RESPONSIBLE CRUISE TOURISM AND REGENERATION: THE CASE OF
NANAIMO, BRITISH COLUMBIA, CANADA

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Abstract

Cruise ship tourism continues to grow faster than other tourism sectors globally, with increasing potential benefits for cruise destinations, which seek to boost tourism revenue for instance by developing passenger terminals and associated infrastructure. However, there is a growing awareness of the need for ‘responsible cruise tourism’ in view of the costs of cruise ship tourism to host communities. The case of Nanaimo in British Columbia, Canada, illustrates these issues in terms of the management of cruise ship tourism and associated socio-economic benefits and costs, with implications for policy and practice in other contexts.

Key words: responsible tourism, cruise ship tourism, terminal development, city regeneration

Acknowledgement

This work was supported by Vancouver Island University, British Columbia, Canada, via their Visiting Scholar Programme, in which the author participated in a two-week period in September 2012.
Introduction

This article shows how cruise ship tourism has developed in a small destination port, Nanaimo in British Columbia, in terms of the balance and management of (social and economic) benefits and costs, with implications for cruise ship tourism development and management in other contexts. The governing conceptual framework for the research was the notion of ‘responsible cruise tourism’ as set out by Klein (2011), linked to principles surrounding the balancing of relevant benefits and costs from cruise ship tourism as proposed by other researchers (see for instance Scarfe 2011; Hoogkamer 2013; and Brida and Zaph 2010).

The article applies Klein’s (2011) criteria for responsible cruise tourism in terms of (a) the equitable distribution of economic benefits; and (b) the minimisation of negative sociocultural impacts via ‘people pollution’, ‘homogenisation’ and ‘sociocultural authenticity’. Environmental considerations (also part of Klein’s [2011] overall criteria) are not considered.

This is because of, first, the small scale of Nanaimo and the relatively limited number of cruise ship visits to the port, linked to its limited function as a cruise ship destination port, which mean that local environmental effects are relatively minor; and, second, the more extensive coverage in the literature of environmental effects of cruise ship tourism in relation to host ports globally.

The article was developed from research undertaken by the author in Nanaimo in 2012. This
used a qualitative approach in view of the nature of relevant data, consisting in large part of policy documents in relation to cruise tourism operation and city management, as well as the contribution (via interviews) of a small number of expert stakeholders. The aim was to investigate how and to what extent the city maximised outcomes in relation to social and economic benefits, balanced against the costs to local communities, via appropriate policy and practice, with implications for port and city authorities in other contexts. This research links to earlier work on cruise tourism by the author, which focused on the lessons deriving from the development of cruise passenger terminals.

The research applied documentary analysis (for instance of policy documents of the port authority and municipal authority) and semi-structured interviews of two key expert stakeholders (a representative of the port authority and a representative of the city planning authority). These stakeholders were chosen since they were representatives of Nanaimo’s key organisations in relation to cruise ship tourism development in the city, with the port authority being responsible for actions such as development of the cruise terminal as well as operational management of tourism activities, and the city municipality being responsible for policy in relation to land use planning and economic development, which are critical to maximising net benefits for the city from cruise tourism. The interviews were face-to-face and carried out by the author whilst in Nanaimo as part of a two-week period in September 2012 when the author was an invited scholar at Vancouver Island University, linked to its MA Sustainable Leisure Management programme. Each interview was approximately one hour in duration, and the port authority interview preceded the city planning authority interview. The
interviews triangulated the information obtained via documentary sources, and were intended to ascertain the precise nature of and rationale for the actions of the port authority and city in developing and managing cruise tourism in Nanaimo, including via the cruise passenger terminal development.

The article is structured as follows: first, cruise tourism and its effects are considered in terms of the cruise tourism sector globally, followed by a focus on the use of cruise passenger terminals, and the key notion of ‘responsible cruise tourism’; second, the case of Nanaimo is considered and subsequently analysed via the prism of responsible cruise tourism principles, including a brief illustrative comparison with Victoria, the other main cruise port on Vancouver Island; and finally, overall conclusions are suggested with possible implications for other contexts.

**Literature review: cruise ship tourism – implications for host ports**

*Trends in global cruise ship tourism*

The global tourism sector is increasingly significant as part of wider economic development strategies, and, within this context, cruise tourism is seen globally as relatively successful and dynamic (Weeden et al. 2011; Hu and Blakely 2013). Cruise ship tourism has grown faster than other tourism sectors since the mid-1980s (Clayton and Karagiannis 2008), increasing by 7.2% annually since 1990 (Klein 2011), and 22,619,800 people took cruises in 2013 (Ward
Growth is set to continue, with 18 new ships scheduled for delivery between January 2014 and December 2017 including a third ‘Oasis’ class ship for Royal Caribbean International (RCI) (Ward 2014), and cruise ship sizes have increased substantially in recent decades (Rodrigue and Notteboom 2013; Ward 2014). Such factors, together with increasing cruise tourism activity within ports, imply more potential problems such as crowding on-shore.

