001 Foot and Mouth Disease and 2003 SARS outbreaks, which illustrate the significance of sector organization and coordination for responding to crises.

9.1. The 2001 Foot and Mouth Disease outbreak in the U.K.

The 2001 Foot and Mouth Disease (FMD) outbreak in the United Kingdom provides a salient example of the impacts that can stem from tourism's fragmented and disorganized nature (see link for briefing note on the FMD outbreak). The outbreak lasted seven months and led to the slaughter of more than six million animals. Huge swaths of the British countryside were effectively closed to visitors. The impact on the tourism sector was massive and widespread with

losses estimated at between £4.5 and £5.4 billion (National Audit Office, 2002). In 2001, tourism generated £64 billion in revenue, employed 7% of the labour force, and accounted for 4% of the U.K.'s GDP, while the agriculture sector generated £15.3 billion, employed 1.5%, and made up 1% of GDP (Sharpley & Craven, 2001). The government's response to the crisis, however, was considered too heavily weighted towards the farming industry, which received £1.4 billion in compensation compared to only £50 million for nonfarming businesses, including tourism operators (see *Figure 8*).
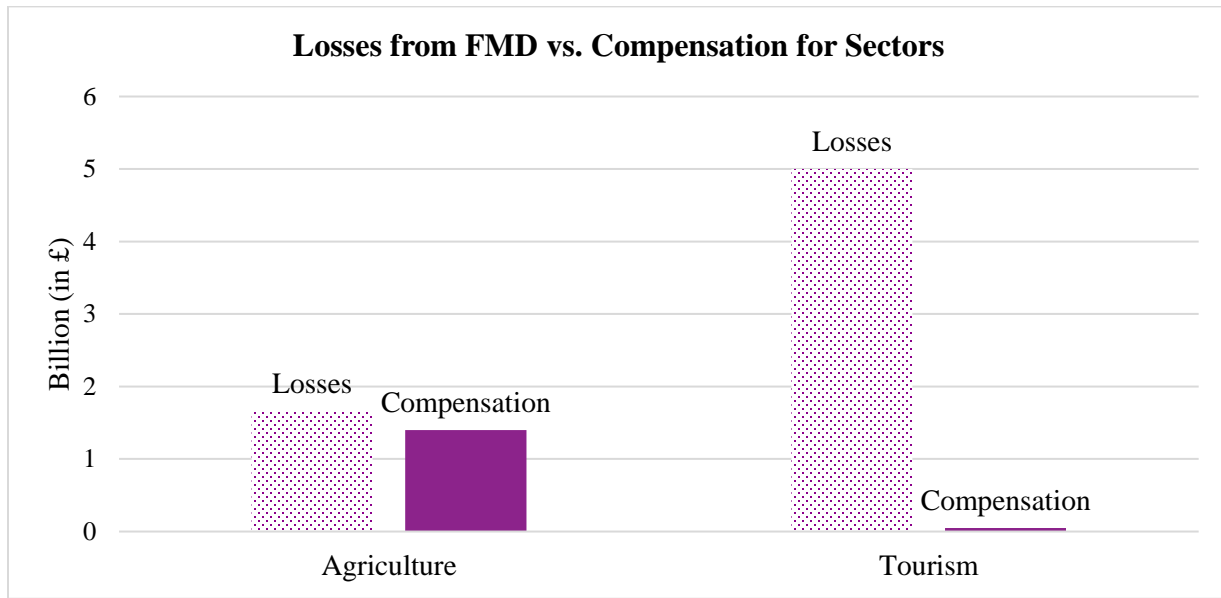
Figure 8: Losses From Foot and Mouth Disease vs. Compensation for Sectors. Estimated losses to the tourism and agricultural sectors due to the 2001 FMD outbreak and subsequent compensation received **Source**: National Audit Office (2002).

This imbalance may be attributed to various factors, including the relatively weak lobbying representation for the tourism sector at the national level. By comparison, the agricultural sector is represented by the influential National Farmers Union (Sharpley & Craven, 2001). Overall, the measures aimed at assisting businesses in the wider rural economy were considered relatively small-scale, piecemeal and complex.

9.2. The 2003 SARS outbreak in Toronto

SARS provides a second example. The consequences of the SARS outbreak in Toronto were rapid and far-reaching, with the cancellation of major conferences and events beginning in April 2003 (see link for briefing note on the SARS outbreak). These cancellations occurred despite confirmation from Ontario's Chief Medical Officer of Health that the risk of SARS transmission to the general population was extremely low (Wall, 2006). The SARS outbreak in Toronto came in two waves, both largely contained in hospitals. The outbreak, however, cost Toronto an estimated $500 million in tourism revenue and thousands of jobs (Wall, 2006; Black et al., 2004). The city's hotel occupancy rate fell to 46.6% in April 2003 from 68% the previous year. With Toronto a major point of entry to other areas in Canada, the national sector also

experienced setbacks in 2003, including a 14% decline in international visitors, 13% decrease in spending by international visitors, and a 2.4% drop in employment (Wall, 2006).

At times, the way in which the threat of SARS was described was more damaging than the disease itself. The WHO travel advisory of April 23, 2003, against all non-essential travel to Toronto shaped perceptions of the city. Initially, politicians at federal, provincial, and municipal levels were criticized by tourism industries for lack of leadership and failing to encourage travel to the city (Wall, 2006; Galloway & Lewington, 2003). Ultimately, collaboration among all orders of government, public health, and the tourism sector was necessary to manage the recovery; the recovery is often cited as a tourism success story.

PART II: ROUND ONE OF SCENARIO PLANNING

10. 2022 Season Scenarios

10.1. Selected drivers

The drivers *demand for cruises* and *destination readiness* were the focus of our first round of scenario planning (see definitions below).

Demand for cruises: Several factors influence this driver, including traveller confidence, consumer demand for cruises in general, and cruises in Atlantic Canada in particular, the state of the domestic and international economy, demand in the U.S. market (as well as other markets), public perception of the safety of cruises (including media coverage of cruises), vaccine efficacy/herd immunity, and health and safety measures, including their efficiency and rigour.

Destination readiness: This term is largely a supply concept. It refers to the region's ability to receive cruise ships and host passengers. It includes the infrastructure in place, health and travel regulations (including U.S. regulations that apply to Atlantic Canadian cruisers), the functioning of restaurants, businesses, and tourist attractions, supply of labour, access to the U.S. market, regional coordination (e.g., legal, logistics, and communications), technology, liability issues, supply chain readiness, and community confidence in welcoming visitors from other jurisdictions.

Before discussing and describing the four scenarios, we also named each one. As *Figure 10* below illustrates: scenario one is "back at sea," scenario two is "empty ports," scenario three is "deserted island," and scenario four is "missed the boat."
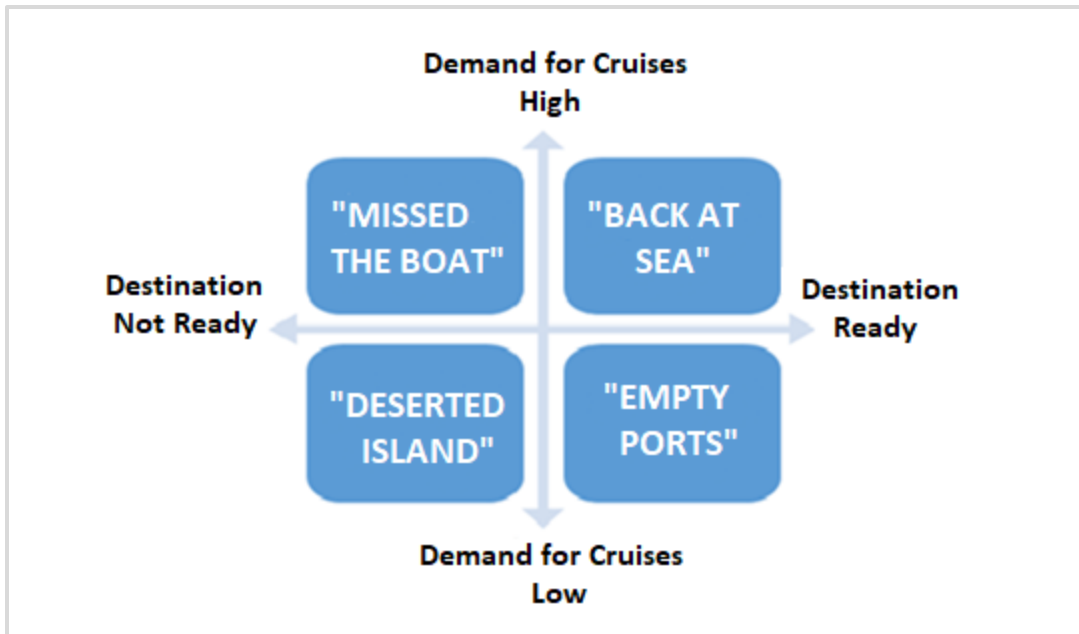
Figure 9: 2 x 2 2022 Season Scenarios Matrix. Scenario two is named "empty ports" due to the low demand for cruises and the destination being ready, while scenario four is called "missed the boat" because of the high demand for cruises and the destination not being ready.

10.2. 2022 season scenario descriptions

After identifying and naming the four plausible futures, we distributed an online survey to session participants, which asked them to describe the four scenarios using five questions:

- What does this scenario look like?
- How would the region get to this scenario?
- What are the underlying causes of this scenario (e.g., too much dependence on a specific market)?
- Critical failures are the circumstances or occurrences that would significantly impact the cruise industry's operations or recovery. What are the potential critical failures of this scenario?
- What are the opportunities that present themselves in this scenario?

We also began the scenarios discussion at sessions two and three with an opening description of each scenario. The following descriptions provide an overview of session discussions of the scenarios, including the underlying causes, potential critical failures, and opportunities associated with each.

Scenario one: In the first scenario, "Back at Sea," demand for cruises is high and the destination is ready. This scenario involves the return to typical cruise industry operations and capacity as a result of several factors, including the lifting of cruising restrictions, the survival of the industry's supply chain, such as tour operators, coordination among ports and cruise lines, better risk mitigation strategies for dealing with virus outbreaks on ships, and the introduction of consistent health and safety standards in the industry. In addition to the challenges that existed

before the pandemic, including the congestion of ports on busy days and motorcoach shortages, the pandemic and associated pent-up demand for cruises could challenge the capacity of ports to host ships and passengers and result in labour shortages.

To reach this scenario, the cruise industry has improved its collaboration with key stakeholders including the cruise lines and three orders of government, through the work of various committees. The industry has also secured community support for cruises through the delivery of clear messaging and information, along with financial support and public health direction from governments. The introduction of vaccine entry policies by the government, including vaccine passports for international travellers, and a high vaccination rate in the region (and Canada more generally) have also contributed to the positive image of the region in the media. The region's pre-pandemic reputation as a clean, safe, and friendly destination has contributed to the industry's return to normal.

Potential critical failures of this scenario largely derive from the impact of lifting restrictions too late, such as border closures. In addition to not having sufficient time to prepare for the upcoming cruise season, these delays could result in a negative image of the region as unwelcoming, which could shift the interest of cruise lines and cruisers to alternative markets. Due to high demand, the supply chain could also be vulnerable to infrastructure and supply constraints, such as the limited capacity of vendors to provide goods.

The opportunities in this scenario focus on regional growth through the marketing of the region as a safe and welcoming destination and product development, such as new shore excursions. These new experiences could support sustainable tourism goals. The industry also has the opportunity to broaden its hosting capacity by directing ships to niche ports.

Scenario two: In the second scenario, "Empty Ports," demand for cruises is low but the destination is ready. Preparations for the return of cruises in the region are all in place, including community support, safety protocols, and adapted visitor experiences, but the demand for cruises is low. As a result, the supply chain experiences further losses, with layoffs, business closures, and low morale setting in. Low traveller confidence or changes in consumer tastes, poor marketing and promotion efforts, negative coverage and/or perceptions of the industry or region due to extended travel restrictions or outbreaks in other regions, and the resurgence of the virus are among the factors that could lead to this scenario.

The underlying causes of this scenario include a lack of resources for supporting the industry and its supply chain, which can impact the region's ability to compete with global markets in attracting cruise lines and visitors. Economic conditions, including inflation and the value of the USD, could impact the costs of cruises and onshore activities and result in less consumer demand and challenges for suppliers. The governments' aversion to health risks could lead to the extension of restrictions, which could discourage cruise lines from coming to Canada in upcoming seasons.

Potential critical failures of this scenario stem from the impact that another lost season could have on the regional industry. Many businesses and operators may not survive past 2022 without the return of cruise, which could lead to the collapse of the supply chain and the region's hosting

capacity. Media coverage of outbreaks on cruises in other regions could impact consumer perceptions and interest in cruises more generally, while concerns about safety protocols in the region and/or a lack of visitor experiences could harm the local industry's reputation.

