


 SEARCH

News Releases

HOME

GOVERNMENT

SERVICES

RESOURCES

TRAVEL

STAY INFORMED

- > News Releases
- > RSS Feeds
- > Advertisements
- > Legislative TV
- > Ask Public Enquiries

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Investing In Transportation Link to the United States

Economic Development (to Jan 09)
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The province is investing in the Yarmouth to Maine ferry service to ensure the continuation of this important transportation link to the United States.

The province's Industrial Expansion Fund will provide up to \$4.4 million to Bay Ferries Ltd. to help offset a sharp increase in the cost of fuel.

"Without this immediate assistance the service would not be able to continue," said Jamie Muir, acting Minister of Economic Development. "We are supporting Bay Ferries while we work with all partners to try and quickly develop a more permanent solution."

Escalating fuel costs are having a major effect on transportation services around the world. The price of oil now stands at more than \$140 per barrel -- a jump of 120 per cent over the last 12 months.

"Yarmouth continues to be an important entry point for tourism traffic between Nova Scotia and the United States," said Bill Dooks, Minister of Tourism, Culture and Heritage. "Without this ferry service, the tourism industry, especially in southwestern Nova Scotia, would be negatively impacted."

Bay Ferries Ltd. operates the Cat high-speed ferry between Yarmouth and two ports in Maine -- Bar Harbor and Portland. Since 2001, there has been a continuing decline in the number of U.S. visitors to Canada. Confusion about new passport requirements, the strong Canadian dollar and high gas prices are among the conditions causing the trend.

"For nine years, Bay Ferries successfully operated ferry services in southwestern Nova Scotia without having to seek government support, committing more than \$100 million of private sector investment to this region of the province," said Mark MacDonald, president and chief executive officer of Bay Ferries.

"Unfortunately, since 2006, worldwide energy prices have dramatically changed the market conditions for the transportation business in Canada. For the ferry business to continue operating in southwestern Nova Scotia, at least for the foreseeable future, we have been forced to turn to government to play a greater role."

About 100 people are employed by the Bay Ferries service in Yarmouth. The loss of this service would be a major blow to the economy of Yarmouth and the surrounding area.

The Industrial Expansion Fund is one method the government of Nova Scotia uses to support economic development in the province. It is key to helping industries involved in innovation and technology and contributing to a prosperous and sustainable business climate for Nova Scotia. There is considerable flexibility in the amount and type of funding it can provide.