

# **Cruising – Out of Control: The Cruise Industry, The Environment, Workers, and the Maritimes**

By Ross A. Klein

ISBN: 0-88627-313-7

March 2003

# **Cruising – Out of Control: The Cruise Industry, The Environment, Workers, and the Maritimes**

By Ross A. Klein

ISBN: 0-88627-313-7

March 2003

## **About the Author:**

Ross A. Klein is Associate Professor of Social Work, Memorial University of Newfoundland. He has taken more than 30 cruises (accounting for 300 days) and has written two books and a number of articles about the cruise industry. He is online at: [www.cruisejunkie.com](http://www.cruisejunkie.com) and [www.ucs.mun.ca/~rklein/cruise.html](http://www.ucs.mun.ca/~rklein/cruise.html)

## **Acknowledgements:**

The author would like to thank Kerri-Anne Finn, Larry Haiven, John Jacobs, Alasdair Sinclair and Anne Webb for their comments, assistance and support.



CANADIAN CENTRE FOR POLICY ALTERNATIVES – NOVA SCOTIA  
P.O. Box 8355, 6175 Almon Street, Halifax NS B3K 5M1  
tel: 902-477-1252 fax: 902-484-6344  
email: [ccpans@policyalternatives.ca](mailto:ccpans@policyalternatives.ca)  
<http://www.policyalternatives.ca>

# Contents

Executive Summary .....	1
Introduction .....	2
An Overview of the Cruise Industry .....	3
Consolidation .....	3
The Market Today .....	4
Cruise Ship Visits to the Maritimes .....	4
Economic Realities and Dilemmas .....	6
The Economics of the Industry .....	6
How Ships Make Their Money .....	6
How Cruise Lines Save Money .....	7
Cruise Line–Port Relationships .....	7
Cruise Line–Port Relationships in the Maritimes .....	8
Competition Between Ports .....	9
Port Economics: Shore Excursions and Shops .....	9
The Cost of Cruise Ship Visits .....	10
Environmental Realities and Dilemmas .....	12
Key Environmental Issues .....	13
Issues Facing the Maritimes .....	15
Social Realities and Dilemmas .....	16
Labour Issues .....	16
Social Justice and Social Responsibility .....	17
Local Issues .....	18
Conclusions and Recommendations .....	19
Business is Business .....	19
Do You Know What You Are Breathing When A Cruise Ship is in Port? .....	20
Don't Forget the Crew .....	20
Endnotes .....	22

# Executive Summary

The Port of Halifax is set to welcome 180,000 cruise ship passengers in 2003 – a four-fold increase since 1998. To date, there has been a focus on attracting cruise ship visits. Very little attention has been given to the costs associated with these visits. This paper begins with an overview of the cruise industry and its place in the Maritimes. It then proceeds to discuss issues relevant to local concerns. There are three main areas of interest. The economics of the cruise industry and the economic relationship between cruise lines and ports is one. Of relevance is how the cruise industry makes its money and how this influences the division of income between onshore businesses and the cruise industry – often to the disadvantage of onshore tour operators and merchants – and the tendency for ports to see the cruise industry as a “cash cow.” A second area of concern is the volume of waste produced by a cruise ship and the environmental practices of the industry as it deals with these wastes. There are problems with accidental discharges of sewage, waste water and oil. And there are issues around the fact that a cruise ship produces air emissions equivalent to 12,240 automobiles, 20 tons of solid waste per day, and as much as 15 gallons of toxic waste per day. The third area of concern is social

in nature. This relates to the sweatshop-like work conditions onboard many cruise ships as well as the threshold for the number of cruise ship visitors that can be accommodated by a community without it having a negative effect.

The paper concludes with recommendations in each of these areas. It encourages communities and ports to work cooperatively in the face of cruise industry efforts to divide and conquer, and suggests that the region consider a cruise passenger head tax. It advocates environmental regulations that include zero discharge of waste within 12 miles of the port, use of low sulphur fuel in order to reduce air emissions, and a ban on incinerator use in port. It cautions against the use of a *voluntary* Memorandum of Understanding between the Government of Canada and the cruise industry or the use of “Environmental Guidelines” as a means for dealing with cruise ship discharges and emissions. And it reminds ports not to forget the crew. Port cities are well placed, on the one hand, to advocate for improved working conditions on ships, and on the other hand, to realize the economic value of crew members, both indirectly by what they say to passengers and directly in terms of what they spend in port.

# Introduction

Cruise visitors to Halifax have increased more than 340 percent since 1998. In 2003, the port is expected to receive more than 180,000 cruise passengers; this will mean 250,000 people in total, including crew. This scale of growth has had positive impacts on the city and on the region. The Port of Halifax and the Province are both working to further grow cruise passenger visits. However, is anyone asking whether Halifax and other Maritime ports are able to absorb this continued scale of growth? Is this scale of growth desired. In this paper I seek to provide information that may be helpful in stimulating a dialogue and answering such questions.

This paper is first and foremost a primer on the cruise industry. It provides background information about the industry and a context for understanding the impacts of cruise lines that visit Halifax and other ports in the Maritimes. It discusses the positive and negative features of the industry, particularly as they apply to port cities, and addresses economic, environmental and social issues related to the cruise industry. The goal of the paper is to identify issues and concerns that need to be considered by Halifax and other Maritime ports, and to foster informed decision making.

# An Overview of the Cruise Industry

The cruise industry is the segment of the leisure travel industry that is growing the most rapidly. In the 31 years from 1970 to 2001 the cruise industry grew in number of passengers served by 1400 percent – from 500,000 to more than 7 million North Americans per year. In 2001, more than 12 million people took a cruise worldwide. This pattern of growth will continue. Between 2000 and 2005, the cruise industry will increase capacity by approximately 50 percent – 100,000 new beds. To keep up with this growth, it needs as many as 100,000 new hotel workers every year for each of the five years.

It is not just the number of people cruising that has grown, the size of new ships has also grown. In the 1970s and early 1980s, a typical cruise ship accommodated between 500 and 800 passengers. There were some exceptions, such as Cunard's *Queen Elizabeth II* which was built in 1969 and accommodates 1600 passengers, and Norwegian Cruise Line's *Norway* (built originally as the SS *France* in 1962) which accommodates 2000 passengers. However, both of these vessels were built for transatlantic crossings and used mainly for transportation rather than pleasure cruising.