This scenario presents the industry with the opportunity to reinvent itself, including its adaptability, infrastructure, and visitor experiences. This scenario could provide the industry with more time to test procedures, coordinate with cruise lines and diversify its markets. Lower demand could also help suppliers to resume operations at a slower pace. There is an opportunity for the industry, particularly ports, to lobby governments for better flexibility and support for the industry.

Scenario three: In the third scenario, "Deserted Island," demand for cruises is low and the destination is not ready. In this scenario, the incapacity of ports to host could result from several issues, including inconsistent safety protocols and operating parameters, a lack of shore excursions and operators, business closures, worker burnout, and difficulties in coordinating an effective regional response. In addition to the ports' ill-preparedness, communities are not ready to welcome back visitors, low traveller confidence and negative media coverage of the industry persists, and cruise prohibitions in Canada could still be in place. A resurgence in the virus and/or insufficient vaccine rates could also lead to this scenario.

A lack of coordination along the supply chain and the subsequent business closures and labour cuts are underlying causes of this scenario. Slow economic recovery, conservative decision-making, and the complexity of government relations could also cause this scenario.

The potential critical failures of this scenario would largely derive from devastation of the supply chain, including business closures, supplier and labour shortages, and insufficient infrastructure, which collectively could lead to the collapse of the regional industry and the need to start over. The mishandling of virus outbreaks in Atlantic Canada or other regions could also significantly impact consumer tastes and perceptions of cruises for future seasons.

This scenario presents the opportunity for the industry to reinvent its offerings and diversify its markets. Shifting to small-ship cruising and introducing local cruises, for example, could provide the region with an opportunity to generate revenue and begin to rebuild the confidence of its communities.

Scenario four: In the fourth scenario, "Missed the Boat," demand for cruises is high and the destination is not ready. In this scenario, the region cannot meet the pent-up demand for cruises. The pandemic is largely contained, economic recovery is underway, and high traveller confidence has re-emerged. The region, however, may be subject to government regulations and processes, such as a cruise ban and lengthy border processes. Communities may not be ready to welcome back visitors, and the industry does not have the labour or infrastructure in place to support the cruises that do come.

The dissemination of inaccurate information and limited supply chain capacity due to worker fatigue and insufficient infrastructure are among the underlying causes of this scenario. The

region's positive reputation has also led to the return in demand for people and cruises to visit the Atlantic region.

Potential critical failures for this scenario include the loss of the region's reputation as a welcoming and safe destination, the impact of an extended no-sail order, and a lack of wage and rent subsidies for the industry. It is important that the industry does not assume the return to status quo when cruises first resume, as changes to operations, such as capacity limits, will require changes to how the industry functions overall.

Opportunities brought about by this scenario include the introduction of more sustainable experiences, such as walking tours, new ports of call, and new partnerships with cruise lines and other cruise partners. The industry could also develop more institutional capacity, which will allow the region to be more proactive in the future.

10.3. Selected observations about 2022 season scenarios

On the survey distributed before the second and third sessions, we asked respondents (n=16) to score the probability and impact/consequence of the four scenarios.[3] The scores indicated that respondents considered scenario one the most probable, followed by scenarios four, two and three.

Although the group described scenario one as the most ideal or desired scenario since the demand for cruises has returned and the region can host them, participants' scoring also suggests a level of uncertainty or anxiety about the scenario. On the one hand, these feelings could have stemmed from the underlying uncertainty that participants still faced during spring 2021 regarding the direction and preparations required for the next cruise season. On the other hand, scenario one's high ranking may derive from the positive economic impact that high, pent-up demand for cruises could bring the region.

Furthermore, scenario four, in which demand for cruises is high but the Atlantic region is not ready, was ranked second highest. This finding correlated with session discussions, during which participants noted that they were worried about the region not being prepared or having the capacity to host cruises next year. Again, this fear could originate from uncertainty about industry regulations; however, it also suggests that the region lacks confidence in its labour supply or ability to manage its operations. Therefore, reflecting on these concerns, including what may cause them, could be a helpful exercise for the region to pursue in its preparations for the 2022 season.

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[3] We used a scale of one to five (one being very unlikely/least impactful and five being very likely/most impactful) to calculate the probability and impact/consequence scores.

11. 2022 Season Initiatives

11.1. 2022 season initiatives' descriptions

The fourth session involved a discussion on the strategic responses/initiatives that the industry can pursue in light of the four scenarios. Building on previous session discussions, we identified five categories of initiatives for the cruise industry:

- Supply Chain Management Initiative: focusses on ensuring supply chain stability, including, for example, local operators.
- Community Relations Initiative: focusses on building and maintaining support from the local community for cruises and visitors.
- Regional Coordination Initiative: focusses on harmonizing standards and actions across various ports in the region that receive cruises.
- Government Relations Initiative: focusses on creating alliances with key decision-makers; it includes accessing, informing, and developing a shared understanding among policy makers in domains such as public health, border control and tourism, as well as other lead policy offices at federal, provincial, and municipal orders of government; the sector must articulate clearly the economic impact of the sector in the region and the importance of a coordinated and supported healthy return to cruising.
- Market Analysis and Marketing Initiative: focusses on market conditions, demand for cruises, and marketing strategies to capture and expand market share.

In advance of the session, we asked participants to complete a survey. Using the five initiative categories, respondents (n=13) described the initiatives' goals and how they would work and identify who has authority, who needs to be influenced, and the opportunities that exist to do that. Respondents also scored each initiative on a scale of one to five (one being low and five being high) based on the following questions:

- Do you have the information you need?
- Do you have the financial resources you need?
- Do you have the human resources you need?
- Are the institutional arrangements in place (e.g., committees and policies)?
- Are the key players' incentives aligned on this issue? (e.g., Do key stakeholders want the same thing?)
- Do you feel supported to develop this initiative in this way?
- Can this initiative adapt in light of changing circumstances?
- How important is this initiative to achieving overall success for your organization in the next six months?

We also asked respondents to rank the five initiatives in order of importance from one (least important) to five (most important). Respondents identified regional coordination as the most important initiative, followed by government relations, supply chain management, community relations, and market analysis and marketing. We apply this ranking below in our descriptions of the five initiatives.

Regional coordination initiative

Goals: Participants indicated that the primary goal of the regional coordination initiative is to offer consistent experiences to visitors across the region. The group also noted that they want to overcome existing silos and improve information sharing, which they hope to achieve through more financial and human resources to support ongoing work of the industry, such as marketing.

How it would work: Participants noted that they could accomplish these goals through the leadership of the ACCA, in collaboration with industry members and partners, and the assistance of external expertise to develop a regional relations strategy (in support of ACPA's current work). To prevent worker burnout from this work, the group could identify a central leader at the top responsible for managing the activities of different organizations and disseminating this information. The group also discussed the possibility of making the ACCA website a repository for sharing information on marketing and operational protocols across the industry and with communities, prospective cruise lines, and consumers. The industry, however, needs to be aware of the risk that comes with relying too much on a single organization. Examining the current work of other cruise regions, such as the Baltic, is another approach for the industry to pursue.

Authority: The group noted that the industry is complex, as many entities are involved in its operations. The ACCA, ACPA and Tourism Industry Association of Canada (TIAC) cruise committees, and the Independent Marine Ports Association of Atlantic Canada (IMPAC) were all identified as having a level of authority in this work.

Influence and opportunities: Participants collectively identified Transport Canada, the federal government, and provincial governments, specifically premiers and public health officers, as the key policymakers to influence. Leveraging the industry's relationships with tourism organizations, such as TIAC, presents an opportunity to introduce cruises back into the discussions and decision-making of policymakers.

Government relations initiative

Goals: A central goal of the government relations initiative is to increase the cruise industry's access to decision-makers, such as public health officials. Participants suggested that greater access could help them clarify what the industry can expect regarding regulations and protocols related to the return of cruises.

How it would work: This initiative's success is dependent on the industry's ability to educate people and organizations, including governments, about the cruise industry. Specifically, the group suggested that they need to inform people about how the cruise industry is part of tourism but also different. Cruises are leisure activities that are different from general travel, which means that hotel room bookings, for example, are not a strong industry indicator. The cruise industry also expects to recover at a slower rate than tourism. The group noted that a coordinated strategy that presents a collective message to governments, including the industry's challenges in securing financial and policy supports, is one approach to this work. An example of this is the current work on the Cruise Resumption Readiness project by Aquila Center for Cruise

Excellence (Aquila) and the ACCA, which aims to bring industry members together to identify the priorities and challenges for the region in preparation for the return of cruises.

Authority: Participants noted that the broadness of the industry contributes to differences in the understanding of key players. The group identified the ACCA as the key marketing group for the region, while ACPA, TIAC, and CLIA provide advocacy and marketing expertise, and ACOA helps to identify and fund opportunities. Participants also discussed how central decision-makers change and that it could be more strategic for the industry to acquire the support of key influencers, such as public health.

Influence and opportunities: Public health, Transport Canada, regional and finance ministers, tourism departments, and provincial governments were identified as the key players to influence. Participants identified several opportunities for the industry to influence these players/organizations, including coordinating with regional tourism organizations in their reopening discussions with policymakers. The industry could also leverage the economic impacts of tourism, such as the employment opportunities it provides families to build public pressure in communities, as the recent TIAC campaign for opening the Canada-U.S. border did.

Supply chain management initiative

Goals: The primary goal of this initiative is to ensure that the supply chain is in place when cruises return. The group discussed the significance of maintaining infrastructure and key service providers, such as tour operators, and providing sufficient training for post-pandemic measures. Defining the supply chain to ensure that all organizations and businesses are aware of their roles and contributions to the industry was also discussed.

How it would work: Participants indicated that this initiative would support TIAC's work in this area by identifying and/or clarifying the roles of organizations in the supply chain, which could include developing a mechanism for information sharing and supply management. Industry suppliers would also likely require more financial support to provide them with sufficient capital to resume operations in 2022 and make upgrades necessary for new regulations. The group also noted that cruises need to be included in tourism conversations to ensure the industry has access to supports.

Authority: Participants identified small businesses and operators as central to the industry's operating capacity, which gives them a level of authority. Cruise lines and ships also play a role in determining the capacity of ships for the 2022 season, including onboard passenger limits, which is crucial for the region to know. The ports, in collaboration with tourism and cruise organizations, including the TIAC, provincial destination marketing/management organizations (DMOs), ACOA, and the ACCA, were also discussed as influential in this work.

Influence and opportunities: The group identified the three orders of government and Transport Canada as the key bodies to influence. Participants noted that they require further clarification from these organizations about the regulations for next season. Additionally, participants suggested that regional communities and industries need to be informed of and involved in this work. To influence these groups, participants suggested educating suppliers about their roles and

how they contribute to industry priorities, which could enhance the industry's message for governments. More investments in human resources, including training, could also strengthen the Atlantic supply chain and help the region remain competitive when cruises return.

Community relations initiative

Goals: The goal of the community relations initiative is to provide regional communities with clear, transparent, and consistent messaging, which rebuilds confidence in and support for the return of cruises to the region. Participants also noted that they would like to better align their communications with regional partners, such as New England.

How it would work: Participants agreed that a broad communication and engagement strategy is at the centre of this work, such as the Aquila's restart project, which will provide engagement workshops with port partners and communities. The group also discussed the possibility of identifying a spokesperson for the region and developing a resource, such as a website, to provide communities with access to the industry's risk mitigation strategies and health and safety measures. This approach, however, does include the risk of the industry appearing too corporate. The group also emphasized that the media has an important role in relaying consistent information to communities, which would require the industry to identify its key media contacts at port and organization levels.

Authority: In collaboration with the ports and ACPA, the group identified ACCA as having authority in this work. Some participants also noted the role of tourism partners, such as TIAC and regional DMOs, in sharing information with communities.

Influence and opportunities: Participants identified several people and organizations to influence. Influencing the public at large, including local governments and residents, is necessary to acquire support for the return of cruises in the region. The industry also needs to influence public health to share its proposed directives with the industry. Strengthening the industry's relationships with the media was highlighted as one opportunity to connect with communities while preparing for the impacts of potential negative coverage of cruises in other regions. Providing communities with evidence of successful test cruises, particularly in North America, and building on the work of other industries' safety messaging, such as aviation, were identified as opportunities for this work.

Market analysis and marketing initiative

Goals: The group identified demonstrating destination readiness to cruise lines and ships as a central goal for this initiative. This goal includes the industry's ability to offer experiences to visitors when cruises return. Participants also noted that this work would focus on rebuilding confidence in the industry, including by decision-makers and the public.

How it would work: This initiative would work through collaboration with external experts to conduct market analysis and research, such as the Communications Strategy that ACCA is currently pursuing with marketing agency Bonfire Communications through 2022. The group

also noted that the industry could leverage Atlantic Canada's safe reputation and consider various economic indicators, such as demand, inflation, and the exchange rate, in their marketing efforts.

Authority: Session participants identified ACCA as the authority for regional marketing. ACCA also needs to collaborate with the ports and tourism and cruise partners to attract cruise lines and ships to the region.