In terms of global distribution of cruise ship tourism activity, there has been a recent downturn in the North American market (Weeden et al. 2011) and in Europe (European Cruise Council 2012; CLIA 2013), linked to economic recession. However, new destinations have emerged globally for instance in Australia and New Zealand (Dowling 2011). In addition, while the sector is vulnerable to external factors – for instance insurance costs rose for cruise operators after the loss of the 114,147-ton, 3,000-passenger Costa Concordia in 2012 – it is also resilient, as shown by the rebounding of the operator’s share price after the accident (Ward 2014). In terms of specific cruise itineraries, the marketing and promotion activity of powerful operators in the cruise ship tourism industry is significant since this activity might involve the choice of particular destinations on the basis (at least in part) of the nature and extent of the policy and regulation of relevant local authorities. This may encourage a ‘race to the bottom’ for regulation, with destinations potentially being chosen on the basis of least regulatory control. In addition, wider business considerations linked for instance to economies of scale and scope may play an important role in cruise itinerary decisions (Dowling and Weeden 2017).
Weaver (2011), Weeden et al. (2011) and Ward (2014) point to the increasing tendency for more varied, specialised or customised cruise tourism, for instance via small ship cruising mainly using smaller ports. This is increasingly popular with many, including older tourists who have a growing share of the market, as well as those seeking ‘soft adventure’ or more exposure to local cultures (Douglas and Douglas 2005; Johnson 2002). This is linked to the broader field of ‘niche’ tourism which has developed globally in recent decades (see for instance Novelli 2005). ‘Expedition cruising’ is a sub-set of small-ship cruising, which began in the 1960s in part as a means of educational tourism; it often uses small ships with less than 120 passengers, focuses more on the destination than on the environment and facilities of the ship itself, and may involve teams of experts on board to enhance the educational experience. The attraction of the destination is frequently linked particularly to nature and wildlife, and expedition cruise ships can travel to remote areas including for instance polar regions. Indeed, in northern Canada and the Arctic, for instance, expedition cruising is now becoming the normal mode, and it is also developing elsewhere in Canada, including the east coast.

The particular nature and effects of small ship cruising in polar regions are set out by Luck, Maher and Stewart (2010), who highlight potential problems of unsustainable practice, albeit with effects on a smaller scale than for larger ships. In addition, Orams (2010) shows how polar yacht cruising presents unique challenges for sustainable tourism, but concludes that the demand for ‘soft adventure’ of this kind will continue to increase. In addition, as Rodrigue and Notteboom (2013) suggest, the reaching of limits to cruise ship size, combined with a continued expansion in overall demand for cruise tourism, may potentially result in a
displacement of activity to smaller ships and more ‘niche’ markets. They also observe that small cruise ships have advantages in terms of more flexible itineraries, as well the ability to offer shorter (and possibly less expensive) cruises, which may be increasingly attractive as demand expands.

The recent growth in small-ship cruises, linked to use of smaller destination ports, may seem to run counter to a long-standing general trend for larger ports (especially ‘home ports’ from which ships start and end cruises, or ‘turnaround’ ports in which ships either start or end cruises) to play a more significant role in cruise tourism than smaller ports (usually ‘ports-of-call’ or ‘transit ports’, in which ships will call but from which they do not start or end cruise trips). Certainly, smaller ports may cater more effectively for newer specialised cruise services using smaller ships, which may be particularly suited to small communities with minimal infrastructure (Douglas and Douglas 2005). Moreover, the inclusion of lesser-known ports within cruise itineraries has advantages in terms of public interest (and involvement of government) since it can reduce the congestion evident in many larger cruise port venues (CTUR 2011). Nevertheless, small communities (particularly those with a population of less than 5,000) may sometimes be particularly vulnerable to the negative effects of cruise tourism, for instance by erosion of cultural authenticity and quality of life (Klein 2011), particularly where tourism shows significant growth; it is therefore important to ensure that appropriate policy, regulation and intervention is in place (Stewart et al. 2011; O’Brien 2014; Johnston et al. 2017).
Cruise passenger terminal development

Many port authorities and city municipalities have made use of cruise passenger terminals as a central means of encouraging cruise ship tourism, in part because these can incorporate a wide variety of supporting uses such as restaurants which can benefit local communities (McCarthy 2006; McCarthy and Romein 2012). Factors such as location are important here – while terminals are commonly located close to city centres, CTUR (2011) suggests that the decision should depend on the context, and, in some cases, terminals may be usefully situated in more marginal areas, as part of the city’s strategic regeneration aims. The quality of facilities is also critical, since this can significantly affect the experience of tourists (Ward 2014). This links to broader research which highlights the importance of the overall attractiveness of the cruise port – including the quality of facilities within the passenger terminal – in framing the decision of potential cruise passengers (Andriotis and Agiomirgianakis 2010; Larsen and Wolff 2016; Sung-ho et al. 2016; DiPietro and Peterson 2017).