The size of ships built exclusively for the cruise market began to grow in the 1980s. In 1985, Carnival Cruise Line introduced *Holiday*, the first of three superliners. At 46,000 tons, it was the largest ship ever built for vacation cruises. It accommodates 1500 passengers. Three years later, Royal Caribbean Cruise Line introduced *Sovereign of the Seas*, a ship weighing in at 73,000 tons and accommodating as many as 2850 passengers. In 1989, Carnival Cruise Line introduced *Fantasy* (the first of eight Fantasy-class vessels). It accommodates 2600 passengers and weighs 70,000 tons.

The next wave of growth came with the introduction of mega ships. Carnival Cruise Line's *Destiny*, at 101,000 tons and with a capacity for 3300 passengers was the first in 1997. Princess Cruises followed with *Grand Princess* a year later. The 109,000 ton vessel accommodates 2600 passengers. In 1999, Royal Caribbean introduced *Voyager of the Seas*. At 143,000 tons, the ship accommodates over 3800 passengers. With crew, almost 5000 people inhabit the ship. These mega ships are the prototypes on which many new ships are based. Fourteen new ships accommodating a total of 30,000 passengers will be introduced in 2003; another 10 accommodating a total of 25,000 passengers are scheduled for 2004.

Mega ships are common visitors to Halifax and other ports in the Maritimes, as are their smaller cousins that are in the 80,000 to 90,000 ton range and which accommodate 2000 to 2500 passengers.

## Consolidation

While the cruise industry has grown in size (both in terms of the ships and number of passengers served), it has also experienced considerable consolidation. This began in the early 1990s and continues today. Brand names that were previously independent have been bought by larger operators, and many smaller operators have gone out of business. In 2000 and 2001, seven cruise companies comprising ten brand names ceased operations.

The consolidation of the cruise industry is made clearly visible by a cursory review of the four (soon to be three) main companies operating in North America. Carnival Corporation, which began in 1972 with Carnival Cruise Line, also owns Holland America Line, Windstar

Cruises, Costa Cruises, Cunard Line, and Seabourn Cruises. It is expected that Carnival's merger with P&O Princess will be complete in the spring of 2003. P&O Princess itself owns eight brand names: Princess Cruises, P&O Cruises, Swan Hellenic Cruises, Aida Cruises, Seetours, A'Rosa Cruises, P&O Australia, and Ocean Village. The combined company will operate 14 cruise lines representing almost 50 percent of the North American market. The other two major players, accounting for almost 40 percent of the North American market, are Royal Caribbean Cruises Limited and Star Cruises. The former owns Royal Caribbean International, Celebrity Cruises, and Island Cruises (a joint venture with First Choice Holidays). The latter owns Star Cruises, Norwegian Cruise Line, and Orient Line.

## The Market Today

Cruising has increased in popularity around the world. The industry is booming in Asia, Australia and Europe. The U.K., Germany and Italy are experiencing considerable growth in the popularity of cruising. There is also significant development in Spain, but less in France. The European market is somewhat split between those who cruise in Europe on European carriers and those who cruise the Caribbean and other parts of the world on carriers that dominate the North American market. The expectations of European passengers are often different from those of North Americans, and the ships that serve a primarily European clientele are distinctly different in décor and style. The same is true of ships designed for Asian passengers. Norwegian Cruise Line's "Freestyle Cruising," with nine or ten restaurants on a ship, while new to North America when it was introduced, had been the norm on Star Cruises' ships serving Asian ports.

**Between 2000 and 2005, the cruise industry will increase capacity by approximately 50 percent.**

The situation in North America underwent considerable change after September 11, 2001. Realizing the American public's resistance to flying to ports outside the U.S., as well as the vulnerability of the cruise industry to the operation of the U.S. air transportation system, most cruise lines redeployed their ships to ports that were within driving distance of a large enough population that sufficient passengers could be had without relying on the air lines. Ports such as Baltimore, Philadelphia, New Orleans and Charleston saw their cruise visits expand; other ports such as some on the Gulf Coast and west coast saw cruise ships planning inaugural visits or resuming visits that had previously ceased. Most recently two cruise lines have announced plans to homeport a ship year round in New York City. This expansion of the North American market has impacted Canadian ports, particularly in the Maritimes.

## Cruise Ship Visits to the Maritimes

Halifax began as a cruise port when Commodore Cruise Line's *Caribe*, with 303 passengers, visited on April 30, 1980. Port activity has grown since, welcoming 47,000 passengers in 1998. The passenger numbers continued to grow – 340 percent in the five years between 1998 and 2002. In 2002, the Port of Halifax welcomed 160,000 passengers. In 2003, the number is expected to grow another 15 percent to over 180,000. Cape Breton has more recently become a port of interest for cruise lines, welcoming 37,000 passengers in 2001 – a 56 percent increase over the year before.

Similar patterns of growth are visible for Saint John, New Brunswick and Charlottetown, PEI, however each of these ports vary in their own way from Halifax. Saint John, for example, was a year behind Halifax in its major increase in cruise traf-

**Table 1 – International Cruise Ship Traffic: Halifax and Saint John, 1990 – 2002**

Number of passengers x 1000

	1990	1995	1996	1997	1998	1999	2000	2001	2002
Halifax	24.4	30.2	36.6	44.3	48	107.8	138.3	160.2	160
Saint John	1.8	12.2	8.5	19.8	28.4	40	101.4	88.2	124
Montreal	30.9	27.4	19.1	29.3	32.6	18.3	25.2	23.9	

Source: Transport Canada

fic, and then the numbers dipped before going back up. Charlottetown remains a relatively small port with 20 or so ships stopping in a good year. Table 1 provides cruise traffic numbers for Halifax and Saint John; Montreal is included for purposes of comparison.

Most cruise ships stopping in Halifax and the Maritimes in general are on a Canada/New England itinerary. Circle cruises from Boston or New York are the most common. A smaller number of cruises run between Boston or New York and Montreal. And a smaller segment again is cruises that stop in Halifax on a transatlantic cruise. Major U.S.-based cruise lines with stops in Halifax include Carnival, Holland America, Norwegian, Princess and Royal Caribbean.

A number of smaller cruise lines also call at Halifax. There are European cruise ships such as Delphin Seereisen, Hapag-Lloyd Cruises, Phoenix Reisen, P&O and Fred Olsen Cruises; ultraluxury cruise ships operated by Silversea and Seabourn; and companies that fill a particular niche such as Clipper, Cunard, and Regal. The passengers on these ships vary as much as the ships themselves. Passenger expectations, buying preferences and tour choices (including whether to go independent of the cruise ship's planned excursions) can vary widely from one ship to another. The greatest variations are between U.S.-dominant versus European-dominant ships, and between mass market ships versus ultraluxury ships.