Influence and opportunities: Participants emphasized a need to influence cruise lines to visit the region and local operators and businesses to use the current opportunity to update their offerings and market approaches. Examining what other cruise regions are doing and leveraging Atlantic Canada's positive reputation before and throughout the pandemic were noted as opportunities for the industry to pursue.

11.2. Selected observations about 2022 season initiatives

In preparation for the fourth session, we analyzed the pre-session survey results, which we built into our discussion on policy initiatives. We were particularly interested in determining where there was positive consensus, negative consensus or no consensus. Positive consensus existed when the average answer was 3.5/5 and higher, negative consensus existed when the average answer was 3/5 or lower, and no consensus meant that there was a high degree of variability, with a standard deviation of 1.1. or more (see *Figure 10*).
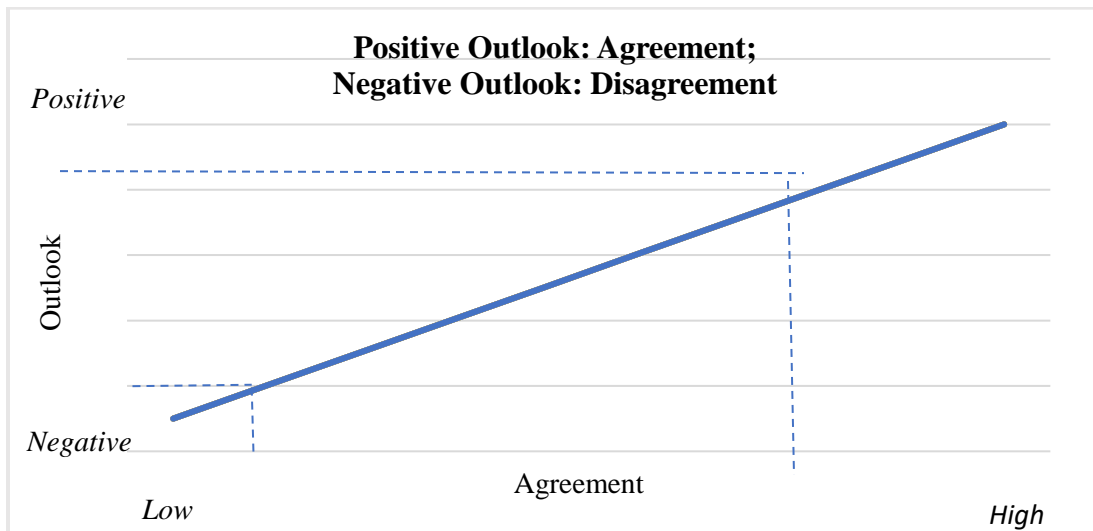
Figure 10: Survey Responses Indicate a Relationship Between Consensus and Variability. This chart is representative of what the survey data conveyed. In sum, when people agreed, there was low variation; when people did not agree, there was high variation.

Overall, the survey results indicated access to human and financial resources and occasionally institutional arrangements as concerns for the region. There was also higher variability for these responses, which likely represents differences in supply among ports. As a highly interdependent industry, however, this variation could also pose risks for the region.

Supply chain initiatives were discussed extensively during the session, with some participants expressing more concern about being prepared for the next season than others in the group. Combined with different experiences, the uncertainty about preparations for next year could have contributed to this variation. At the time of the session, Transport Canada's no-sail order was still due to end February 28, 2022, which as the group expressed, left little time for them to prepare for the spring and summer season. Building on this idea, we discussed the significance of the industry strengthening existing partnerships and developing new ones with government.

Providing consistent experiences to visitors continues to be a goal for the industry. To accomplish this, the group suggested that it needs to strengthen regional coordination and communication with external partners, including cruise lines. While the unorganized nature of the broader tourism sector can make coordination challenging, the group was optimistic about the influence of the strategic planning they had conducted prior to the sessions, including the direction it provided them. Further, participants emphasized that they need to restore community confidence in the industry's operations, which will require them to educate the public and media about their commitments and strategies, including health and safety. Given that the group expressed a high level of confidence in their ability to market the region, they should be in a favourable position to raise awareness in preparation for the next season.

PART III: ROUND TWO OF SCENARIO PLANNING

12. Green Scenarios

12.1. Selected drivers

The drivers' *demand for green* and *supply of green* were the focus of exercise one of the second round of scenario-planning sessions (see definitions below).

Demand for green: This driver refers to travellers' interest in and demand for environmentally sustainable cruise experiences. Several factors can influence this driver, including international and national green standards, media coverage of the industry, public interest in environmental standards, public perceptions of the industry's environmental impact and related strategies and people's willingness to pay higher prices for more sustainable travel.

Supply of green: This driver refers to the cruise industry's ability to operate sustainably and having strategies for doing so. Factors that could influence this driver include international and national green standards/targets, human and financial resources, infrastructure, technology and industry collaboration, including with the different orders of government.

We also named each scenario. As *Figure 11* illustrates: scenario one is "Green Aboard," scenario two is "Green Unseen," scenario three is "Green Won't Float," and scenario four is "It's Not Easy Being Green."
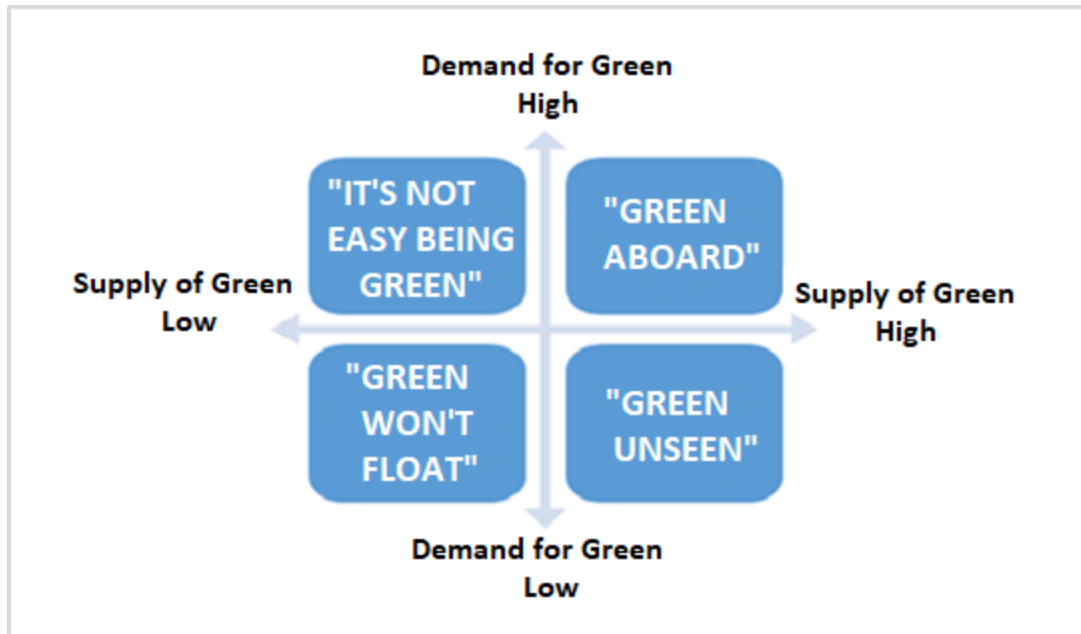
Figure 11: 2 x 2 Green Scenarios Matrix. In scenario one, demand for green and supply of green is high, while in scenario three, demand for green and supply of green are both low.

12.2. Green scenario descriptions

After identifying the four plausible futures, we distributed an online survey to session participants, which asked them to describe and score the scenarios. Five guiding questions were central to the pre-session survey and session discussion:
- What does the scenario look like?
- How would the region get to this scenario?
- What are the underlying causes of this scenario (e.g., too much dependence on a specific market)?
- Critical failures are the circumstances or occurrences that would significantly impact the cruise industry's operations or recovery. What are the potential critical failures of this scenario?
- What are the opportunities that present themselves in this scenario?

The following descriptions include ideas that participants discussed during the second scenario-planning session and on the pre-session survey.

Scenario one: In the first scenario, "Green Aboard," demand for green and supply of green are high. Participants identified scenario one as an ideal scenario, in which the region experiences a busy and profitable season, with happy visitors and supportive communities. In this scenario, there are significant pressures from the public and media on the region and its operators to become more sustainable. In response to strong national and global environmental standards and rising demand for green experiences and products, the Atlantic region has prioritized environmental sustainability and adopted greener practices, which have also enhanced its

reputation in the international market. These efforts have attracted new consumers to the cruise market, including younger and more environmentally conscious individuals willing to pay higher prices for sustainable tourism experiences.

To reach scenario one, the region invested in sustainable tourism products and infrastructure, such as transportation. In addition to securing government support, regional suppliers have sufficient cash flow to upgrade their products/offerings while covering operating costs. Through research and strategic planning, the region has developed the capacity to identify market trends and align its operations and marketing campaigns accordingly. Atlantic Canada has also raised awareness about the industry's environmental commitments and practices to strengthen community support for cruises.

Potential critical failures associated with this scenario include the inability of the region to meet domestic and international green standards due to a lack of resources, including financial resources and technology. Failing to comply with green standards could damage the region's reputation and redirect cruise lines to greener destinations. Negative media coverage of the industry's operations and/or a disaster at sea that causes environmental harm is another critical failure of this scenario.

The opportunities presented by this scenario are largely developmental. For instance, this scenario provides the industry with the opportunity to develop green shore excursions and products that attract new/different visitors and markets to the region. This scenario also provides Atlantic Canada with opportunities to enhance its image through positive media coverage of the region's initiatives and position as a green leader in tourism and travel.

Scenario two: In scenario two, "Green Unseen," demand for green is low and supply of green is high. While regional operators and suppliers invested in infrastructure and product upgrades, consumers and/or cruise lines are not interested in Atlantic Canada's green offerings. The region also raised prices to cover the costs associated with becoming more sustainable, and consumers are not willing to pay higher prices. The region's green initiatives, however, have resulted in more community support for the industry.

The region would reach this scenario by being too ahead of demand and public opinion as a result of strong government regulations or poor market research. Instead of collecting reliable information, identifying market trends, and coordinating with industry partners, such as cruise lines, the region strived to become more environmentally sustainable. As a result, tourism products and experiences are priced higher, and Atlantic Canada loses business to other destinations whose supply is more consistent with consumer preferences, including lower costs.

This scenario could also result from lower demand for cruises more generally. Although the regional industry has repeat visitors, consumer tastes changed. The region failed to adapt to market trends, and travellers opted for alternative destinations and/or travel methods. Media coverage of climate change also put pressure on suppliers to focus on sustainability, which although important, was inconsistent with demand.

Potential critical failures associated with this scenario largely derive from the region focusing too much on one priority. By focusing on environmental sustainability, the region could fail to move other industry priorities forward, such as port accessibility. Investing in the wrong type of green infrastructure/product could also impact the industry's operations. Additionally, a season of low demand could lead to business closures, which could impact regional supply and capacity to host cruises.

This scenario provides the industry with opportunities to build on its green investments in its marketing and excursions. For example, the region could develop educational excursions that teach visitors about environmental sustainability. Atlantic Canada could further enhance its reputation by positioning itself as the green region to attract a new clientele, and in time, negotiate future itineraries with cruise lines. Expanding its research and market analysis capacity represents another opportunity for the region to pursue.

Scenario three: In the third scenario, "Green Won't Float," demand for green and supply of green are both low. This scenario resembles pre-pandemic operations, in which environmental sustainability was not a top priority for the region. Neither cruise lines nor passengers consider environmental sustainability when choosing a destination to visit, so ports have not adapted their operations or supply. The Atlantic region also did not have the resources or capacity to upgrade infrastructure.

By continuing to operate according to the status quo, the region makes minimal progress towards sustainability goals. With few incentives to become more sustainable and standards not enforced, the region is reluctant to advance its green priorities. Economic recovery also took longer than anticipated and, as a result, inflation is high and environmental sustainability is a lower priority for prospective travellers.

Being risk-averse is an underlying cause of this scenario. Rather than operating according to future trends, the region does not invest in new technology or infrastructure and fails to attract new markets. A lack of general awareness about sustainability due to less media coverage of climate change and lenient government policies has also led to this scenario.

This scenario poses the risk of the region and/or industry becoming stagnant. Failing to evolve and adapt operations could be a critical failure for the Atlantic region in the longer term, especially as the impacts of climate change intensify. An environmental disaster, such as a fuel leak at sea, which would receive significant media coverage, represents another potential critical failure for the industry.

This scenario presents several opportunities for the regional industry. The region could use this scenario as an opportunity to strengthen its research capacity and become more proactive in the future. Building on the green practices/successes of other regions and industries is another opportunity that could help the Atlantic region educate local communities about the industry and its commitments to become greener in the future. This scenario also presents the opportunity to advance other priorities, such as the industry's work in support of the economic and social dimensions of sustainability.