Ports may build cruise passenger terminals to compete with other ports, and are often strongly encouraged to do so by cruise operators, since terminals reduce the cost to them of transferring passengers to the port (Klein 2011; Hu and Blakely 2013). However, development of such terminals may be problematic in some respects; for instance, terminals may be argued to benefit (private) cruise operators more than ports or host communities, and there have also been cases where cruise operators cease to use ports after terminals have been
developed (Hoogkamer 2013). CTUR (2011) therefore suggests that provision of terminal facilities may be a mistake for many ports, other than those with the potential and aspiration to be ‘home’ or ‘turnaround’ ports, which require a range of assets such as effective logistics and baggage management, fast transport connections, and proximity and linkage to airports.

*Responsible cruise tourism*

There have been many concerns associated with the effects and impacts of cruise tourism (Klein 2011), in the broader context of ‘sustainable tourism’ (Butler 1999), linked to ecotourism (Johnson 2002). A broad literature has been developed in this field, encompassing the nature of a broad range of economic, social and environmental costs and benefits (Butler 1999; McCarthy 2003, 2004), including the impacts on local neighbourhoods of developments such as cruise passenger terminals (McCarthy and Romein 2012). More broadly, in recent years, the issue of corporate social responsibility has been explored in the context of cruise ship tourism, encompassing for instance dimensions such as environmental protection, social and community well-being, diversity and accessibility, employment quality and economic sustainability (de Grosbois 2015). In overall terms, the criteria and critique applied via Klein’s (2011) notion of ‘responsible cruise tourism’ is that chosen for application via this article, since it takes into account a holistic view of environmental impacts, the distribution of economic benefits, and the potential for negative socio-cultural impacts. However, this article focuses on the latter two elements, given the necessary limitations of scope and the focus of many other studies upon environmental impacts.
In terms of economic benefits, cruise ship tourism can contribute to economic diversification via expansion of local food/entertainment/culture and other sectors. Such tourism may also play a valuable role in compensating for loss of port-associated employment linked to industrial restructuring. In addition cruise ship tourism may form part of cities’ overall economic regeneration strategies (McCarthy 2003, 2004, 2006) though particular challenges may be faced by ports with a dominant negative image perhaps arising from their industrial legacy (Avraham and Ketter 2013). In addition, cruise ship visits generate revenue, since passengers and crew spend money in the port if they disembark, and may purchase shore excursions. There may also be revenue from docking fees, and passenger fees or head taxes (Hoogkamer 2013). However, economic benefits are typically less than for land-based tourism, since stopover tourists spend on average 10-17 times more than cruise ship tourists (Klein 2011). In addition, benefits often accrue disproportionately to cruise operators, which may own onshore facilities such as shops. Conversely, the direct and indirect costs from cruise ship tourism, including for instance the driving up of prices of goods and property, are borne mainly by local communities (Hoogkamer 2013; Barton and Leonard 2010). There are also many less tangible costs such as those arising from environmental damage, but these are outside the scope of this article.

In relation to socio-cultural issues, Klein (2011) identifies three sub-elements, as follows. First, ‘people pollution’ refers to the point at which the ‘carrying capacity’ of a port (the maximum number of people that can visit without destroying the wider environment and reducing visitor satisfaction) is exceeded. This leads to overcrowding with a large daily influx
of passengers, possibly exacerbated by ‘pack behaviour’ or even irresponsible behaviour, which can impact on local quality of life. These effects may be mitigated by cruise operators working more closely with local communities and municipalities (Scarfe 2011), as well as the creation of buffer zones around sensitive areas (Hoogkamer 2013).

Second, Klein (2011) suggests that there may be a homogenisation effect associated with cruise tourism, particularly where uses and facilities in the port are owned by cruise operators, which may lead for instance to similar types of shops, as has occurred in Ketchikan in Alaska. The increasing prevalence of passenger terminal developments can exacerbate this process, since these often contain similar facilities, though it may be countered in some cases (including Nanaimo) by factors such as a distinctive design for the terminal itself. Linked to this point, Hoogkamer (2013) shows how cruise tourism can lead to erosion of historic character, and Miles (2013) highlights the frequent use of a ‘prescribed formula’ (61) for the regeneration of waterfront areas of many ports, related to the needs of city branding and marketing (McCarthy 2006). This factor may be linked to the degradation of local cultures which can arise as a consequence of cruise ship visits, particularly in small and vulnerable host communities. In addition, it may be linked to the role of local identity of host communities. Many cities and towns hosting cruise ship tourism are highly distinctive in terms of elements such as history, heritage and culture, leading to a very strong local or community identity (for instance island capital cities) (Smith and Ebejer 2011), and this may be compromised where cruise ship tourism is significantly increased. In overall terms, these first two factors taken together (economic benefits and costs, and socio-cultural issues) have
led to much debate in many host communities on the merits and problems of cruise ship tourism, and such communities are often polarized in their view of the balance of benefits and costs arising from such tourism (Brida et al. 2011, 2012, 2014).