# Economic Realities and Dilemmas

The cruise industry has been more successful for some than for others. Carnival Corporation is not only the largest in size, but it also generates the largest profit. In 2002, the company had a net income of U.S.\$1.02 billion on revenues of U.S.\$4.37 billion. Royal Caribbean Cruise Limited, number two in size, had revenues of U.S.\$3.15 billion and a net income of U.S.\$254 million in its most recent fiscal year. In contrast, P&O Princess had revenues of US\$2.45 billion and a net income of U.S.\$301 million while Star Cruises had revenues of U.S.\$1.57 billion and a net income of U.S.\$82.6 million.

## The Economics of the Industry

Like the shipping industry generally, the cruise industry is largely foreign-registered. Even though the corporate offices for most major cruise lines are in Miami, Florida, and the clientele served is largely North American, the companies and their ships are registered in places like Panama, Liberia, Bermuda, and the Bahamas. This arrangement provides several benefits to the corporation. The most visible is that the companies operate free of U.S. (and Canadian) taxes. Except for tax on tour operations owned and operated in the United States (mainly Alaska), neither Carnival Corporation nor Royal Caribbean Cruises Limited pays any income tax. P&O Princess, which is registered in the U.K., reportedly has a tax rate of 5 percent based on its worldwide income – 72 percent of its income is from North America.<sup>1</sup> Star Cruises has its corporate offices in Malaysia and its tax payments are not clearly known.

A second benefit of foreign registration is that cruise lines are only required to adhere to the labour laws of the country where a ship is registered. In the countries concerned there is either

no specified minimum wage, or no labour law. The result is that there is no minimum wage on cruise ships, no limit to the number of hours permitted in a workday, and limited regulation of worker contracts. As is discussed later, wages for most cruise ship workers are very low by Canadian standards. Workers can work 12 months straight without a vacation, 10 to 12 hours per day, and receive as little as U.S.\$300 or \$400 a month.<sup>2</sup> There have been several unsuccessful efforts by the U.S. Congress to bring cruise lines operating out of U.S. ports under U.S. labour laws, however in each case the legislation failed. During hearings before a House committee, the President of the International Council of Cruise Lines went so far as to threaten that the industry would relocate its ships to foreign ports if the U.S. attempted to legislate labour standards on cruise ships.<sup>3</sup>

Liability issues are also affected by foreign registry of the companies and the ships. In the absence of national legislation, claims related to accidents, injuries and deaths on the high seas are governed by maritime law. In many cases, passengers find that assumptions about liability common on land are not applicable at sea. The matter is made even more complex by the industry's use of concessionaires for many onboard services and products and the schism on some ships between the company selling the cruise and the company operating the ship. Unbeknownst to many passengers, the cruise line is not responsible for the actions of its concessionaires, including the practice or malpractice of the physician onboard.

## How Ships Make Their Money

Cruise fares are a major source of income; however, they are not the only source. Fares for cruises

have remained depressed over much of the past decade. Oversupply of berths is one factor, but events such as the Gulf war in 1991, the Kosovo conflict in 1999, and the September 11<sup>th</sup> attack in 2001 have each taken their toll on cruise bookings. With cruise fares kept relatively low, cruise lines have turned to onboard revenue as a source of income and of profit.

There are a range of sources of onboard revenue. These include bar sales, casino gambling, retail sales in shipboard stores, shore excursions, spa services, photography, art auctions, bingo, extra-tariff restaurants, and phone and internet access. It was reported in 1999 that the industry averaged between U.S.\$220 and U.S.\$232 per day per person in onboard spending.<sup>4</sup> With increases, the figure today likely approaches U.S.\$300 per day per person – more than the vast majority of people pay for the cruise itself.

For some companies, shore excursions – the shore side tours sold onboard the ship – are the largest growing source of onboard revenue. Between 1996 and 2001, Holland America Line reported that its per capita income from shore excursions had increased 73 percent.<sup>5</sup> While the cruise line's income increases, the same may not be the case for the merchant providing the actual tour. The merchant is often paid only a fraction of the money collected by the cruise line for the tour – sometimes as little as a third or a quarter of the actual revenue. This is discussed further below.

## How Cruise Lines Save Money

Another way that a cruise line can improve the economic bottom line is to reduce costs. Consolidation in the industry has been a major force in this regard. With increasing corporate size, there

are economies of scale to be had. As a purchaser of a larger volume of a product, a cruise company is able to reduce the unit cost of whatever is being purchased. The scale of saving is not trivial. Both Carnival Corporation and Royal Caribbean Cruises Limited suggested that their merger with P&O Princess would provide the new company U.S.\$100 million in savings annually from economies of scale. Further savings are likely to be realized by implementing Carnival Corporation management systems in P&O Princess, and with im-

**For some companies, shore excursions – the shore side tours sold onboard the ship – are the largest growing source of onboard revenue.**

plementation of e-procurement programs.<sup>6</sup> Royal Caribbean Cruises Limited introduced an e-procurement system in 2001 and anticipated that its overall savings in purchasing costs could be as high as U.S.\$100 million per year.

The increasing purchasing power of cruise companies has a direct impact on suppliers and shore excursion providers. A large com-

pany commanding so much business from suppliers is able to extract prices that provide marginal profit for the suppliers. This is particularly the case with shore excursion providers. Several companies may compete for a cruise line's business and are forced to undercut one another in order to win a contract for the line's business. The result is that the cruise line (or its concessionaire) buys shore excursions at very attractive prices and then sells them to passengers for as much three times the amount paid to the shore excursion provider. Given the volume of business, many shoreside businesses are left in a position of either selling their product cheaply or not selling it at all.

## Cruise Line–Port Relationships

The relationship between cruise lines and ports is shaped by a perception by many ports that cruise ship visits are a major economic value and should

be sought at almost any cost. The overriding viewpoint is that the port needs the cruise line and that if one cruise ship visits others will follow. Interestingly, successful ports have a slightly different perception. A Key West, Florida city commissioner recently observed: “We need to stand back and evaluate where we are at and make sure we are controlling the cruise ships and they aren’t controlling us.”<sup>7</sup> This observation gets at the crux of the issue: in looking at cruise line – port relationships: one must step back and ask, “Who needs who?”