Scenario four: In scenario four, "It's Not Easy Being Green," demand for green is high and the supply of green is low. The regional industry continues to deliver tourism products and experiences, but it is not prepared to provide greener services. Environmental sustainability has become a priority of many travellers, which has resulted in lower demand for the region. Port communities are also less supportive of cruises in this scenario, which has challenged the ability of the Atlantic region to host cruises.

As government regulations intensify and consumer tastes and public opinion evolve, cruise lines have pressured Atlantic Canada to become greener. Due to a lack of financial and human resources, collaboration with cruise lines and regulators, and market research, however, ports are unable to adapt their operations. As a result, cruise lines and passengers are choosing to visit more environmentally sustainable regions.

Underlying causes of this scenario include the logistical challenges associated with upgrading port facilities to operate more sustainably, such as through shore power. While environmental sustainability is a general priority across the industry, aligning regional operations is challenging and ports, particularly niche ports, do not have the resources or capacity to adapt their operations as efficiently as global competitors.

A potential critical failure of this scenario is a decline in the region's image. In addition to impacting future consumer demand, Atlantic Canada could be removed from cruise itineraries altogether, which would affect tourism and the regional economy. The time required for tourism operators and businesses to recover post-pandemic could be another critical failure. For example, it could take several years for operators to develop enough cash flow to invest in infrastructure upgrades.

Opportunities presented by this scenario include collaboration with cruise and non-cruise partners to deliver green experiences. This collaboration could require the industry to diversify its offerings and reconsider its key markets. The region could extend its cruise season to generate more revenue for infrastructure upgrades. Atlantic Canada's natural environments, including wide-open spaces, also provide a marketing opportunity for the region.

12.3. Selected observations about green scenarios

On the pre-session survey, we asked respondents (n=16) to score each scenario based on its probability and impact/consequence.[4] Respondents ranked scenario four as the most probable, followed by scenario one, scenario two and, lastly, scenario three. As in the first round of sessions, the group indicated fears about the region not being ready to deliver/meet demand—not being able to manage things in their control.

In describing the green scenarios, participants discussed the potential for higher consumer expectations of the region and cruise industry more generally post-pandemic. Increased concerns about health and safety will likely make travellers more selective about the destinations they visit and the activities they participate in. In addition to exerting pressure on the region to deliver

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[4] We used a scale of one to five (one being very unlikely/least impactful and five being very likely/most impactful) to calculate the probability and impact/consequence scores.

what consumers want, in this case environmentally sustainable cruises, these expectations may constrain the region's supply or demonstrate a lack of control over its supply and offerings. Scenario three, "Green Won't Float," had the lowest probability, impact/consequence and risk scores, which was also the case during the first round. While these scores reflect the group's general feelings and ideas about the plausible scenarios, it is important to note that the most undesirable scenarios may not be the least probable or consequential. The purpose of scenario-planning exercises is to have organizations consider different but plausible scenarios that they could experience in the future. Therefore, to make the most of the exercise, participants need to think outside the box and engage with scary, frustrating or undesirable situations. We build on this idea further in the recommendations.

13. Green Initiatives

13.1. Green initiatives' descriptions

The third session centred on a discussion of the strategic responses/initiatives that the industry can pursue in light of the four green scenarios. Building on previous session discussions and survey data, we identified four categories of green initiatives for the cruise industry:

- Supply Initiatives: develop new onshore excursions and tourism products; diversify offerings through sustainable product development; negotiate and update itineraries with cruise lines.
- Operational Initiatives: move back/extend the region's cruise season; disseminate people throughout destinations; build on existing policies/programs (e.g., the Blue Economy Strategy) and the successes of other industries; leverage technology to enhance port operations.
- Education/Awareness Initiatives: raise awareness about the industry's and region's green initiatives' offer of educational excursions that teach visitors and residents about the industry's waste management, use of renewable energy, etc.; expand the region's research capacity (e.g., sponsor university research).
- Marketing Initiatives: promote the region as a leader in green cruising; market the region's wide-open spaces to secure a competitive advantage; focus on attracting new groups of consumers and cruise lines to the region.

Using a set of five questions, we asked respondents (n=14) to score each initiative on a five-point scale (one being low/no and five being high/yes):

- Does the region have the information required to develop these initiatives?
- Does the region have the resources (e.g., financial, human, etc.) required to advance these initiatives?
- Does the region have the institutional arrangements in place to support these initiatives?
- How important will these initiatives be over the next three to five years?
- Can these initiatives adapt in light of changing circumstances?

We also asked survey respondents to rank the categories of initiatives based on their importance for the industry's success over the next three to five years. Using a four-point scale, respondents indicated that marketing initiatives will be most important over the next three to five years,

followed closely by supply initiatives, operational initiatives and lastly, education/awareness initiatives.

Supply initiatives

Participants agreed that the region needs to stay ahead of its competition and implement green initiatives along its supply chain. To advance these initiatives, the region could build on the work of various organizations, including the Global Sustainable Tourism Council, which provides standards/targets and direction for tourism industries, and Green Marine, a green certification program that provides expertise for green product development. The group, however, emphasized that these approaches and programs require significant human and financial resources, which many operators across the region do not have. Participants also discussed negotiating itineraries with cruise lines to reduce port congestion, although they noted that this process can be very complex and requires the support of all ports.

Collaborating with regional partners and organizations was identified as a way to advance the industry's green supply. For example, in collaboration with the federal and provincial government, the University of Prince Edward Island will be home to the new Canadian Centre for Climate Change and Adaptation. The facility will include various research centres, which could provide regional tourism suppliers with opportunities to learn more about sustainability. Other potential opportunities for regional collaboration include Metro Transit, which is currently investing in electric transportation, and Destination Halifax, which could be a source of funding for future sustainability projects. Participants also discussed the possibility of developing more onshore excursions that are less reliant on transportation, etc., such as PEI's Island Walk.

Operational initiatives

To enhance the environmental sustainability of the region's operations, participants underscored that the industry needs to align its expectations and messages with operators, ports, clients, regional partners, such as the Cruise the Saint Lawrence Association and visitors. Under the ACCA and related sub-groups, the region has the institutional arrangements in place to support this work. These arrangements provide the industry with the opportunity to incorporate green initiatives into existing planning and policies, such as the region's strategic planning and restart preparations. Participants also noted that they could identify ways to build on various infrastructure projects in the Atlantic region to advance their own operations, such as onshore tours.

The central challenge that the regional industry faces is identifying how to balance over-tourism and congestion with environmental sustainability. For example, negotiating the extension of the Cruise Canada New England season is one way for the region to host more visitors and generate more revenue. Although the industry's goal would be to disseminate arrivals throughout the season, an extended cruise season would likely result in more visitors to the region, which could cause additional environmental harm to popular attractions. Therefore, the industry needs to identify the potential and adverse impacts of initiatives.

Marketing initiatives

To achieve marketing success, participants suggested that the region needs to find a balance between promoting its green initiatives and popular destination attractions. Collaborating with regional DMOs and cruise lines was identified as one way to reach this balance. Through the ACCA, the region has the opportunity to align and coordinate campaigns to market Atlantic Canada as a destination that offers interesting and sustainable experiences. The group suggested that joint marketing is difficult because each province has its unique brand, so the region needs to highlight distinctive characteristics of ports in its marketing.

Participants also noted that the region needs to identify its market targets. For instance, should the industry focus on marketing to cruisers and/or previous visitors specifically or all prospective travellers? Or environmentally conscious travellers? The group also suggested that the region could invest in different marketing approaches. Social media, for example, is an effective marketing resource that businesses can use to target specific and general audiences, although recent findings indicate that print advertisements are still relevant for marketing to cruisers (see Cruise Critic). With spring and summer port calls up, the group instead suggested that promoting Atlantic Canada as also a summer and autumn destination could be an initiative to pursue.

Education/awareness initiatives

Educating the public, including locals and visitors, about the industry's environmental sustainability was identified as a potential way to combat misinformation on the internet and in the media. The group considered education and awareness to be key components in the region's recovery and longer term operations. This information, however, needs to be delivered in an accessible way that allows travellers to make informed decisions and encourages community buy-in.

13.2. Selected observations about green initiatives

In our analysis of the pre-session survey results, which we included in our discussion during the third session, we found that the responses varied considerably. Therefore, we assigned measures/indicators to the scoring scale to improve our data assessment:
- 1/2 out of 5: feelings of anxiety
- 3 out of 5: feelings of uncertainty; factors outside the industry's control
- 4/5 out of 4: feelings of confidence

This method allowed us to explain differences in the data and identify potential vulnerabilities. *Figure 12* shows the key survey findings for the green categories of initiatives.

Categories of Initiatives	Vulnerabilities	Areas of Confidence
Marketing Initiatives	- Some uncertainty about the region's resources and institutional arrangements being in place	- The region's overall capacity to market and its importance
Supply Initiatives	- Uncertainty about the region's information gathering and institutional arrangements being in place - High costs associated with green initiatives for both operators and visitors	- The importance and adaptability of supply initiatives
Operational Initiatives	- Uncertainty/anxiety about the region's information gathering capacity and institutional arrangements being in place - Limited financial and human resources are available - The industry's dependence on seasonality	- The importance and adaptability of operational initiatives
Education/Awareness Initiatives	- Uncertainty about the region's resources and institutional arrangements being in place - Misinformation about the industry and/or region	- The region's information gathering - The importance of and adaptability of education/awareness initiatives

Figure 12: Green Initiatives' Survey Data. Respondents indicated significant uncertainty about the industry's capacity to develop and implement green initiatives in the region.

Overall, the survey results suggest that all of these initiatives are adaptable and will be important for the industry in the next three to five years. Supply and operational initiatives, however, pose a higher level of uncertainty for the region, which could challenge its development of other initiatives. For instance, if the industry has supply and operational concerns or constraints, what will it market?

We also developed two prompts to help guide our participants' discussion about strategic response and initiatives:
- How can we (the industry) move these initiatives forward in the next one to two years?
- How can we (the industry) measure these initiatives' success?

While the group was able to identify strategic approaches and potential opportunities for developing the supply, operational and marketing initiatives, it appeared to have difficulties identifying how to move education/awareness initiatives forward. This difficulty could derive from participants' general uncertainty about the region's future and capacity to adapt more environmental sustainability practices. Additionally, it could speak to the region's lack of familiarity or experience with sustainable tourism or educational initiatives. Ultimately, these

findings suggest that participants, and the industry as a whole, could benefit from learning more about environmental sustainability to adapt its operations and, in time, teach communities and visitors about the region's green initiatives.
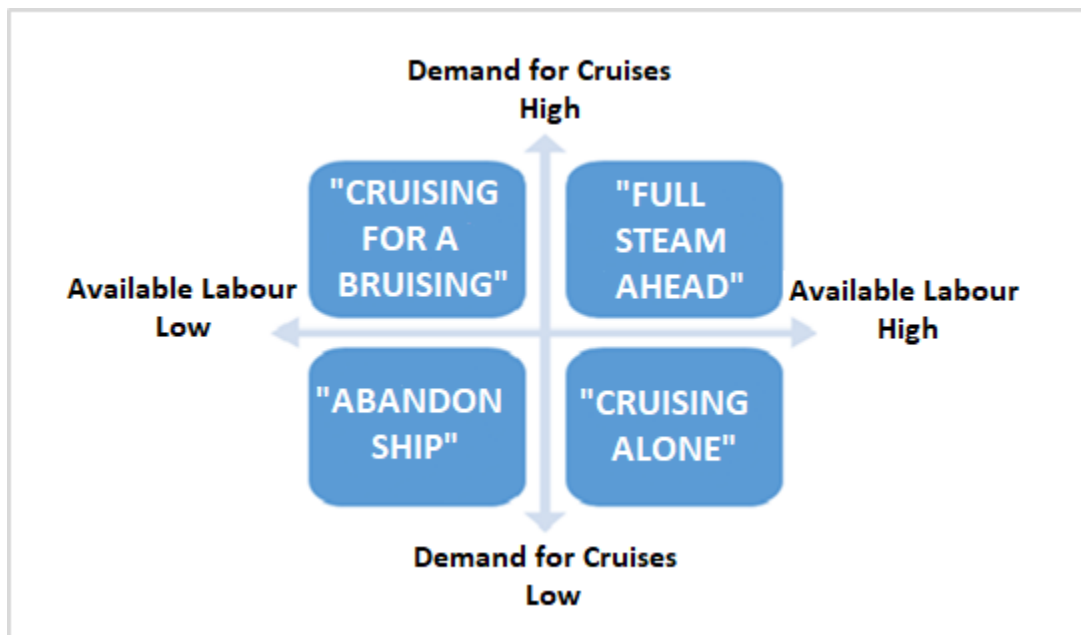
14. Labour Scenarios

14.1. Selected drivers

The drivers' *demand for cruises* and *available labour* were the focus of exercise two of the second round of scenario-planning sessions (see definitions below).