Third, Klein (2011) highlights concerns for socio-cultural authenticity since the extent to which cruise visitors can experience local culture may be questioned, particularly where the number of cruise tourists is disproportionately large in comparison with the local population, and where the quality of information provided to tourists is sub-standard. Such information includes for instance that given on board via lectures, as well as that obtained in the port, often provided by port authorities and city municipalities. A further factor in this context is the extent to which passengers are enabled to experience the wider city. Increasingly, the ship is the attraction for many cruise tourists, rather than the port; consequently, some passengers choose not to leave the ship, and others stay within a small area or take an organised trip, so the experience of local culture is relatively limited.

The issues considered above, and the implications for policy and practice by port authorities and city municipalities, can now be considered in the case of Nanaimo. The following section first describes the context and cruise tourism experience of Nanaimo, based on research conducted by the author, with a brief comparison with the experience of Victoria as the closest competitor. The subsequent section analyses this experience, applying the key principles of responsible cruise tourism.
The case of Nanaimo

Context

Nanaimo is on the east side of Vancouver Island off the south-west coast of British Columbia (BC), 23 km west from Vancouver and 113 km north of Victoria, the capital of British Columbia. Vancouver Island has a population of 735,000, and Nanaimo is the second-largest urban centre on the Island. The city covers 88.19 square kilometres (City of Nanaimo 2010), with a city population of 88,000 (Lindert-Wentzell 2013). The area was first inhabited by the Coast Salish First Nations; however, from 1852 until 1952, Nanaimo was primarily a coal town (Peterson 2008), with the lumber trade gaining prominence by 1941. In recent decades, linked to a drop in lumber shipments to Asia, the city has diversified to a service-based economy, for instance via cruise ship tourism, and the Port and City authorities have co-operated to encourage this (Peterson 2008).

Cruise ship tourism development and management

In 2012, around 1,100 cruise calls were made at Canadian cruise ports, with Alaska cruises representing one of the three main Canadian cruise itineraries, and, during 2012, the BC ports of Nanaimo, Prince Rupert, Victoria and Vancouver accounted for 57% of the whole of Canadian cruise passenger traffic (BREA 2012a). An important factor in this respect is the US Passenger Vessel Services Act of 1886 (with regulatory amendments), which requires that
foreign-flagged cruise ships operating between two US ports must make one port call in a foreign port. This means that for ships operating between Seattle and Alaska, a stop must be made in Canada (BREA 2012a). However, cruise passenger arrivals have been very variable, since cruise passenger arrivals in Victoria increased more than 1,000% between 1999 and 2009, while over the same period arrivals in Vancouver decreased by 5% (Klein 2011).

Nanaimo has developed as a cruise visitor port, with the cruise season lasting from around April to the end of October (InterVISTAS Consulting Inc. 2014). In order to increase cruise ship visits, the city engaged consultancy advice in 2002, resulting in promotion of the city as a cruise location at the Sea Trade Conference Miami and international exhibitions (personal interview, Nanaimo Port Authority representative, 26/09/12). The first large ship visited the city in 2003, and after 2005, there was rapid growth in cruise call numbers. The economic benefits for the city have been estimated by InterVISTAS Consulting Inc. (2014) who suggest that one cruise ship carrying around 2,000 passengers and stopping in Nanaimo generates around CAD100,000 in visitor spending from passengers and crew.

Table 1: Cruise calls at Nanaimo, 2005-16

<table>
<thead>
<tr>
<th>Year</th>
<th>Medium/Large ships (over 500 passengers)</th>
<th>Smaller ships (less than 500 passengers)</th>
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<tbody>
<tr>
<td>2005</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>2006</td>
<td>10</td>
<td>23</td>
</tr>
<tr>
<td>2007</td>
<td>15</td>
<td>21</td>
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<td>2008</td>
<td>8</td>
<td>14</td>
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<tr>
<td>2009</td>
<td>10</td>
<td>5</td>
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<td>2010</td>
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<td>3</td>
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<td>2011</td>
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<td>1</td>
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<td>2012</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>2013</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>
The decline in the overall number of cruise ship visits after 2009 (see Table 1) may be attributed in part to the decline of the US, given its location and demand from cruise lines. More recently, while the total number of cruise ships increased in 2013 (to six) from 2012, the goal of the Nanaimo Port Authority was to have 20-25 cruise ships visiting by 2015 (McGarrigle 2013). In 2012, around 9,200 cruise ship visitors entered the city, and it was hoped that this could be increased to 17,000-18,000, though in fact there was a further decline after 2013. Ingram (2014) suggests that a contributory factor was the need for cruise operators to cut costs as a result of changing environmental regulations requiring transition to fuels with a lower sulphur content, which has increased overall fuel costs and led to reduced visits on the route between Alaska and home ports such as Seattle. Bush (2014) highlights a further contributory factor arising from cruise lines changing itineraries so as to quickly re-deploy ships either to existing seasonal routes in the Caribbean, or to emerging cruise markets such as Australia and Asia, at the end of the summer Alaska cruising season. This is particularly important since Nanaimo is a repositioning port and hence is essentially an optional destination. Nevertheless, an expected small increase to six large cruise ship visits for 2016 (Bush 2015) was subsequently realized, with additional visits by two smaller cruise ships.