Ports have traditionally provided cruise lines with considerable concessions and allowances in order to attract their business. Panama, in 2001, went so far as to offer a bounty to cruise ships for every cruise passenger landed at a Panamanian port. The bounty increases to as much as U.S.\$12 per passenger depending on the number of passengers landed – the more brought, the higher is the per person bounty. Other ports – most recently San Juan – have entered into arrangements whereby a cruise line is given a waiver of a portion of the port charges in return for investment in the construction or renovation of a cruise terminal. Such a plan was in place for St. Thomas in the U.S. Virgin Islands, but was cancelled at the last minute by the territorial government when it realized that it would be economically better off to receive the full port charge and to undertake the port development on its own.<sup>8</sup> The current ongoing development of a port at Xcaret (near Cancun) by Carnival Corporation is another variation in the pattern of a port giving away much in its effort to attract cruise ships. Ports too often perceive that they need the cruise ships more than the cruise lines need them.

Ports have not yet realized that with the recent expansion of the cruise industry – an increase of 100,000 berths between 2000 and 2005, re-

flecting a 50 percent increase in capacity – that cruise lines need new ports as much if not more than the ports need them. Ports continue to build new piers and terminals to both attract cruise ships and to keep them coming back. They also absorb considerable costs. In 2003 the Port of Portland, Maine, is faced with spending U.S.\$1.2 million in waterfront improvements, most of which is necessary because of wear and tear from cruise ships. This expense compares to U.S.\$295,000 income

in 2002 from cruise ship docking fees.<sup>9</sup> The port appears to be coming out on the short end. However, Portland is not alone. Many cities are building and expanding piers and terminals

in order to attract cruise ships, assuming that they will generate considerable income. Instead they find that the income expectations are overblown and the cost of hosting a cruise ship are understated.

## Cruise Line–Port Relationships in the Maritimes

Halifax and the Maritimes in general occupy a unique position in one regard. With cabotage laws that require a foreign-flagged ship sailing from a U.S. port to include a foreign port in its itinerary,<sup>10</sup> ships sailing north from New York or Boston must stop at least at one Canadian port. This is most frequently Halifax, but to meet U.S. law, it can be any port in the Maritimes. There are occasional discussions, both in Canada and in the U.S., about eliminating cabotage laws – something the cruise industry would like to see. This type of policy change would likely have a significantly negative impact on cruise ship visits to Halifax and the Maritimes.

Otherwise, the relationships between ports in the Maritimes and the cruise industry are not

**Ports often find that the income expectations are overblown and the costs of hosting a cruise ship are under-stated.**

unlike those in other areas. There is a general perception that successfully securing cruise ship visits is like catching a “cash cow” – it is assumed that there is much money to be made with very little cost. There is also a perception that the cruise lines are continually looking for new ports. The expectation of economic windfalls is inconsistent with the experience of most ports. That cruise lines are looking for new ports is correct to some extent, but their choices and decisions are based on broader issues related to itinerary planning and economic factors associated with the port call and the time at sea before and after the call. The cruise line is concerned about the potential income from the port call, the potential costs associated with the stop, and the income that can be generated onboard prior to and following the call.

## Competition Between Ports

There have been several ports in the Maritimes that have attracted cruise ship visits, including Halifax, Saint John, Sydney and Charlottetown. The success of these ports is a combination of their geographic position (i.e., their proximity to an embarkation port such as Boston or New York and that their distance from one another is great enough to justify cruising but not so far enough apart that the cost for fuel to travel from one to another would be too great), what they have to offer to day visitors, and the economic bottom line. Other ports have attempted to attract cruise visits. Digby is one that comes to mind given the amount of money and time they have spent on the effort and yet to no avail.<sup>11</sup> The simple reality is that a new port’s success will likely be at the expense of an existing port. Carnival Cruise Line

for example operates three itineraries that include stops in Halifax (see Table 2) – these represent one-third of all cruise passengers visiting Halifax. While Halifax is part of each itinerary, Saint John and Sydney are included in only one of the three. The success of Digby as a port in this case depends on its ability to take the business away from Saint John; the success of Charlottetown depends on taking business away from Sydney. The cruise line can be easily sold on shifting from one port to another if there are adequate economic benefits. Ports are in effect put into the position of competing for the finite business available from the cruise line.

The competition between ports of call is particularly evident at the annual Seatrade Cruise Shipping Convention, the industry’s annual conference and trade show. The dominant feature of the trade show is the number of ports with exhibits used to familiarize cruise executives with what the port has to offer – virtually every port that welcomes cruise ships or that desires cruise ships is present. The cost of their presence isn’t trivial. Registration fees for exhibitors are significant (US\$1000) as are the cost for rental of a booth (beginning at U.S.\$15,000).<sup>12</sup> While ports invest considerable sums to be present at the Seatrade Convention, the actual value of their presence is hard to gauge.<sup>13</sup>

## Port Economics: Shore Excursions and Shops

Another feature of the relationship between the cruise industry and the Maritimes is the economics related to shore excursions and onshore shops. Each of these is a source of income for a cruise

4 night	NY – Sea – Halifax – Sea – NY	5 visits in 2003
5 night	NY – Sea – Saint John – Halifax – Sea – NY	11 visits in 2003
7 night	NY – BOS – Portland – Sea – Sydney – Halifax – Sea – NYC	4 visits in 2003

Source: Carnival Cruise Line ([www.carnival.com](http://www.carnival.com))

ship. Shore excursions provide profit through the mark-up added by the cruise line to the price charged by a local tour provider. The mark-up can be as much as three fold – a shore excursion costing a passenger U.S.\$50 is likely to yield Cdn\$25 to the shore excursion provider.<sup>14</sup> The provider and the port are in the difficult position of having the passenger expect a product worth U.S.\$50, but having only Cdn\$25 to provide the product. Dissatisfied passengers are more likely to blame the tour operator or the port than the cruise line from which the tour is purchased. Shore excursions in Halifax range in cost from U.S.\$24 for a two hour walking tour of the Public Gardens to U.S.\$249 for a six hour “Soldier for a Day Interactive Tour.” Table 3 lists the tours offered by Holland America Line.

Onshore shops are another source of income for the cruise line. Most cruise lines have shopping programs which includes a map of the port that has marked “approved stores.” These stores pay a fee (sometimes a flat fee; other times a percentage – as high as 40 percent — of gross sales<sup>15</sup>) to be included on the list. In most cases, the shop-

**Ports are in effect put into the position of competing for the finite business available from the cruise line.**

ping program is arranged by a concessionaire that is responsible for shore excursions and lectures about the port. The two largest companies involved in shopping programs are the PPI Group (Panoff Publishing) and OnBoard Media (a subsidiary of Louis Vuitton Moet Hennessey).