Demand for cruises: This driver refers to consumer demand for leisure cruises. Several factors influence this driver, including demand for cruises in general and cruises in Atlantic Canada in particular, the state of the domestic and international economy, consumer tastes and competition with other regions.

Available labour: This driver refers to the supply of available labour in the cruise industry and tourism sector more generally. Factors that could influence this driver include the aging labour force, labour shortages, technology, international workers and students, training resources, recruitment strategies, retention strategies and perceptions of the sector.

We also named each scenario. As *Figure 13* below illustrates: scenario one is "Full Steam Ahead," scenario two is "Cruising Alone," scenario three is "Abandon Ship," and scenario four is "Cruising for a Bruising."

Figure 13: Labour Scenarios Matrix. In scenario one, demand for cruise and available labour is high, while in scenario three, demand for cruises and available labour are both low.

14.2. Labour scenario descriptions

After identifying the four plausible futures, we distributed an online survey to session participants, which asked them to describe and score the scenarios. Five guiding questions were central to the pre-session survey and session discussion:
- What does the scenario look like?
- How would the region get to this scenario?
- What are the underlying causes of this scenario (e.g., too much dependence on a specific market)?
- Critical failures are the circumstances or occurrences that would significantly impact the cruise industry's operations or recovery. What are the potential critical failures of this scenario?
- What are the opportunities that present themselves in this scenario?

The following descriptions include ideas that participants discussed during the second scenario-planning session and on the pre-session survey.

Scenario one: In scenario one, "Full Steam Ahead," demand for cruises and available labour are both high. In this scenario, the region experiences a busy and profitable season in which cruise lines, consumers and ports are happy. While there could be differences in available labour between urban and rural communities, the region's labour supply is stable and aligns with cruise demand. Port communities can accommodate visitors and deliver high-quality onshore experiences and tourism products, which allows the industry to maximize its returns on investments.

To reach this scenario, the region experienced employee recruitment and engagement success through the support of government subsidies and collaboration with various stakeholders. In addition to incentivizing workers to join the tourism workforce through higher wages and better employee benefits, the region has introduced new training and opportunities for employees, including senior workers. To attract younger workers, the tourism sector has built and strengthened its relationships with post-secondary institutions, including co-op program coordinators. The region has also focused on recruiting more immigrant workers to the industry through collaboration with community organizations such as the Immigrant Services Association of Nova Scotia (ISANS). Additionally, Atlantic Canada has diversified its offerings and marketing, which has enhanced its image and enabled the region to expand its cruise season.

This scenario requires regional coordination in developing long-term labour strategies. A key to the region's success is identifying how to overcome common public misperceptions of tourism employment, including the perception that tourism jobs are low-skilled and do not provide opportunities for career development. As a result of the pandemic, there has also been an increase in retirements across the labour force, which has expanded tourism's seasonal labour supply. Higher unemployment rates in other sectors have also attracted other workers to tourism, including younger workers. Additionally, the region's successful restart seasons have restored community and consumer confidence in cruises, which has resulted in more capital for the industry to invest in infrastructure and technology, such as automation.

Potential critical failures of this scenario include the saturation of the market and impacts of over-tourism on the region, including environmental harm, damage to tourism infrastructure and unsupportive communities. A larger tourism workforce could also lead to capacity issues, such as insufficient training for new hires and fewer employee supports. These issues could result in low worker retention.

This scenario provides the region with the opportunity to introduce more employee skill-sharing initiatives, which could improve employee retention. By providing visitors with exceptional customer service, the region could enhance its reputation and encourage people to visit again in the future. This scenario also presents the region with the opportunity to refine its management of operations, including the allocation of training resources and supports for employees.

Scenario two: In scenario two, "Cruising Alone," demand for cruises is low and available labour is high. There are fewer calls on Atlantic Canadian ports due to changes in demand and/or consumer tastes and regional supply misaligning with these changes. Fewer cruise ships visiting the region has resulted in reduced hours and lay-offs of employees, which over time has disengaged the industry's workforce.

To reach this scenario, the region would invest in its labour supply by improving employee benefits, recruiting from different labour pools including immigrant workers, and accommodating the needs of aging employees. These initiatives, however, have resulted in over-hiring. As a result of inaccurate forecasting and poor marketing, the region has lost business to destinations better aligned with cruise lines and consumer tastes. The decline in demand also stems from poor economic conditions globally, which have reduced people's discretionary incomes.

While government incentives and the introduction of new employee initiatives, such as mentoring programs, have increased labour supply, Atlantic Canada has failed to align with changes in market demand. Due to the softening of the economy, which occurs when there are more suppliers than buyers, the region's lack of promotion has also made it less competitive to cruise lines and travellers. Furthermore, Atlantic Canada's reliance on the U.S. has narrowed its clientele, which new U.S. travel regulations have only worsened. Changes in weather patterns and subsequent increases in natural disasters, such as hurricanes, have also decreased demand for cruises more generally.

Potential critical failures of this scenario mainly relate to whether or not industry and/or regional demand will return and if Atlantic Canada will have sufficient capacity to host cruises. Persistent low demand could lead to both lay-offs and workers leaving the industry. This scenario could also result in investment losses for businesses and, in extreme cases, permanent closures.

This scenario presents the region with the opportunity to identify connections between businesses and introduce more cross-training and labour sharing, which could lower labour costs in the industry. This scenario also includes the opportunity to strengthen regional marketing campaigns through enhanced market research and product differentiation. Within its research and promotion, the industry can identify ways to target and accommodate new markets.

Scenario three: In scenario three, "Abandon Ship," demand for cruises and available labour are both low. In this scenario, there are few calls for Atlantic Canada, and ports do not have the capacity to host the cruises/visitors that do come. As a result, businesses experience weak returns on their investments, and labour supply further declines. This scenario also resembles March 2020, during which public perceptions of and support for the industry and its operations quickly diminished.

This scenario results from significant changes in the demand for cruises and the region's capacity to host cruises. On the demand side, changes to consumer tastes, such as travel preferences, and the competitive advantage of other destinations have resulted in few cruisers visiting the region. On the supply side, poor perceptions of tourism jobs persist, and available workers are experiencing burnout and fatigue. Atlantic Canada has also not aligned its marketing with consumer trends and, as a result, has lost business to regions that offer more differentiated experiences and products.

The underlying causes of this scenario stem from broader changes in the travel and tourism sector. Travel and tourism have become more elitist and, due to the global nature of the industry, Atlantic Canada faces significant competition. There continues to be uncertainty about the industry's future outlook in this scenario, with the region still facing labour and infrastructure shortages. Regional planning and operations also remain reactive instead of proactive, which has resulted in missed marketing opportunities and a decline in its popularity.

One potential critical failure of this scenario is Atlantic Canada losing its positive reputation with cruise lines and visitors. A decline in the region's image as a desirable destination could lead to a downward spiral of the industry's supply chain and, ultimately, the capacity to host future cruises. New government regulations that significantly restrict the industry's operations could be a critical failure.

This scenario presents the region with the opportunity to reinvent itself as a destination. For example, the industry can re-examine how it manages cruise operations to identify where adjustments can be made, such as within port offerings. This reinvention may also involve resizing the regional industry to allow for more optimal resource allocation, including employee training resources and, ultimately, the sustainability of cruises in Atlantic Canada.

Scenario four: In scenario four, "Cruising for a Bruising," demand for cruises is high but available labour is low. In this scenario, workers are burned out and frustrated due to the heavy workloads and lack of flexibility brought about by regional labour shortages. The region is unable to provide the services required to support industry operations and meet consumer demand, including the delivery of onshore experiences and products, which is impacting its reputation in the global market.

Insufficient planning and preparations have led the region to this scenario. Industry forecasting has been inconsistent with market trends, and long-term labour strategies are not in place, which further deters people from working in tourism. As a result of the high workloads, low wages and insufficient training/skill development, workers are fatigued and beginning to leave the industry.

On the demand side, however, pent-up demand for cruises and the effective marketing and promotion of Atlantic Canada has attracted cruise lines and visitors to the region.

Underlying causes of this scenario largely relate to the impact of Canada's aging population on the labour force. As a result of the industry's dependence on low wages and the public's negative perceptions of tourism employment, available jobs remain unfilled when senior workers retire. Inconsistent scheduling, seasonality and a lack of incentive programs have also deterred workers from joining the industry. Additionally, the region continues to be reactive and does not have sufficient time or cash flow to hire and train workers in advance of the season.

Potential critical failures of this scenario relate to the inability of the region to provide coordinated and high-quality onshore excursions and products. A lack of tourism products and services could impact Atlantic Canada's reputation and lead to lower demand from travellers and cruise lines in future seasons.

This scenario presents the region with opportunities to enhance its employee recruitment strategies and implement programs that target young workers. Developing and strengthening its relations with post-secondary institutions could help organizations attract more students, including international students and recent graduates, to the industry through bridging and co-op programs. These programs could build on the current demand for experiential learning opportunities to teach young workers about the tourism sector and help them develop valuable, transferable skills. Skill-sharing within the Atlantic region is another opportunity that could help the industry address labour shortages. This initiative could also incorporate cross-training employees, which would allow the industry to move workers around to where they are needed. Furthermore, this scenario presents the region with the opportunity to pursue creative labour marketing planning and strategies, which shift it towards different labour pools and technology.

14.3. Selected observations about labour scenarios

We asked survey respondents (n=16) to score each scenario based on their probability and impact/consequence.[5] Respondents ranked scenario four as the most likely, followed by scenarios one, three and two. These results reflect the previous exercises, during which participants indicated anxiety about the region having the capacity to meet demand.

While discussing the labour scenarios, the group identified labour shortages as a particular concern for the region post-pandemic. Before COVID-19, the industry faced several labour challenges, including but not limited to an aging workforce and attracting younger workers. Participants also noted that many of the ports' tour guides and volunteers are seniors and expressed concerns about some positions being unfilled when cruises resume. In the longer term, continued staffing shortages could lower the region's capacity to host visitors and impact its reputation as a desirable cruise destination.

Participants scored the second scenario, "Cruising Alone," as the least probable. In other words, participants found the possibility of having labour supply available but no cruises as less likely

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[5] We used a scale of one to five (one being very unlikely/least impactful and five being very likely/most impactful) to calculate the probability and impact/consequence scores.

and possibly of least concern. This finding aligns with the group's concerns about experiencing labour shortages amid periods of high demand (such as next cruise season). The second scenario, however, could impact industry cash flows due to lower revenues and/or higher labour costs. Thus, the region needs to remain aware of the possibility of such a scenario occurring in the future.

15. Labour Initiatives

15.1. Labour initiatives' descriptions

The third session involved a discussion on the strategic responses/initiatives that the industry can pursue in light of the four labour scenarios. Building on previous session discussions and survey data, we identified five categories of labour initiatives for the cruise industry:

- Employee Recruitment Initiatives: implement higher wages for employees; offer more employee benefits; develop bridging programs with schools; build/strengthen relationships with post-secondary institutions to provide experiential learning opportunities (e.g., co-op programs); attract and secure international students and immigrant workers through collaboration with community organizations.
- Employee Retention Initiatives: identify skill/job-sharing opportunities; offer flexible working arrangements (e.g., work-life balance opportunities); backfill entry-level positions.
- Employee Training Initiatives: provide older workers with opportunities to upgrade their skills; offer specialized and cross-training; develop mentoring programs for new hires led by senior workers.
- Workforce Adaptation Initiatives: increase the use of technology to deliver high-quality customer service; introduce resource-sharing; apply pressure on cruise lines to negotiate itineraries; host smaller ships.
- Marketing/promotion Initiatives: raise awareness about tourism careers to the public and prospective workers (e.g., young people); build on the region's positive reputation/image; promote the region to new markets; focus on differentiation (e.g., niche experiences).

Using a set of five questions, we asked respondents (n=14) to score each initiative on a five-point scale (one being low/no and five being high/yes):
- Does the region have the information required to develop these initiatives?
- Does the region have the resources (e.g., financial, human) required to advance these initiatives?
- Does the region have the institutional arrangements in place to support these initiatives?
- How important will these initiatives be over the next three to five years?
- Can these initiatives adapt in light of changing circumstances?

We also asked survey respondents to rank the categories of initiatives based on their importance for the industry's success over the next three to five years. Using a four-point scale, respondents indicated that employee recruitment initiatives will be most important over the next three to five years, followed by employee retention initiatives, employee training initiatives, marketing/promotion initiatives and workforce adaptation initiatives.

Employee recruitment initiatives

Participants identified employee recruitment as a broader issue facing Canadian industries. As part of the larger tourism sector, the cruise industry regularly collaborates with different businesses and suppliers also experiencing labour shortages. To help address these shortages, the region can have conversations with cruise lines about the challenges it faces and identify how they can support the destination, such as by offering higher wages and more benefits for employees. Collaborating with community and immigrant settlement organizations to recruit more immigrant workers was also discussed as a viable approach for the industry to pursue. Regional immigrant settlement agencies, such as ISANS, already have recruitment strategies in place, therefore, the cruise industry has the opportunity to build and collaborate on this work in its labour planning.