<table>
<thead>
<tr>
<th>Year</th>
<th>Small Cruise Ships</th>
<th>Large Cruise Ships</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>2016</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>2017</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: author, and personal interview, Nanaimo Port Authority representative

1 This refers to mid-size ships (500-1200 passengers, eg Royal Viking Sun, CunardLine) or large ships (1200-2400 passengers, eg Norwegian Star, Norwegian Cruise Line)

2 This refers to boutique ships (less than 200 passengers, eg Eugenio C, Costa Cruises) or small ships (200-500 passengers)
In terms of practice to encourage cruise ship tourism, the City and Port authorities have co-operated to provide a targeted and competitive overall ‘package’ for tourists. For instance, Nanaimo is the only cruise port in the region to operate a dedicated free shuttle bus to the city, with passengers organised onto buses to and from the terminal on cruise days, and around 85% of cruise ship passengers and 29% of crew disembark from cruise ships to visit the city (personal interview, Nanaimo Port Authority representative, 26/09/12). In addition, Tourism Nanaimo (part of the Nanaimo Economic Development Corporation [NEDC]) provides information to passengers when they disembark, and local volunteer ambassadors welcome tourists and assist them whilst in Nanaimo. The city also provides welcome signs for downtown businesses, and temporary information booths in the downtown waterfront area (DNBIA 2013). More generally, the CAD75 million Vancouver Island Conference Centre (seating 1,300) has provided a further means of attracting revenue and visitors, together with the many festivals in the city, and tourist attractions linked to the city’s history as a coal mining boomtown in the 19th Century (Lindert-Wentzell 2013). In addition, the municipality suggests that aboriginal tourism, linked to the role of the Snuneymuxx First Nation, may provide additional potential to enhance the distinctiveness of the tourism offer (City of Nanaimo 2013a). Nevertheless, Bellaart (2012) and McGarrigle (2013) assert that further action is needed to increase the array of attractions and tours for cruise ship visitors.

The Nanaimo Cruise Terminal
The development of Nanaimo’s passenger terminal is significant in view of its cost and pivotal nature as a mechanism to facilitate and manage cruise ship tourism. The idea for the terminal developed around 2005, when cruise operators suggested that a terminal would be desirable to increase the potential for visits, since the use of tenders (enclosed open motor launches) for cruise passengers to access the city imposed significant costs such as for fuel, as well as inconvenience for users and cruise operators (personal interview, Nanaimo Port Authority representative, 26/09/12). The decision was therefore taken to develop a passenger terminal, which was opened in May 2011. The terminal and adjacent dock cost CAD24.7 million, with a contribution of CAD7.5 million from the provincial government of British Columbia, CAD7.5 million from the federal government (via the Infrastructure Stimulus Fund, part of Canada’s Economic Action Plan), and the balance provided by the Nanaimo Port Authority. This illustrates the commitment to cruise tourism development in the city on the part of all levels of government, and, in spite of wider economic problems affecting the US cruise tourism sector after 2009, and a knock-on effect to cruise visits to Nanaimo, the Nanaimo cruise terminal development prompted further interest from cruise operators. Nevertheless, as indicated above, the growth in cruise ship tourism which was expected to result has not yet materialised.

The terminal provides fast disembarkation, with complete handicap accessibility, and it has a floating dock capable of allowing access to the largest ships operating in the region. While a berthage fee is paid to the Port Authority by cruise operators using the terminal facility, this is offset by removal of the need for tender costs to transport passengers to shore. The building
contains a large welcome centre/multi-purpose hall, facilities for the Canadian Border Services Agency, and offices for the Nanaimo Port Authority. The site was previously used as a timber dockyard and sawmill rail terminal, and the building references this by incorporating wood products including large curved glulam columns and beams, interior and exterior wood screens, and stratified timber panels. These materials reflect the wider natural resources of the region, and echo the maritime theme; in addition, there are panoramic views of the Nanaimo harbour through large glass walls, and a native plan garden is located just outside the hall (Checkwich Poiron 2013). The building has since won several architectural design awards, and the quality of the development was seen as important in view of its impact on passengers’ overall experience.

The location of the terminal, on the edge of the Nanaimo Assembly Wharf, within the city’s industrial waterfront area with active dock workings, and around 2km from the city centre, was determined by several factors. Most importantly, the Port Authority owned the land, and there was ample space for parking. The requirement for land ownership precluded a location closer to the city centre, where there was also significant congestion of uses including float plane landing areas, with insufficient space for a cruise terminal (personal interview, City of Nanaimo Planning representative, 27/09/12). However, the terminal area is not well integrated with the city transport grid, and transport connections to the city centre are in need of upgrading, with the road linkage needing replacement within 10 years (personal interview, City of Nanaimo Planning representative, 27/09/12). Nevertheless, the area is designated as a future study area for land use allocation, in view of its potential for the development of ancillary uses, and interest has been expressed for the development of uses such as a hockey
arena in the area (personal interview, City of Nanaimo Planning representative, 27/09/12).

The terminal may therefore be seen as catalyst which could lead to further development in this area of the city over a 20-year timescale, linked to the wider strategic aims of the city.