A key element of both the shore excursion program and the shopping program is that only a portion of money spent by passengers remains onshore. Thus, while most ports assume that passengers spend on average between U.S.\$85 and \$100 per port call, these figures are not adjusted for the amount that remains in the port and the amount that goes to the cruise line and/or its concessionaire.

### The Cost of Cruise Ship Visits

Ports often overlook some of the hidden costs associated with cruise ship visits. These vary from one port to another, but generally a port city is required to deploy more police during a cruise ship visit, and the city will be faced with cleanup

Shore Excursion	Length (hours)	Cost	
		U.S.\$	Cdn\$
Artists & Artisans Gallery Tour	3.75	\$69	\$105
Cloud Nine--Nova Scotia Flightseeing	2.5	\$199	\$302
Garden & Garrisons--A Relaxed Walking Tour	2	\$24	\$37
Halifax 1900	3	\$49	\$75
High Tides & Fine Wines	7.5	\$99	\$150
Historic Halifax by Amphibious Harbour Hopper	2	\$44	\$67
Lunenburg & Mahone Bay with Halifax Highlights	6.5	\$49	\$75
Peggy’s Cove & Lobster Lunch	6	\$79	\$120
Peggy’s Cove Lighthouse Route	3.75	\$49	\$75
Queen’s Shilling Interactive Tour	3	\$89	\$135
Soldier for a Day Interactive Tour	6	\$249	\$379
The Heart of Halifax--A Historic City Tour	3.25	\$39	\$59
Titanic Tour: The Halifax Connection	3	\$44	\$67

Source: [www.hollandamerica.com/servlet/PortOfCallDetailBuildServlet?nbrDest=055000&codePort=YHZ](http://www.hollandamerica.com/servlet/PortOfCallDetailBuildServlet?nbrDest=055000&codePort=YHZ) (accessed March 13, 2003)

and collection of more than the usual amount of garbage. The costs for these civic services vary – they are greater for large ships than small ships, and greater on days with multiple ships than on days with single ships – but they are an often unseen and added cost of a cruise ship visit.

It is also necessary to consider the cost of wear and tear on the infrastructure. Cruise passengers take tours using buses and taxis, they use transportation services, and they use toilets. The individual impact of a passenger or even of a ship may

be minimal, but the cumulative impact that comes with 180,000 passengers cannot be viewed as trivial. And then there is the environmental impact of both the ships and their passengers. These costs also need to be identified and taken into account.

The need here is to recognize the costs of cruise ship visits and to weigh them against the benefits. This exercise allows a port city to ensure that it is not unnecessarily subsidizing the cost of a cruise ship visit.

# Environmental Realities and Dilemmas

Environmental issues are of key importance when considering the cruise industry and its impact. While the industry projects an image of environmental responsibility and claims that it is “green,” the fact is that cruise lines have paid more than U.S.\$60 million in fines in the past five years, and more than U.S.\$90 million in the past decade.<sup>16</sup> All of these fines are for environmental violations. With few exceptions,<sup>17</sup> the U.S. is the only country that has actively enforced environmental regulations through the use of fines. More often than not the fines have not been for discharge of oil or hazardous waste, but for falsifying records relating to the discharge of these pollutants. The scale of the problem is reflected in the recent case involving Norwegian Cruise Line and S.S. *Norway* and the *Norwegian Majesty*. “Environmental Protection Agency agents say – and court records support – that the *Norway* not only poured hundreds of thousands of gallons of oily bilge water into the ocean. It also dumped raw sewage mixed with hazardous, even cancer-causing, chemicals from dry cleaning and photo development into the waters near Miami for many years.”<sup>18</sup>

The other major players in the cruise industry – Carnival Corporation, Royal Caribbean Cruise Limited and P&O Princess – have each had their share of offences and fines. Interestingly, none has been charged with offences in Canadian waters. As often pointed out by Alaskans, it is hard to believe that the ships would dump sewage and other waste in Alaska’s waters and not in British Columbia’s Inside Passage where regulations are less stringent and enforcement less vigilant.

**A ship produces ten gallons of sewage per passenger per day.**

## Cruise Ship Wastes

There are seven main sources of waste from cruise ships. These include:

**Black water** is the waste that goes down toilets. A ship produces ten gallons of sewage per passenger per day. The typical ship visiting Halifax produces more than 40,000 gallons of sewage every day. There are no Canadian laws that explicitly control discharge of black water. In the U.S. it is legally discharged three miles from shore. International regulations that would set a 12 mile limit are not yet in effect.<sup>19</sup> In spite of U.S. regulations, *Regal Empress* discharged sewage into the harbour of Portland, Maine, during the 2002 season.<sup>20</sup>

**Grey water** is the wastewater that goes down the sink and showers, the wastewater from the galley, and from the spa and beauty parlour. A ship produces 90 gallons of grey water per person per day. The typical ship visiting Halifax produces more than 360,000 gallons of grey water per day. There are no national or international regulations that control the discharge of grey water. A cruise ship purportedly discharged grey water into the Port of Vancouver during the 2002 season.<sup>21</sup> In January 2003, the Carnival ship *Ecstasy* accidentally discharged grey water while anchored a half mile off Santa Catalina Island (off the west coast of California).<sup>22</sup>

**Garbage and solid waste** A cruise ship produces 3.5 kilograms of solid waste per passenger every day.<sup>23</sup> The typical ship visiting Halifax produced 14,000 kilograms of solid waste every day. Some

of this is retained onboard and landed onshore for recycling, some is incinerated, and some (including food waste) is ground and discharged at sea. Because plastics are often incinerated, dioxins, furans, and heavy metals are released into the air. In addition, because the incinerator ash is dumped at sea, there may be particles of plastic included in the discharge, as well as dioxins and other chemicals.

**Hazardous waste** A typical cruise ship produces 15 gallons of toxic waste every day. These include dry cleaning sludge, photofinishing chemicals, paint waste and solvents, print shop waste, fluorescent lamps and batteries. While the cruise industry has mandatory regulations controlling the discharge of toxic waste, these regulations (promulgated by the International Council of Cruise Lines) do not include monitoring for compliance, nor do they require penalties when they are violated. There continue to be occasional cases where hazardous waste becomes known to have been improperly handled. In December 2001, Celebrity Cruises' *Zenith* offloaded a 55 gallon drum of hazardous waste at Tampa, Florida, but the drum was not labelled as containing hazardous waste.<sup>24</sup> There was no penalty.