Collaborating with post-secondary institutions to attract students and young workers to the industry was identified as another initiative for Atlantic Canada to pursue. While some co-op programs with universities and community colleges and government subsidies are in place already, the industry is competing with other sectors to recruit students. Therefore, building new and strengthening existing relations with academic institutions is a key component of these programs. Additionally, participants noted that the industry needs to better communicate with institutions when it requires additional labour and negotiate student work terms that accommodate the industry during these times.

Employee retention initiatives

The group identified intense workloads and long hours as central challenges the industry faces in retaining employees. These working conditions, however, are also seasonal, which can provide full-time employers with opportunities to work more flexible working arrangements throughout the off-season. On a similar note, participants suggested that labour sharing could provide workers with more stable and long-term employment opportunities. Government agencies play a role in helping to establish connections between operators and organizations in the tourism sector and across sectors. Participants also noted that the success of these initiatives derives from employers' ability to provide and maintain supportive work environments that focus on team-building and employee supports.

Employee training initiatives

As in other sectors, there is a learning curve for new employees. High levels of new hires can make this fact particularly challenging for employers. Therefore, participants suggested that developing standardized entry-level training for common positions in the industry could help ensure that services are delivered consistently across the region. Identifying what areas are in most need or lack training resources could also strengthen industry training processes.

In addition to developing a strategy around the region's labour supply deficiencies, the group discussed the significance of building on the region's available human resources. While many of the region's tour operators are retired professionals, the industry will likely rely on younger workers post-pandemic. Thus, senior employees could be particularly helpful in training new hires and transitioning them to the workforce, such as through mentoring programs.

Marketing/promotion initiatives

The group identified education as central to the region's marketing and promotional campaigns. Collaborating with cruise lines and other industry partners to develop learning opportunities for youth about cruise operations and practices, including green initiatives, is one initiative that could enhance the future generation's perceptions of the industry. In addition to youth, the group discussed working with tourism programs and schools to create opportunities for students, including international students, to participate in live tours of regional ports. Having students visit while cruises are in port, for example, could be particularly influential since it would provide prospective workers with the opportunity to learn about the ships and how the ports/operators accommodate passengers onshore more directly.

Workforce adaptation initiatives

The group discussed the possibility of negotiating itineraries with cruise lines as a plausible initiative for the region. Hosting smaller cruise ships, for example, could help ports to continue delivering high-quality service and products with a lower labour supply. Small cruise ships, however, generate less revenue for ports and operators. Negotiations also generally require industry-wide support, which can be difficult to achieve given that operations and hosting capacity vary from port to port. Developing processes and/or tools to enhance information-sharing among ports was identified as an initiative that could allow for easier transitions to a new or different type of labour supply. Within these initiatives, participants noted that the region must find a balance between investing in human resources and technology.

15.2. Selected observations about labour initiatives

In comparison to the green exercise, responses to the pre-session survey were more consistent. We assigned the same measures/indicators (see below) to maintain consistency in our analyses.
- 1/2 out of 5: feelings of anxiety
- 3 out of 5: feelings of uncertainty; factors outside of the industry's control
- 4/5 out of 4: feelings of confidence

This method allowed us to identify areas of confidence and potential vulnerabilities. *Figure 14* shows the key survey findings for the labour categories of initiatives.

Categories of Initiatives	Vulnerabilities	Areas of Confidence
Employee Recruitment Initiatives	- Anxiety about the region's resources and institutional arrangements being in place - Seasonal work - Unwillingness of visitors to pay more for experiences, etc.	- The region's information gathering - The importance and adaptability of employee recruitment initiatives
Employee Retention Initiatives	- Anxiety/uncertainty about the region's resources	- The region's information gathering - The importance and adaptability of employee recruitment initiatives

	- The demanding nature and long hours associated with cruise jobs	
Employee Training Initiatives	- Uncertainty about the region's information gathering, resources, and institutional arrangements being in place - Disagreements about these initiatives' importance - Ability to retain older workers to mentor new hires	- The importance and adaptability of employee training initiatives
Marketing/Promotion Initiatives	- Some uncertainty about the region's resources and institutional arrangements being in place - Unequal access to marketing resources	- The region's information gathering - The importance of and adaptability of marketing/promotion initiatives
Workforce Adaptation Initiatives	- Uncertainty about the region's information gathering, resources, institutional arrangements being in place, and adaptability - Investing in technology at the cost of human resources - Difficulties associated with negotiating itineraries	- The importance of workforce adaption initiatives

Figure 14: Labour Initiatives' Survey Data. Respondents emphasized the importance of employee recruitment and retention but were anxious about the region's resources and capacity required to implement these initiatives.

Overall, the survey results confirm that the five categories of initiatives are important, and aside from workforce adaptation initiatives, adaptable. The results indicate that there is uncertainty and some anxiety about the region's information gathering and institutional arrangements being in place; however, resources were the most common concern/uncertainty for developing all the categories of initiatives. Respondents' concerns about resources could relate to the current state of operations and uncertainty about how long it will take the industry to recover. Pre-pandemic experiences and industry operations, such as labour shortages in the sector, may also help explain these concerns. Improving communication and information sharing along the industry supply chain could help the region identify its resource deficiencies and where they may exist.

As in the first exercise, we also used two prompts to help guide our participants' discussion about strategic response and initiatives:
- How can we (the industry) move these initiatives forward in the next one to two years?
- How can we (the industry) measure these initiatives' success?

Overall, participants appeared most engaged in our discussions about employee recruitment and retention. The group found it particularly challenging to identify strategies and/or opportunities

for advancing workforce adaptation initiatives. While participants may have required more clarification about what we meant by this category, the group's focus on the challenges associated with these initiatives may also speak to the region's hesitancy to adapt operations—to steer away from the status quo. The low ranking of workforce adaptation initiatives and current and past labour shortages may also explain why participants were more eager to discuss strategies related directly to employment.

Throughout the exercise, the group frequently discussed recruiting workers from different labour pools. Participants identified students, young workers and immigrants as the key groups for the industry to recruit. Tourism requires a level of regional expertise that can take years for employees to develop and refine. Due to Canada's aging population and labour force, however, the cruise industry, like many others, is having to re-evaluate its labour planning, recruitment strategies and training practices. Identifying and establishing connections with partners from different sectors, such as education and immigration, will play an influential role in this work and, ultimately, the industry's future.

PART IV: DISCUSSION AND CONCLUSION

16. Discussion

The tourism sector depends on social license from the community and the public at large to operate. This idea builds on the principles of ethical tourism: "tourism in which all stakeholders involved apply principles of good behaviour (justice, fairness and equality), to their interactions with one another, with society, with the environment and other life forms" (Lovelock & Lovelock, 2013, p. 12). While marketers' use of the term can appear ingenuine or misleading, its use can help keep tourism operators and destinations accountable (Butcher, 2015; Lovelock & Lovelock, 2013). Marketing emphasis on this form of tourism can also contribute to travellers' awareness about how they may negatively impact a destination's culture and natural environment (Butcher, 2015). As the COVID-19 pandemic has brought to light, tourists and destinations alike, including residents and tourism operators, have a moral responsibility to protect the health and safety of those they encounter.

In response to COVID-19, residents and travellers will expect high health and safety standards at ports and visitor attractions, particularly the older population who can be vulnerable to disease. Comprising mainly SMEs, the tourism sector is more focused on short-term planning and operations and worries less about longer-term investments or shouldering losses brought about by crises. This defining feature can also make it difficult for the sector to organize and coordinate operations. While the cruise industry is more forward-looking with itineraries and cruise bookings taking place years in advance, the absence of foresight in the broader tourism sector challenges the industry's ability to address longer-term concerns, such as environmental risks and labour issues. As a result, senior leadership, including governments and industry associations, must play a stronger role in the sector's strategic planning and infrastructure development.

Building on the focus of our second round of scenario-planning sessions, we discuss issues and opportunities related to environmental sustainability and labour supply below.

16.1. Environmental considerations

The three dimensions of sustainability—social, economic, and environmental—are pre-conditions for the future of the cruise industry, including its growth. Environmental sustainability is often depicted as the most challenging part to address as it is largely outside of the industry's control. As we experienced during our discussions of green scenarios and initiatives, the information and awareness about environmental risks and tourism is insufficient, which challenges the industry's planning. As we discuss below, environmental sustainability is also not a pressing issue or concern to many travellers. The cruise industry, and tourism more generally, however, need to be aware of the impact they can have on the environment and how it could affect future demand for travel and tourism. In this light, climate change and its associated impacts pose significant risk for the sector. Therefore, thinking strategically about how the sector can get organized and plan for its future is critical.

Maritime transport accounts for about 2.5% of global greenhouse gas emissions (European Commission, n.d.a.). In 2017, cruise ships emitted an estimated 21.2 thousand kilotonnes (kt) of carbon dioxide equivalent (CO2-eq), an increase of 1.9 thousand kt from 2016 (Griffith Institute for Tourism, n.d.). These emissions translate to 0.82 tonnes of CO2-eq per passenger, which is equal to one round-trip from London to Tokyo by air (Griffith Institute for Tourism, n.d.). The cruise industry also produces a significant amount of waste, including but not limited to ballast and bilge water, sewage and solid waste (MacDonald, 2019). While cruise ships have reduced their waste production by 50% over the last decade (Eaton, n.d.) and are responsible for a small percentage of total shipping emissions (about 5%), the global industry's environmental impact continues to challenge destinations' ability to meet national and international green targets. In addition to the depletion of resources and the natural environments of destinations, the visibility of cruise ships can heighten perceptions about the environmental harm their emissions can cause, which could negatively impact future demand for travel and tourism. Therefore, to maintain demand for cruises, the industry will need to demonstrate how it is adapting its operations to meet green standards.

In Canada, cruise ships are subject to several regulations regarding emissions. Under the *2001 Canada Shipping Act* and in accordance with the *International Convention for the Prevention of Pollution from Ships* (MARPOL), Vessel Pollution and Dangerous Chemicals Regulations define and regulate the number of pollutants that ships are permitted to emit in Canadian waters and by Canadian vessels in foreign waters (Government of Canada, 2021, pp. 10-11). In 2013, regulations regarding Canada's role in the North American Emission Control Area set the maximum sulphur content of marine fuel in all waters to 0.5%, beginning in 2020 (Transport Canada, 2017, sec. 21.2-3). Collectively, these standards emphasize that vessels, including cruise ships, should implement technologies that allow them to emit the lowest amount of emissions.

In 2018, the Cruise Lines International Association (CLIA) committed to reduce cruise line emissions by 40% by 2030 and 70% by 2050 from 2008 levels (CLIA, n.d.; Youd, 2021b). To date, this commitment has included more than $20 billion invested in developing green ships and

technologies (CLIA, n.d.). Switching to cleaner-burning fuels, such as hydrogen and ammonia, eliminating the use of scrubbers, and upgrading water treatment systems have all contributed to the industry's reduction in emissions and waste (Berti, 2021). Beginning with Carnival Corporation in 2015, the industry has also introduced liquid natural gas (LNG) ships (Youd, 2021a). While these ships produce significantly lower emissions, LNG engines burn differently and take up more space than traditional ship engines, which has prevented cruise lines from upgrading their ships (Youd, 2021a). Together with a lack of LNG fuelling depots, these factors represent additional challenges the industry faces in becoming more environmentally sustainable.

In light of the impacts of tourism and travel on climate change, the sector needs to showcase what its industries are doing. In 2017, Atlantic Canada was the sixth largest GHG emitter in Canada (The Conference Board of Canada [CBoC], 2020). Coupled with the growth of "socio-environmental consciousness" and responsible tourism (Destination Canada, 2021b, 35), demonstrating the industry's commitment to sustainability to the public, travellers and government is key to maintaining a positive reputation and image. As a regional industry, implementing consistent standards will be significant. Cruise Baltic, for example, has worked with a consulting company and established a sustainability manifesto to help its region develop, implement and communicate the sustainability standards in place across its ports (Cruise Baltic, 2019).

Polling data

Environmental sustainability is becoming a more important consideration for travellers. Mundy Cruising found that about 50% of respondents ranked sustainability as an important consideration in booking a cruise, while only 14% considered it unimportant (Davies, 2021). 57% also responded that they have faith in the cruise industry's environmental approaches, while 12% did not (Davies, 2021). Additionally, 79% of respondents thought that the industry is working towards its green commitments (Davies, 2021). Travel costs, however, continue to be the most influential consideration for prospective travellers. The Vacationer found that 61.75% of those surveyed identified cost as the most important factor, on par with cruisers (Cruise Critic, 2021), while only 4.38% of respondents indicated sustainability and their carbon footprint (Jones, 2021). In response to queries about paying to lower their carbon footprint during travel, 55.27% indicated they would not spend more than $50, 33.2% would spend between $50 and $250 and 8.95% would spend between $250 and $500 (Jones, 2021). While there is significant pent-up demand for travel and cruises, the industry's devastating 2020 and 2021 seasons have also resulted in higher prices for travellers (Cruise Industry News, 2021a; Jainchill, 2021). Although higher prices are not impacting demand for cruises currently, with bookings up about 30% from 2019, additional price changes could influence the demand for future travel.