Local policy for cruise ship tourism

In overall terms, the city is seeking to grow its population via in-migration, assisted by the comparative cheapness of housing (particularly for retirees), with homes in Victoria in 2012 costing around 50% more than those in Nanaimo, and the city’s population is expected to exceed 100,000 by 2020 (Lindert-Wentzell 2013). Aspirations for population growth as well as liveability are expressed in the city’s Corporate Strategic Plan (City of Nanaimo 2012), which seeks to ensure increasing improvement of the city’s waterfront, in view of the importance of this area for tourists. This is also reflected in the city’s Community Plan (City of Nanaimo 2008) which highlights the importance of heritage conservation for quality of life, and the Mayor has set out a vision for the city as one of the most liveable in North America.

The city is also seeking to boost the local economy, and the city’s Cultural Plan (City of Nanaimo 2013a) highlights the need for enhanced amenity in order to assist in attracting a skilled and creative workforce so as to facilitate the transition from a resource-based economy to a knowledge-based one. In this context, tourism (particularly cruise ship tourism) is an important part of the broader economic development context, and the city’s Economic Development Strategy (City of Nanaimo 2011) shows that Nanaimo has the highest regional

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share of tourism income on Vancouver Island. It also highlights the importance of the wider visitor experience, particularly in view of the trend for older, wealthier and more highly-educated visitors, a cohort that might align with the small-ship cruise tourism market. Nevertheless, the Strategy also points out the vulnerability of this sector, since there has been a downturn in US visitors to Canada in recent years in view of economic difficulties, security fears and price increases in Canada, as reflected in the overall decline in cruise ship visits to the city since 2007. In addition, the city’s Tourism Strategic Plan (City of Nanaimo 2013b) highlights the need to improve the attractions within the city, and to attract ships outside the main spring and fall season. This Plan has been updated via the Strategic Plan Update 2016-19 (City of Nanaimo 2016), which retains the main areas of emphasis of the earlier Plan.

Comparison with Victoria

A brief comparison with the experience of Victoria is useful here for the following reasons: (1) Nanaimo and Victoria are close competitors, with cruise ships often choosing between them for a stop on the route north to Alaska; (2) the hinterland is the same for both; (3) Victoria as the larger context presents elements such as proximity of residential areas to the terminal, which might prove problematic for Nanaimo in the future, if there is significant growth in cruise ship visits; and (4) Victoria has been the subject of recent detailed economic analysis and argument. While its scale is significantly larger than Nanaimo, the experience of Victoria may therefore provide implications for Nanaimo’s future management of cruise ship tourism.
Victoria (pop. 85,792) is the second most important cruise port in Canada, and a much more active cruise port than Nanaimo, with over 200 cruise ship visits in 2013 (McGarrigle 2013), and capacity for three cruise ships to be accommodated in the city’s terminal at the same time. In 2012, passengers spent an average of CAD24.97 per visit in 2012 on retail goods, generating CAD9.7 million in retail purchases, with an additional CAD12.23 on food and beverages and CAD28.91 on tours (48% of passengers purchased a tour) and transport, and a total spend average per day of CAD66.11 (BREA 2012b). By comparison, InterVISTAS Consulting Inc. (2014) suggest that visitor spend per day in Nanaimo averaged CAD50. Moreover, BREA (2012b) estimates that there were 509,288 passenger/crew visits in Victoria in 2012, and they conclude that the cruise industry was responsible for generating around CAD96.1 million in total output, and 683 jobs.

However, Scarfe (2011, 2) suggests that cruise ship tourism in Victoria ‘has a zero or negative net socio-economic impact’. This, he suggests, arises for two reasons. First, many ‘local’ profits flow elsewhere, with for instance the downtown bus shuttle service (which is not free unlike in Nanaimo) being operated by CVS Cruise Victoria which is wholly-owned by a Seattle-based company. Second, the costs effectively borne by residents and taxpayers arguably exceed the financial benefits which accrue to cruise ship servicing companies, the business community, and the Greater Victoria Harbour Authority (the owner of the cruise passenger terminal). In summary, Scarfe (2011) estimates the economic benefits (in 2009) of cruise ship tourism to be CAD29 million, but costs to be CAD28 million. Moreover, he points
out that benefits from cruise tourism are substantially higher for ‘home ports’ than for ‘transit ports’ or ‘ports-of-call’, with the economic impact per ‘home port’ cruise ship in Vancouver being 8.5 times greater than the impact of a ‘transit ship’ in Victoria and 16 times greater than such a ship in other BC ports such as Nanaimo. Scarfe (2011) therefore concludes that Victoria should shift its primary role from a ‘transit port’ to a ‘home port’ (but with a cap on the number of cruise ship visits to minimize ‘people pollution’). This, he suggests, would result in lower socio-economic costs via for instance a reduction in shuttle bus operations (a major problem at present); in addition, passengers travelling/staying before and after their cruise would bring economic benefits to the wider city/region.