**Oily bilge** A cruise ship produces 7000 gallons of oily bilge water every day. Oily bilge is a combination of the water that collects in the hull of the ship from condensation, water-lubricated shaft seals, propulsion system cooling, and other engine sources. It contains fuel, oil, wastewater from engines, and may include rags, metal shavings, paint, glass and cleaning agents. If filtered to 10 to 15 parts per million (ppm) of oil, the water can be legally discharged into the ocean. The *Regal Empress* discharged 200 gallons of oil into the harbour at Portland, Maine. It paid a fine of US\$500<sup>25</sup>. On the east coast of Canada, 300,000

birds a year are killed by bilge from ships (not only cruise ships).<sup>26</sup>

**Ballast water** is used by a ship for stability. It will take on ballast to offset the weight of fuel that has been consumed, and for stability during voyages. A cruise ship releases ballast water when it enters ports. Each release can be up to 1000 metric tons of ballast water, literally millions of gallons. Ballast water is a concern because it introduces non-native species – bio-invasers as they are called in a Globe and Mail article<sup>27</sup> – to areas of discharge. The Government of Canada has recognized the problem and has promulgated federal marine guidelines, but these have been opposed by shipping interests. California legislated a prohibition of release of ballast water into its waters. Since this legislation came into force in 2001, two-thirds of cruise ships have ignored and violated the law.<sup>28</sup>

**Diesel exhaust emissions** A cruise ship produces roughly the equivalent in exhaust emissions as 12,240 automobiles. A study in Vancouver showed that large ships (not only cruise ships) "...are responsible for 58 percent of greenhouse gases over the city and 95 percent of sulphur compounds, a major cause of smog and the cause of acid rain ... A single large ship visiting port could pump out as much sulphur dioxide as 2000 cars and trucks driving all year round."<sup>29</sup> Given the experience in Vancouver, Environment Canada plans to monitor emissions in 2003 to assess the amount of sulphur oxide and nitrous oxide going into Halifax's air. Reduction of both sulphur oxide and nitrous oxide can be easily achieved when ships use low sulphur fuel.

## Key Environmental Issues

There are several salient environmental issues related to the cruise industry. Two relate to plans afoot within the Canadian Government. First, it has been suggested that new Canadian regulations

will not define as sewage the effluent from a certified Marine Sanitation Device. However, it is a leap of faith to assume that the effluent from these devices meets minimum standards. Monitoring done by the State of Alaska in 2000 led the Juneau Port Commander for the U.S. Coast Guard to question whether the Coast Guard approval of these systems was valid. The Governor of the State of Alaska called the findings “disgraceful and disgusting.” Alaska’s experience suggests that these systems must be regularly monitored if a jurisdiction wants to ensure that the effluent meets local standards. It also indicates the need for equal concern about grey water as black water. Monitored samples consistently indicated that grey water had fecal coliform counts and levels of total suspended solids that were the same as in black water (sewage).<sup>30</sup>

A second move afoot is discussions between the cruise industry and the Government of Canada toward a Memorandum of Understanding (MOU), but in Canada’s case it would be contained in “Environmental Guidelines for the Operation of Cruise Ships in Coastal Areas.”<sup>31</sup> These guidelines were promulgated in consultation with the cruise ship industry, but there has been limited opportunity for public comment. They have the industry commit to minimum environmental standards (in some respects less stringent than regulations in place in Alaska), but they do not include provision for the Canadian Government to regularly monitor cruise ship emissions and to enforce through penalties infractions of standards set out in the regulations. Hawaii entered an MOU in 2002 and by February 2003 the state legislature had before it three bills that would legislate environmental standards for the cruise industry.

The lack of legal force of the MOU approach is reflected in a recent disclosure that Crystal Cruises discharged 36,000 gallons of wastewater,

and oily bilge in the Monterey Bay National Marine Sanctuary on October 9, 2002. Prior to the visit, the company had given a written pledge that it would not discharge anything into the Sanctuary, however the discharge came to light in late February after the State of California requested a copy of the Crystal Harmony’s log books. The company explained that they didn’t disclose the discharge when it happened because it had only broken agreements, not any laws. As a result of the discharge, the Crystal Harmony has been banned from any future visits to the Marine Sanctuary.<sup>32</sup>

Two other key concerns that indicate the need for monitoring of emissions relate to hazardous chemicals and oily bilge. While the cruise industry insists that these are both disposed of properly, recent fines and violations<sup>33</sup> suggest that the industry’s word may not be enough. If a government wishes to prevent discharge of these substances, then it must be prepared to monitor for violations and to prosecute violators.

Although the federal government has identified both ballast water and air emissions as potentially harmful, regulations for either may be some time off. Local authorities should consider taking their own steps to prevent the release of ballast water. They can also easily require that ships use low sulphur fuels when approaching and in a port. This practice is not uncommon: it has been a requirement for many years in Bermuda, was introduced in Alaska during the past couple of years, and in the summer of 2003 will be required of ships using the new cruise terminal at Seattle. Several ports (Los Angeles and San Francisco in particular) are also looking to reduce air emissions by having the capability for cruise ships to plug into the local power grid when in port. This means they can shut down all engines during their port call. Princess Cruises does this when in port at Juneau.

## Issues Facing the Maritimes

Several of these environmental issues are relevant for Halifax and other ports in the Maritimes. Most notably, there can be greater effort to control and manage the release of ballast water, wastewater and air emissions. In some cases these can be handled by the local or provincial government, either through legislation or through enforcement of regulations already on the books. In other cases, it may require a voluntary but enforceable agreement with cruise lines. The port's power of enforcement comes with its authority to deny pier space to a ship that does not meet minimum standards set by the port. Ideally, it would be possible to commit to an agreement between the cruise line and the port or the city. Individual agreements were used in 2002 and will be used in 2003 in Monterey Bay, California. Cruise lines agreed to no discharges while in the sanctuary. There are other areas where laws need to be promulgated. In these cases, cruise port cities need to join together to collectively protect their greatest asset – a clean and attractive port.

No matter what regulations or policies are in place, the largest issue facing any port is the need to monitor cruise ships for their emissions and their practices. Schemes that are voluntary do not

seem to be effective. Programs that have included monitoring have demonstrated: 1) that cruise ships fairly quickly change their practices in order to meet local requirements (often moving their cleaner ships where they are required, which leaves “dirtier” ships where regulations are not in place); and 2) that even with clear and reachable guidelines, some ships continue to violate standards either intentionally or by accident. In 2002, monitoring in Alaska found one ship producing effluent with fecal coliform counts that were too high.<sup>34</sup> As discussed above, another ship discharged 40,000 gallons of partially treated sewage into Juneau harbour, and contrary to the industry's mandatory regulations, there were discharges of grey water by a cruise ship in Vancouver harbour and off Catalina Island, California. These are cases that have been reported; we have no way to know how common these occurrences are.