European responses

In 2019, the European Commission introduced the European Green Deal (EGD), designed to make the European Union (EU) more resource-efficient and reach zero net greenhouse gas emissions by 2050 (European Commission, 2019a, 2021). The EGD builds on the EU's blue economy efforts, including goals to develop offshore renewable energy and enhance the sustainability of ports through the development of green infrastructure (European Commission,

2021). For the cruise industry, the EGD has proposed carbon pricing and set several targets for ports, including the use of onshore power, lowering ships' use of harmful fuels, and reducing transportation emissions by 55% from 1990 levels by 2030 (European Commission, 2019b, 2019c). Most recently, ports in Germany and Norway—Warnemund-Rostock, Kiel and Bergen—have installed shore power for cruise ships, while other ports in Northern Europe and along the Mediterranean are planning for future installations (Cruise Industry News, 2021b). The EGD also includes a tourism vulnerability index, which measures tourism intensity and seasonality to identify the regions most impacted by tourism (European Commission, 2021).

In July 2021, the Italian government announced the prohibition of large cruise ships (longer than 180 metres and over 25,000 tones) in Venice starting August 1, 2021. This decision accompanied the declaration of Venice's lagoon as a national monument, following years of environmental damage caused by over-tourism and cruise ships in the city (Pianigiani & Bubola, 2021). Italy's decision could set a precedent for other regions vulnerable to environmental degradation caused by over-tourism (Laurent, 2021). The announcement could also create a ripple effect across tourism industries causing them to re-examine their environmental impact and implement strategies to become greener.

American responses

In response to the Intergovernmental Panel on Climate Change's special and assessment reports released in October and November 2018, respectively, federal representatives reintroduced the Green New Deal as a U.S. congressional resolution in February 2019. The bill emphasized the country's need to address climate change and reduce its GHG emissions through a 10-year national mobilization plan, which included investments in green infrastructure, industries and jobs in the clean energy sector (Library of Congress, 2019; Friedman, 2019). In 2021, the federal government built on the ideals of the program by rejoining the Paris Agreement and introducing new climate change targets, including reducing net GHG emissions 50–52% from 2005 levels by 2030, establishing a carbon pollution–free power sector by 2035, and achieving net-zero emissions by 2050. Investing in clean transportation and technologies has been identified as an important part of the solution (The White House, 2021).

As in Europe, various U.S. ports are working to become more environmentally sustainable. In collaboration with Princess Cruises, the city of Juneau was the first to adopt shore power at its ports in 2001, followed by Seattle in 2005, San Diego and San Francisco in 2010, Los Angeles in 2011, and Brooklyn in 2016 (Kalosh, 2021). Additional shore power installations are taking place across the country, including in Miami-Dade County, Florida, where a $2 million grant from the Environmental Protection Agency is helping to support port upgrades. California has also introduced regulations that will require all visiting cruise ships to use shore power as of January 1, 2023 (Cruise Industry News, 2021b).

16.2. Labour considerations

The success of the travel and tourism sector is dependent on the reliability and sustainability of its workforce (Murray, 2017). Tourism industries, however, are vulnerable to the whims of the market, including but not limited to Canada's aging labour force and declines in labour supply.

Weak coordination among tourism industries, including cruise, has made the sector particularly vulnerable to labour challenges, including recruitment. In light of these issues, the sector needs to develop stronger connections to the labour market and supply through collaboration and partnerships with post-secondary institutions and government, which could help professionalize the sector and create more opportunities for employee-sharing. The sector, however, continues to depend on low-wage and seasonal workers, which, coupled with upward pressure on wages, could lead to additional challenges for tourism industries.

The aging labour force

The tourism sector's reliance on younger workers, which is nearly three times greater than other industries, has made it less vulnerable to the impacts of Canada's aging population (Murray, 2017; Tourism HR Canada, 2019). With the highest share of seniors in Canada,[6] however, tourism industries in Atlantic Canada will need to adapt and support the needs of an older workforce (El-Assal and Goucher, 2017; Murray, 2017).

In the 1980s, there were six people in Canada's labour force for each person over 65 not in the labour force. By 2017, this ratio had decreased to 4:1. Between 1995 and 2017, the participation rate of Canadian workers between 60 and 64 also increased from 43% to 61% for males and from 23% to 49% for females (Martel, 2019). By 2036, workers over 55 could account for about a third of Canada's labour force, particularly in non-census metropolitan areas (non-CMAs) in Atlantic Canada (see *Figure 15*). Coupled with high levels of outmigration, an aging labour force could pose significant economic and social challenges for the region (CBoC, 2020).

Region	Labour Force Participation Rate	Aged 55+	Ratio, aged 15+ / aged 65+
Atlantic Canada CMAs	65.9% (2017)	19.5% (2017)	3.9 (2017)
	60.4% (2036)	27.8% (2036)	2.3 (2036)
Atlantic Canada non-CMAs	58.4% (2017)	25.1% (2017)	2.5 (2017)
	53.2% (2036)	31.6% (2036)	1.6 (2036)

Figure 15: Atlantic Canada's Labour Force Participation Rates. The aging population and subsequent labour shortages could impact rural communities, in particular, with the labour force participation rate of non-CMAs anticipated to fall to 53.2% by 2036.
Source: Martel (2019).

In the tourism sector, workers aged 55 and above increased from 14.2% of the workforce in 2011 to 16.1% in 2016. Atlantic Canada has some of the most mature workforces. In 2016, Nova

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[6] In 2019/20, Newfoundland and Labrador had the highest share of seniors at 21.4%, followed by New Brunswick (21.3%), Nova Scotia (20.8%), and Prince Edward Island (19.7%). Conversely, Alberta had the lowest share of seniors at 13.3% (Whalen & Eisen, 2020).

Scotia had the highest proportion of mature tourism workers in the country, with 35.4% of workers over age 45, an increase of 2.3% from 2011 (Tourism HR Canada, 2019). With the exception of New Brunswick, the proportion of tourism workers over age 65 in the Atlantic provinces also exceeded the Canadian average of 3.7% (Tourism HR Canada, 2019). It is important to note that the aging workforce could impact some areas of the region more than others. For example, 23.2% of Sydney's population is over the age of 65, while seniors in Halifax account for 15.7% of the city's population (Statistics Canada, 2017a, 2017b).

Province	% of tourism workers over age 45	% of tourism workers over age 65
Canada	32.7%	3.7%
New Brunswick	35.0%	3.4%
Newfoundland & Labrador	35.1%	3.8%
Nova Scotia	35.4%	4.1%
Prince Edward Island	32.5%	4.7%

Figure 16: Atlantic Canadian Tourism Workers are Aging. Atlantic Canada tourism workers are among the oldest in the country, including in PEI, where the proportion of workers over 65 exceeds the Canadian average by a full percentage point.
Source: Tourism HR Canada (2019).

An aging workforce could require employers to provide different supports for workers. For example, in 2016, 28.3% of Canadian tourism workers experienced difficulties in completing their daily work tasks due to health-related issues. Reports of worker difficulties increased with age, with 41.9% of tourism employees over 65 indicating challenges (Tourism HR Canada, 2019).

Labour shortages

Canadian industries are experiencing labour shortages. In 2016, the Canadian Tourism Research Institute estimated that over 240,000 tourism-related jobs could become vacant between 2010 and 2035, which amounts to about 10% of all tourism jobs (Murray, 2017). While 89% of workers will leave their job at an SME in the next year due to wages (57%) or benefits (32%; Business Development Bank of Canada, 2021), declining birth rates have also contributed to labour shortages (Tourism Industry Association of Canada [TIAC], 2014). In 2017/18, only 20% of Canada's population growth came from births, with migration accounting for 80% (Martel, 2019). The declining birth rate is particularly pronounced in the Atlantic region, where the number of deaths in non-metropolitan areas exceeded the number of births (El-Assal and Goucher, 2017). As a result, job vacancy rates are outpacing the number of people entering the Canadian workforce.

Perceptions about tourism jobs could be contributing to its labour shortages. Low wages and limited career advancement opportunities are among the characteristics that deter people from

working in the sector (TIAC, 2014). Students and younger workers, for example, often focus on career assurance and progression and perceive tourism employment as largely short-term—not a profession (Goh & Okumus, 2020). The tourism sector has also experienced a "mismatch of skilled/unskilled labour supply and demand" (TIAC, 2014, p. 8). For instance, labour shortages are causing industries to adopt unsustainable employment practices, which focus more on hiring rather than retaining workers. As a result, senior workers have experienced more flexibility and opportunities to negotiate with employers, which has limited entry points for newly educated and skilled workers (Baker, 2021), and underscores the sector's need to professionalize. Given its dependence on low-wage and seasonal workers, however, the sector must balance professionalization with its current and diverse workforce needs.

Government responses to COVID-19 have contributed to labour shortages for tourism industries. Federal support programs, such as Canada Emergency Response Benefit (CERB), have disincentivized some workers from returning to the sector. According to a 2020 Canadian Federation of Independent Business study, CERB was a top reason for 62% of the small businesses that experienced work refusals from laid-off employees. The growth of remote and hybrid work opportunities has also impacted service jobs. To lower their chance of contracting COVID-19, for example, service workers, especially older workers, are leaving the industry (Gould, 2021). To help limit the long-term impacts of this trend, employers must demonstrate how they are committed to creating and maintaining healthy and safe workplaces.

Attracting more immigrants to the region and sector represents one part of a labour planning strategy. In 2016, Atlantic Canada welcomed 13,655 immigrants, a five times increase since 1999. Through regional settlement agencies and government programs, such as the Atlantic Immigration Pilot Project and provincial nominee programs, immigration to the region is anticipated to grow (El-Assal and Goucher, 2017), which may provide tourism industries with access to a larger labour supply.

In 2019, landed immigrants/permanent residents accounted for about 12% of the Atlantic provinces' tourism workforce, compared to 30% of Canada's tourism labour (Tourism HR Canada, n.d.). The region has also experienced issues in retaining international students, with the lowest retention rate in Canada at below 30% (Choi, Crossman, & Hou, 2021). While the pandemic further compounded labour challenges for the region, its impacts on tourism also emphasized the sector's need to strengthen its recruitment efforts through partnerships with settlement agencies and post-secondary institutions and finding a balance between entry-level and senior-level positions.

Cluster employment platforms will play a role in the future of the tourism workforce. In short, cluster employment is a type of employee-sharing "designed to connect employees with multiple employers" (Community Sector Council of Nova Scotia, 2020, para. 3). Due to the seasonal nature of tourism, the method can support the tourism workforce by providing more stable employment opportunities, which has benefited rural communities in particular. Since cluster employment focuses on matching workers to where labour and/or specific skills are required, opportunities can occur across communities, regions and even countries. This type of work can be particularly attractive to younger workers interested in expanding their skills and professional networks. In Atlantic Canada, recruitment firm Placemaking 4G, which officially launched its

cluster employment platform in July 2020, has also matched co-op students with employers (Fitzpatrick, 2020). Overall, cluster employment presents the tourism sector with opportunities to help address labour challenges by providing employers and employees with sustainable work arrangements.

As we saw throughout the pandemic, those who did not have a strong online presence suffered more than most (Caplan, 2021). For the cruise industry, technology, such as digital applications, has helped to enhance the cruising experience for passengers and crews. Technology also provides tourism with an opportunity to address labour shortages by relieving some of its dependence on human resources, thereby lowering labour costs. Investments in technology, such as automation, are becoming more common in tourism industries (Goh & Okumus, 2020). Increasing the sector's use of digital kiosks to limit human-to-human interaction, for example, could also help them prepare for a future in which governments and visitors are more concerned about disease transmission.

Ultimately, maintaining the status quo is no longer an option for the tourism sector. Governments, industry associations and post-secondary institutions must work together to create and support current and future tourism labour opportunities.

17. Conclusion

The COVID-19 pandemic has resulted in an immensely challenging period for the global cruise industry, including the Atlantic region. With vaccination rates continuing to rise and restrictions lifted, there are reasons for Atlantic Canada to be optimistic about its next cruise season. Together, the volatility of the tourism sector and uncertainty of the virus, however, will require the industry to be adaptive and flexible in planning for the return of cruises to the region and future challenges. Strengthening coordination at local and regional levels will be key to managing these risks and planning strategically. Through collaboration with the three orders of government, the tourism sector can begin to visualize its future and identify how it can address ongoing and future issues, including environmental concerns and labour supply. Connecting with various stakeholders, including port communities and regional suppliers, will also play a role in the industry's ability to deliver safe, consistent and sustainable experiences to visitors.