Clearly, Scarfe’s (2011) conclusions differ markedly from those of BREA. Certainly, Scarfe is reporting to the James Bay Neighbourhood Association, representing the local community, while it may be argued that BREA represents mainstream economic interests in the cruise industry. Nevertheless, Scarfe’s (2011) overall approach would seem to be more consistent with notions of responsible cruise tourism, since it considers the distribution of benefits and uses a ‘triple bottom line’ approach taking into account social costs (such as extra health care related to air pollution and traffic noise) and environmental costs (such as infrastructure damage/road repairs and traffic congestion). This approach is broadly supported by Klein (2011), as indicated above, and he notes in addition that in Victoria noise from cruise tourists after midnight may be a problem when ships pass close to the residential area as they leave the port. Furthermore, several of the elements highlighted by Scarfe are corroborated by Gorecki and Wallace (2003), who suggest that the growth of cruise ship traffic in Victoria is
incompatible with municipal policy which accepts an increase in tourism only where there is minimal disruption to residents. While Gorecki and Wallace (2003) concede that Victoria is a unique case of a cruise port essentially in a residential area (with ships less than 300 metres from homes), they suggest that many of the negative effects evident in Victoria also manifest in other ports.

Analysis

The case of Nanaimo clearly illustrates the potential benefits (as perceived by cities and port authorities) as well as potential costs of cruise ship tourism in small-medium ports. It also shows how such ports can seek to maximise their cruise ship tourism offer by implementing a variety of mechanisms including additional infrastructure such as cruise passenger terminals. However, while the cruise passenger terminal in Nanaimo would seem to have added to the attraction of the city for cruise operators and tourists, this has yet to be translated fully into the increase in visit numbers anticipated in the medium-term, with for instance eight cruise ship visits (in total) in 2013, as distinct from the 20-25 visits which were hoped for by the port authority, with consequently less income from cruise ship tourism than was anticipated. This may seem to support Klein’s (2011) and CTUR’s (2011) contention that cities are often encouraged to develop cruise passenger terminals in the absence of clear evidence of long-term benefits, with benefits to ports often relatively low, and also insecure (cruise ship visits to Nanaimo have been very variable since 2005, indicating vulnerability to external factors).
In view of the trade-offs and uncertainties regarding net benefits from cruise ship tourism in Nanaimo, it is appropriate here to apply the principles of responsible cruise tourism as set out by Klein (2011). These principles are broadly endorsed and supported by the work of many other observers globally, as indicated earlier in this article. While Nanaimo is unusual in the context of other cruise ports, for instance in view of the relatively recent development of this activity, and the reliance on a cruise passenger terminal as a key attractor, it is contended that Klein’s principles are sufficiently robust to be applied here. Again, apart from environmental elements which are not considered in this article, Klein focuses on (a) the equitable distribution of economic benefits and (b) the minimisation of negative sociocultural impacts via ‘people pollution’, ‘homogenisation’ and ‘sociocultural authenticity’. These are considered below in relation to Nanaimo.

In terms of overall economic benefits, it seems clear that the full case for subsidy of the cruise passenger terminal development in Nanaimo has yet to be proven. Nevertheless, both the city municipality (via its policy documents) and the port authority argue that the longer-term growth trajectory for cruise ship tourism is positive, though they could of course be expected to argue this. In terms of distributional effects, while many ports experience very limited distribution of direct spending from cruise passengers (since many stay on the ship or take an organised visit out of the city), there has been an attempt in Nanaimo to encourage passengers to visit the city centre, for instance via the provision of free shuttle buses and the co-ordination of movement of passengers on cruise visit days. While this would seem to be in
part because the location of the terminal is rather isolated and unattractive, the free passenger transport to the city is very popular, as shown by the number of passengers visiting the city on cruise visit days. This allows many city centre businesses to benefit, potentially reducing economic leakage. It may of course be argued that expansion of cruise ship tourism in the city could alter this distributional balance, for instance by increasing costs arising from congestion, with the need to divert more passengers (and their spending) out of the city. However, it may also be possible (as predicted by the municipality) for further development and attractions around the terminal to be developed in the longer term, perhaps with a mix of uses catering for both city residents and visitors, linked to improved transport infrastructure to the city centre. Such development could assist in mitigating negative distributional effects in relation to income from cruise ship tourism, for instance by allowing more income to be retained in the city.

In relation to Klein’s (2011) socio-cultural impacts, the first, ‘people pollution’, has been mitigated so far by the relatively small number of cruise ship visits, and it may be assumed that the ‘carrying capacity’ of the city has not been exceeded (which may not be the case in Victoria). Nevertheless, there has been some evidence of congestion in the city centre when large cruise ships have visited (personal interview, Nanaimo Port Authority representative, 29/09/12). This has impacted on local people as well as businesses. Of course, should the number of cruise ship visits increase as anticipated by the City, the impact on local people, and pressure on infrastructure (even if many passengers are diverted to tours outside the city), are also likely to increase.
The second of Klein’s socio-cultural elements, homogenisation of the port experience, would not seem to be evident so far in Nanaimo, again due in part to relatively low numbers of cruise ship visits, and in part to the distinctiveness of the main central waterfront which is widely known for its well-preserved harbour. The cruise passenger terminal design, which reflects the local context, would also seem to have mitigated the homogenisation of the visitor experience. Of course, such distinctiveness could be compromised if future development around the terminal were to allow inappropriate uses, though the identification of this area as a future study area for land use allocation may lead to the encouragement of uses which assist in maintaining the city’s distinctiveness.