The bottom line is that monitoring cruise ships is a necessary part of welcoming the industry to a port. One needs to keep in mind that three of the four major cruise companies are convicted environmental felons, with those convictions occurring since 1998. The fourth line (P&O Princess) has also been convicted of a felony for environmental violations, but its case dates back to the early 1990s.

# Social Realities and Dilemmas

Cruise ships also present a number of social issues which ports must deal with. Some issues relate to the ship itself, some relate to the interactions between people from the ship and those in the community, and some (such as people pollution)<sup>35</sup> relate to the port itself. They point to the need to be proactive regarding social issues as well environmental and economic issues.

## Labour Issues

The largest social issue relating to cruise ships concerns onboard workers. While officers, cruise staff and entertainers, and many of the concessionaires onboard a ship earn reasonable incomes by North American standards, the vast majority of workers have incomes that are deplorable by Canadian standards. Line workers (including cleaners and deck and engine room crew) earn as little as U.S.\$400 per month. Waiters, waiters' assistants, and room stewards often earn U.S.\$50 a month salary which means the bulk of their income is derived from tips. Even then, 16 percent of cruise ship workers earn less than U.S.\$500 a month; more than half earn less than U.S.\$1000 a month.<sup>36</sup>

The issue of low income levels is compounded by a system of taxing tips often found on cruise ships. A worker may be expected to pay off her or his supervisor (the Maitre d' or Chief Housekeeper). In the dining room, the amount paid can correspond with the number of passengers a waiter is assigned to serve, the class of cabin from which these passengers come, and sometimes even the distance from the galley. Presumably, the higher the tips received, the more a waiter pays. The International Transport Worker's Federation has

documented Maitre d's who have earned between U.S.\$14,000 and \$20,000 a month by taxing the tips of their workers.<sup>37</sup> These workers may also have to share tips with other workers, such as with the laundry workers if a room steward wants her or his linens earlier in the day rather than later, and with workers in the galley if a waiter wants her or his food hot.

Incomes are also difficult to gauge because many workers from non-industrialized countries use a recruiting agent to arrange a job with the cruise line. Though against International Labour Organization rules, these recruiting agents often charge for their services. The fees can be as high as U.S.\$1500 or \$2000, plus the transportation cost to the ship.<sup>38</sup> The result is that workers may spend the first half of their contract paying off the debt they incurred to take their job.

Working conditions are also difficult on a cruise ship. The norm among service workers on a cruise ship is to work an 80 hour week; among deck and engine workers the norm is 66 hours a week. These are minimums.<sup>39</sup> Most waiters on cruise ships typically work 12 to 14 hours a day, 7 days a week, for 10 to 12 months without a day off. The contract length is shorter for workers from industrialized countries; it can be as short as three months for officers.<sup>40</sup>

Aside from the pace of work and low remuneration, workers also deal with living conditions that are basic, but generally adequate. Tensions between staff are not uncommon, and those who are lower in status or function among the crew may experience sexual oppression and exploitation – both men and women, although the problem is more prevalent for women.<sup>41</sup> Given the

**The norm among service workers on a cruise ship is to work an 80 hour week.**

desire of the employer to keep costs down, the food served in the crew galley is also subject to cost saving measures.

Simply stated, the modern cruise ship resembles a sweatshop. Residents of Halifax perhaps caught a glimpse of this in September 2000 when Premier Cruises went bankrupt and left hundreds of workers stranded at the port. Thanks to the Canadian courts, these workers were the first of Premier's work force to be paid back salaries (amounting to \$745,000) and repatriated home. Workers on the other Premier Cruises' ships were not as lucky. Some remained onboard ship for months and in some cases never were fully paid.

The Premier Cruises ship (the *Seabreeze*) left Halifax in December and it sunk off the coast of New Jersey in high seas. The few crew members aboard were safely rescued.

## Social Justice and Social Responsibility

Judgements about social dilemmas associated with the cruise industry depend largely on one's attitude about social justice and social responsibility. The owners of the cruise companies would argue that they are socially responsible: they pay their workers at a better rate than the workers would earn at home, they have a U.S.\$20 billion impact on the U.S. economy, and they bring money to the ports they visit. This is partially true. Cruise lines even make donations to local charities in some ports, but it is not unconditional. This became apparent after Juneau, Alaska, passed a U.S.\$5 head tax for cruise passengers in 1999. Holland America Line announced that it would cut its support for all charities. In spring 2002, Royal Caribbean announced that it was ending contributions to Juneau charities because of the uncertainty in the industry caused by September 11.

**Simply stated, the modern cruise ship resembles a sweatshop.**

If one's notion of social justice is more progressive, then the cruise industry poses some serious concerns. Its environmental practices are an issue, as has already been addressed. Its labour practices are also an issue. Given the industry's use of flags of convenience, and the power held by the employer by virtue of being able to fire a worker without cause, our ability to change matters is somewhat limited. Attempts by Congress to bring cruise ships operating out of U.S. ports under U.S. labour law have been unsuccessful.

If we want to help, we can learn more about the local Seafarer's Mission. We can support organizations such as the International Transport Workers Federation (ITF) and War on Want. Together these organizations launched a "Sweatships" campaign in September 2002 which is directed at raising public awareness of the problem and ultimately effecting change.<sup>42</sup> We can also engage in direct action. We can apply pressure on individual cruise lines directly, or we could form a coalition of local labour unions to express disapproval of work conditions on cruise ships. This is particularly relevant for Halifax given that Carnival Cruise Line is one of two major cruise lines (Disney Cruise Line being the other) that does not have an ITF-approved contract for its workers. These contracts provide some protection, but they still allow 14 hour work days, 7 day work weeks, and contracts of 10 months, and their income figures are not always realized.

Another issue relevant to social justice is the fair treatment of the port. It is necessary to keep in mind that the cruise line is in business to make money. Judgements about ports of call are largely economic decisions – will the ship earn enough money from the port call to make the stop profitable. This economic bottom line means that local merchants – stores, tour operators, restaurants – are often squeezed for their best possible price

by the cruise line. And while the local merchant pays tax on her or his portion of the income, the cruise line walks away paying no taxes at all.