18. Appendices

Appendix A: More about the MacEachen Institute

The MacEachen Institute for Public Policy and Governance at Dalhousie University is a nationally focused, non-partisan, interdisciplinary institute designed to support the development of progressive public policy and to encourage greater citizen engagement.

In February 2015, the Directors of the MacEachen Institute for Policy and Government announced a donation to Dalhousie University of $2.25 million. The donation was used to establish the Institute in the name of the Honourable Allan J. MacEachen.

A partnership with national reach
The MacEachen Institute for Public Policy and Governance at Dalhousie University provides an effective non-partisan mechanism to expand the reach and impact of the Institute's work. As such, it enables us to build on Mr. MacEachen's legacy by promoting vigorous debate on progressive public policy issues. Most importantly, it encourages and engages active participation by Canadian citizens in civic activities ranging from community and neighbourhood issues to issues of national concern.

Independent and informed
The Institute looks at progressive ways to tackle public policy and governance issues through open discussion with a variety of informed players and aims to serve as the "go to" place provincially, regionally and nationally for rich, robust public policy debate, discussion and research. The MacEachen Institute at Dalhousie University engages scholars, students and community members in the development of policy options, policy research and other outputs of the Institute.

Appendix B: Round one facilitated drivers' discussion

Drivers are external factors that significantly impact an organization/industry but are largely outside their control, such as contextual legal regulations. During the first session, attendees participated in a guided discussion of the drivers in the cruise industry. Participants identified thirteen drivers: **cruise restrictions, border operations, risk tolerance of different jurisdictions, operational capacity of the supply chain, organization/structure of the tourism sector, government support programs, consumer demand, industry/destination reputation, media coverage, U.S. market, community confidence, COVID-19 vaccines** and **public health**. Below is a summary of these drivers and how they relate to the cruise industry.

Cruise restrictions refer to the legislation in place that prohibits the sailing of leisure cruises in Canadian waters—Transport Canada's no-sail order. Current restrictions for leisure cruises in Canada ends on February 28, 2022,[7] which participants noted may be too late for the industry to prepare sufficiently for the spring 2022 season. The CDC, which is using a phased approach

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[7] As of July 16, 2021, cruises are permitted to return to Canadian waters on November 1, 2021.

under its Conditional Sailing Order, approved the resumption of test cruises in the U.S. and Caribbean in May 2021 (CDC, 2021). If successful, these cruises could influence the Government of Canada to revoke the no-sail order before February 2022. In May 2021, the U.S. government also temporarily waived the Passenger Vessel Services Act to enable cruise ships to travel directly between U.S. ports, which could set a precedent for the future of cruises to Canada's disadvantage (Kearney, 2021).

In addition to cruise-specific regulations, participants identified **border operations** as a driver in the industry. People noted that air and land travel often dominate reopening conversations, which challenges the industry's planning. There is also concern that the Atlantic Provinces will not have consistent border/travel policies in place, which could deter cruise lines from visiting the region when cruises resume. This possibility relates to **the risk tolerance of different jurisdictions**, with the most risk-averse province or port setting the regional tone. Inconsistent policies would also complicate the region's preparations for the return of cruises.

Participants also identified **the operational capacity of the supply chain** as a significant driver in the cruise industry. This concept largely relates to the survival and recovery of the industry's supply chain, which includes but is not limited to tour operators, transportation supply and providers, small businesses, and shore excursions and guest experiences. Before the pandemic, the cruise industry was already experiencing a labour shortage due to retirements and the aging volunteer base, congestion issues on multiple ship days, and many motorcoaches requiring repairs. The pandemic has also been particularly hard on small businesses that do not have the capital to endure another slow tourist season. Together, these challenges could significantly constrain the capacity of the industry to host visitors when cruises resume.

The organization/structure of the tourism sector also poses challenges for the cruise industry and its recovery. The tourism sector is largely composed of SMEs, which makes it highly fragmented and coordination difficult. **Government support programs**, such as wage and rent subsidies, were noted as crucial components of tourism's recovery. Without this support, the sector could experience a decline in supply and hosting capacity, which could make the region a less desirable destination for tourists and cruises.

Consumer demand for both cruises and the Atlantic region is an industry driver largely influenced by other variables, including changes in consumer tastes, traveller confidence and, as participants noted, **industry/destination reputation**. Before COVID-19, Atlantic Canada had a reputation as a safe, friendly and welcoming destination that attracted both visitors and major cruise lines to the region. Maintaining this appeal to visitors and strong relationships with the cruise lines is critical for the regional industry's recovery. Participants, however, identified **media coverage**, particularly negative stories like those reported near the start of the pandemic, as capable of influencing the future of cruises in general. Although Atlantic Canada has a positive reputation for managing the virus, outbreaks on cruise ships in other regions, for example, could impact people's perceptions about cruising in general.

Session participants identified the **U.S. market** as another driver in the cruise industry. Americans account for approximately 70% of all cruise visitors to Atlantic Canada, which underscores the significant role of the U.S. in the industry (BREA, 2021). The region's

relationship with the New England industry also contributes to the influence that changes in legislation and the resumption of cruises in the U.S. could have on Atlantic Canada. The U.S.'s management of COVID-19, however, could have longer-term impacts on Atlantic Canadians. A lack of **community confidence** in cruises returning to the region could be a particular challenge for the industry. Recent research from Destination Canada (2021a) indicates that Atlantic Canadians are the least likely to welcome visitors from outside their region. While this sentiment is evolving, managing local attitudes towards cruises through clear messaging and collaboration is essential for the industry.

COVID-19 vaccines, including global distribution and their efficacy, could also impact the resumption of cruises. Current reopening plans and protocols vary across regional jurisdictions, including approaches to vaccine policies. The introduction of "vaccine passport" requirements by the federal government or the cruise lines could also affect the industry. With regional vaccination rates continuing to rise, the industry has the opportunity to market the region as a safe and highly vaccinated destination for cruises. Participants also identified the role of **public health** in managing the economic recovery of regional communities and industries as a driver challenging tourism and the resumption of cruises. Developing regulations that achieve a balance between epidemiology and what businesses and industries need to recover is a difficult task that could limit the hosting capacity of the region next cruise season.

Appendix C: Round two facilitated drivers' discussion

At the first session for our second round of scenario planning, we asked participants to identify and explain driving forces—external factors that impact industry operations—in the cruise industry. Together, the group identified fourteen drivers: **demand for cruising, capacity issues, cruise pricing, global competition, regional supply and offerings, available cash flow, consumer expectations, community confidence, accessibility, diversity and inclusion, industry collaboration, sustainability, climate change** and **technology**. Below is a summary of the drivers and how they relate to the cruise industry.

Session participants first identified **demand for cruising** as a key driver in the industry. With cruise lines currently booking two to three years in advance, the group was optimistic about consumer demand for cruises. Due to the pent-up demand for travel, however, participants suggested that the region could experience **capacity issues**. Tourism labour supply and infrastructure, such as tour buses and port attractions, were identified as parts of the supply chain that could be particularly challenged by higher than usual demand.

The pandemic, which has led to high inflation, could impact **cruise pricing**. Costs, including for passengers and cruise lines, could play a role in how the region will contend with **global competition**, another industry driver. The Atlantic region requires support from cruise lines to remain a competitive destination, which it can achieve through investments in its supply chain, including its attractions. Building on this idea, participants discussed the importance of **regional supply and offerings**. In addition to offering authentic and unique experiences, participants discussed the possibility of reimagining the destination, which could include new

itineraries that extend the region's cruise season. Negotiating itineraries with cruise lines, however, can be complex and requires the support of all ports.

Considering that it will likely take several years for businesses to rebuild their capital, the group identified **available cash flow** as another driver. Following the return of cruises, small operators will need to regain their footing and will not have the cash flow to invest in infrastructure and product development. With this in mind, participants raised **consumer expectations** as both an opportunity and challenge for the region. Due to the lasting impacts of COVID-19, consumers may have greater expectations for service and product delivery. On the one hand, these expectations could provide the region with an opportunity to showcase its capacity and commitment to delivering enjoyable and safe experiences. On the other hand, failing to meet consumer expectations due to supply constraints, for example, could result in lower demand or reputational harm for Atlantic Canada. **Community confidence**, which will require the industry to restore trust with the general public, will also shape its operations over the next three to five years.

Participants discussed ports' **accessibility** as an industry driver that could influence future operations. Over the last decade, there has been an increase in demand for accessible tour vehicles, which will likely continue to grow as the population ages. The group agreed that enhancing the region's accessibility will require **industry collaboration** to ensure that smaller ports and operators have the support necessary to adapt their operations. Prioritizing accessibility relates closely to the importance of introducing more **diversity and inclusion** initiatives. Building on the work of cruise lines, the region could hire employees from different/more labour pools, for example.

Advancing the region's **sustainability** will be critical for the future of its cruise industry. Participants noted that building the economic and social dimensions of sustainability into their operations, such as a focus on human resources, will provide the industry with the opportunity to deliver products and experiences that they are proud to provide. Due to the impacts of **climate change**, including negative perceptions of travel, the industry will also benefit from advancing its environmental commitment in its planning and marketing. The group identified **technology** as key to addressing sustainability issues. Investing in technology will also enhance the industry's health and safety procedures, which will be important for cruises during and after the pandemic.

Appendix D: Guest speakers

Round one:

Shane O'Flaherty, Global Director of Travel, Transportation & Hospitality, Microsoft
Shane is focused on leading the hotel, airline, cruise and logistics industries in driving innovation that will enhance the customer and employee journey, while driving increased productivity and cost compression with the use of Microsoft's technology and its eco-system of travel solution partners. Prior to joining Microsoft, Shane held many senior executive positions including CEO & President at Forbes Travel Guide (formerly Mobil Travel Guide). At Forbes, Shane successfully

modernized the hotel, restaurant and spa Five Star ratings system that defines the global consumer experience and spearheaded its global expansion. He created and grew Forbes Travel Guide Consulting Services into the leading global provider of customer experience measurement and training for the top hospitality brands in the world. Shane has spoken at many industry and client conferences globally and also appeared on the Today Show, Fox and Friends, Bloomberg, Channel NewsAsia, and been quoted in the New York Times, Wall Street Journal, USA TODAY and many other global publications highlighting the travel and hospitality space.

David Robinson, Vice-President of Strategy and Stakeholder Relations, Destination Canada
When David's North Star led him to Destination Canada in 2016, he had built an impressive career across a broad portfolio of government agencies and a record of accomplishment particularly in the areas of leadership and government relations. In his prior role as Director General of Strategic Coordination at Veteran Affairs Canada, he led improvements in the organization's corporate governance and the department's parliamentary business. One of the many defining moments in David's career was leading the Government of Canada's preparations for the Vancouver 2010 Winter Olympic and Paralympic Games from 2001 to 2010. David, along with his team, provided strategic direction and sought the funding that allowed the Government of Canada to take full advantage of the Games to bring more of Canada to the world. David brings this same passion and open-mindedness to his current work at Destination Canada.

Round two:

Claus Bødker, Director, Cruise Baltic & Cruise Copenhagen Network
Claus Bødker joined Cruise Baltic and Cruise Copenhagen Network in May 2014. He came from a position as CEO in a subsidiary of the National Lottery in Denmark. Claus has spent most of his career in the experience economy marketplace, including a management position with the leading Danish soccer club, F.C. Copenhagen.

Claus brings with him 14 years of experience from the travel industry with companies such as KILROY International, Thomas Cook and Hertz Denmark, where he was CEO. He holds an MSc in Economics and Business Administration from Copenhagen Business School, an MBA from Henley Business School and a Master in Experience Economy from Roskilde University.

Sandra McKenzie, Co-Founder, The Forge Institute
Sandra McKenzie has extensive government experience in the fields of workforce development, adult education, economic development, and policy and strategic planning. She has served the Province of Nova Scotia as Deputy Minister of Education and Early Childhood Development, Deputy Minister of Labour and Advanced Education, and Acting Deputy Minister of Economic and Rural Development and Tourism.

After concluding a rewarding career with the public service, she is very pleased to have launched two companies: McKenzie Consulting, a management- and strategy-focused business, and The Forge Institute, a partnership dedicated to thought leadership for positive change. Sandra serves on several volunteer Boards, all focused on creating stronger communities.

Sandra lives in Waverley with her husband and many pets. She is visited regularly by her three children who are out making the world a better place.

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20. Further Reading

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The discussion paper and briefing note from the tourism scenario-planning sessions in August 2020.

The MacEachen Institute's expert panels on risk governance and economic and public health challenges posed by COVID-19.

The Toronto tourism sector's response to the SARS outbreak in 2003 demonstrates the significance of maintaining coherent coordination, while the Foot and Mouth Disease outbreak in the United Kingdom in 2001 underscores the vulnerabilities of a highly fragmented tourism sector.