The third of Klein’s (2011) socio-cultural elements, authenticity, would also not seem to have been problematic so far in Nanaimo. This would again seem to be in part a result of the relatively low number of cruise ship visits. In addition, the efforts of the city to improve the cruise ship tourism experience, for instance by providing appropriate information as well as local volunteers as ambassadors, have ameliorated problems which might have arisen. Again, of course, this could change should the number of cruise ship visits increase substantially.

Nevertheless, measures such as Scarfe’s (2011) suggestion for a Provincial cruise ship passenger levy could assist in offsetting socio-environmental costs to the local community as a result of growth in cruise ship tourism. However, this would need to be applied to all BC ports, since, otherwise, US ships travelling between Alaska and Seattle could simply comply with the requirements of the US Passenger Vessel Services Act by relocating their transit port in Canada to another BC port.
The above considerations suggest that the case of Nanaimo illustrates a relatively positive experience in terms of the application of principles of responsible cruise ship tourism, though this may be due in large part to the small numbers of cruise ship calls which has limited negative impacts and perhaps obscured negative economic distribution effects. However, in maximising the net benefits from cruise tourism, the priority of the city municipality and port authority is to increase cruise ship visits so as to boost direct income and increase repeat visits (via land-based tourism). While provision of a cruise passenger terminal has not been as successful as anticipated in this respect, other initiatives are in progress. For instance, the city is seeking to diversify and extend the overall tourism offer, in order to provide further incentives for cruise operators to include Nanaimo in cruise itineraries, and this might exploit the wider growth of small ship tourism. Nevertheless, there would not seem to be the option, as Scarfe (2011) suggests for Victoria, to shift from a ‘transit port’ to a ‘home port’ role. As indicated earlier, ‘home ports’ need a strong array of attributes, as well as a critical mass of demand; given Nanaimo’s more peripheral location and more limited range of infrastructure, it does not seem practical for the city to aspire to this role. Indeed, it may be argued that this is not a practical option even in the case of Victoria, in comparison for instance with the strong ‘home port’ of Vancouver.

Finally, it is interesting to note that the above discussion illustrates something of a polarisation of debate over cruise tourism in the two main ports of Vancouver Island. On the one hand, issues in Victoria focus on the costs to the local community from ‘people pollution’
as a result of the city’s high level of cruise ship visits, and on the other hand issues in Nanaimo focus (so far) on how the city can encourage more cruise ship visits in order to increase income. However, given the above indications of the desirability of a ‘triple bottom-line’ approach to cruise ship tourism and its evaluation, it could of course be argued that in Nanaimo (even assuming a moderate increase in cruise ship visits), the much smaller potential negative effects, linked to an arguably more compelling need for income and economic growth, imply that potential overall net benefits from cruise tourism are more evident than in the case of Victoria. This would seem to suggest the need for further refinement of the notion of responsible cruise tourism so as to allow its principles to be more widely accepted and applied via the policies of local municipalities and port authorities in a variety of contexts globally. So the notion might for instance incorporate more sensitivity to issues of scale and maturity of cruise ship tourism activity in the location, with implications for the most appropriate policy in particular contexts. In overall terms, at present, the need to increase cruise ship visits and resulting income would seem to dominate the agendas of many host cities (particularly in cases such as Nanaimo), and negative impacts or costs, as well as the distribution of benefits, seem all too often to be sidelined or ignored. Particularly in contexts suffering from broader economic recession or related problems, the priority would seem to be to compete to host – at whatever cost – what seems to be a uniquely fast-growing sector, encouraged by a powerful set of lobby interests, with cruise operators playing an enviably powerful role.

Conclusion
The case of Nanaimo shows how the city has sought to maximise net benefits from cruise ship tourism via an array of mechanisms, resulting in a relatively positive outcome viewed via the prism of responsible cruise tourism principles. However, this is in the context of lower-than-expected numbers of cruise ship visits and consequent income, in spite of development of a cruise passenger terminal. Nevertheless, there are many initiatives in place to improve the attractiveness of the city and thereby increase cruise ship tourism, with implications for local policy, and the balance of positive and negative outcomes might alter in the future, particularly if a notional ‘carrying capacity’ is exceeded, as would seem to have occurred in many other cruise ports, including Victoria. This would seem to underline the need for wider understanding of the balancing of potential benefits and problems arising from cruise ship tourism, and mechanisms such as a passenger levy might usefully be considered in order to reimburse local communities for the socio-environmental and infrastructure costs of cruise ship tourism. The case of Nanaimo also implies the need for further research in relation to the impacts of cruise tourism in small-medium ports, which would seem to have been under-researched in comparison with larger ports. This could further assist in ensuring that cruise ship tourism in such contexts is more sensitive to the needs of the broadest range of communities and stakeholders.

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