## Local Issues

The economic realities and dilemmas around shore excursions have already been discussed. However what has not been addressed is the social impact on local merchants and tour operators who earn less than expected, and who earn considerably less than the cruise line, for the products they provide. The competition that leads to undercutting prices could have a detrimental impact on the local business community.

A second issue concerns the costs associated with the use of local services by cruise ships and their passengers. These include wear and tear on infrastructure – sewage and water systems, roads and paths – as well as the opportunity costs associated with the need for increased police, sanitation, and other government workers associated with a cruise ship visit. Until one knows these costs it is difficult to make a statement about opportunities lost.

The largest social issue in many places is what may be termed people pollution. The issue of people pollution is not yet an issue in Halifax or other Maritime ports, but established ports are increasingly confronted by the problem. At the extreme are places like Skagway, Alaska, a town of 1200 that can have 10,000 cruise passengers in a day. Juenaau, a town of 30,000, similarly has 10,000

passengers or more per day during peak summer months. St. Thomas in the U.S. Virgin Islands can receive as many as 13 cruise ships with more than 20,000 visitors in a single day. On December 26, 2000, Cozumel, Mexico welcomed 16 cruise ships with close to 40,000 passengers. In each of these settings, local residents have a love-hate relationship with the cruise ships. They realize that the ships are a source of income, but they also resent losing their quiet town and lifestyle. This number of passengers raises concerns about the impact on local communities of large, short-term transient populations. It also points to the need to be proactive regarding social issues as well environmental and economic issues.

This applies to Halifax and other Maritime ports insofar as asking, “What is the realistic limit to the number of cruise passengers that we can receive in a single day?” The answer depends on having enough tour operators and buses as well as the number of people that can comfortably be absorbed in downtown Halifax, at Peggy’s Cove, and at other common sites visited by cruise passengers. I suspect that the maximum number has not yet been reached (although at times maybe approached), which makes this an excellent time for considering how large one wants the cruise industry to become in the local area. A proactive review could enable Halifax to avoid the struggles already discussed in relation to Key West, and many of the struggles in Alaska where the industry has grown beyond local tolerance.

# Conclusions and Recommendations

It is realistic to view the cruise industry as an economic benefit to Halifax and to the Maritimes. However, it is necessary to be sober in approaching the business relationship. The downsides and other issues need to be considered. Three issues require discussion: the nature of business, environmental issues, and issues related to the crew.

## Business is Business

There is no question that cruise ships bring money to local businesses and merchants – to some more than to others. However, tours and shore side activities are often dominated by a single company that is able to underbid others and thereby have the contract for providing shore excursions. As well, local businesses may be pitted against one another, to ensure the lowest possible prices. They may endure threats that business will go to a competitor unless they make further concessions. Local stores listed as “Approved” on shopping maps given out onboard cruise ships may pay a flat fee or a percentage of gross sales. This is all part of doing business in a market economy. However, the lower prices do not mean lower prices to the consumer – the cruise line is simply increasing its profit.

**Recommendation:** There is great value to be had by merchants and tour operators in ports in the Maritimes building a cooperative relationship. There should ideally be agreed upon minimums so that one operator can be secure in knowing that it will not be undersold by another. As well, stores may agree on an upper limit for fees paid to be on cruise ship maps. The key point here is that the cruise lines will exploit divisions in the community and between companies for its economic advantage. The community can ensure that

it is receiving its fair share of cruise passenger income by working as a community.

This cooperation is also necessary between ports. The simple reality is that there are a finite number of cruise ship port calls to the region. The choice of one port means a negative choice about another. For example, a cruise ship call at Digby is likely to pre-empt Saint John. Because one port’s gains are another’s losses, there is value in cooperating with one another. For one thing, each can avoid being played off against the other to the benefit of the cruise line.

There could be a degree of financial cooperation among ports. For example, a nominal regional port fee that is shared between all ports could be instituted. Even ports with few to no port calls would have monies to support local tourism sites. Such fees are not unheard of. Some Caribbean states have fees over and above dockage fees. Juneau, Alaska, introduced in 1999 a U.S.\$5 head tax for cruise passengers, and the State of Alaska has considered several times a state tax of \$50 per passenger to cover all Alaska ports. The Maritimes might consider instituting a nominal head tax for the region.

**Recommendation:** When bringing cruise ships in, cities and provinces often forget about what can be earned directly from a cruise ship visit. Aside from port fees, there is opportunity for sale of services to the cruise ships. Fuel and provisions are obvious items that can be sold, but there are others. A reception facility for waste (hazardous and non-hazardous), for example, is a potential income source. Providing a hook up to the shore side power grid for ships in port is another source for income.

While port officials and government should be excited about cruise ship visits, they must keep

in mind that just as the cruise line views the province and city as a source of income, the province and city need to see the cruise ship as a source of income. Look beyond the amorphous economic impact figures (based on an arbitrary \$100 spending per passenger) bantered around and consider the direct economic cost of having ships present, the potential to recover those costs, and the possibility to earn some money. Sources of income may be a combination of sales of services and modest port fees.

## Do You Know What You Are Breathing When a Cruise Ship is in Port?

There are a number of environmental issues and concerns surrounding the cruise industry. Halifax and other ports in the Maritimes can take lessons from other locales, including Alaska, California, and Washington state.

**Recommendation:** Consider the need for:

- 1 No discharge zones up to 12 miles from the coast line. This would prevent discharge of sewage (treated and untreated), grey water, oily bilge and ballast, and anything else from the waste stream. It is a reasonable request, but it is in stark contrast to current Canadian law that does not explicitly prohibit discharge of sewage by cruise ships and that has only limited prohibitions applying to garbage.<sup>43</sup>
- 2 The requirement that air emissions be curtailed when within 12 miles of the port. This would include the use of low sulphur fuel and refraining from using the ship's incinerators while in port.
- 3 Securing the funding and making arrangements so that Halifax has the capability for ships to plug into the local power grid. This would allow a ship to shut down all engines while it is in port. This is available in Juneau

and is being explored by both Los Angeles and San Francisco.

The cruise industry is likely to argue that these matters are best resolved through a Memorandum of Understanding (MOU) between the cruise industry and the Government of Canada or by "Environmental Guidelines." Representatives will argue that MOUs have been agreed to in Hawaii and Florida, and that the terms of these MOUs put into place practices already in place in Alaska. However, left out of this argument is that Alaska's regulations provide for direct monitoring of cruise ship effluents and for enforcement and clear penalties for violations. An MOU does not include provisions for monitoring or for meaningful enforcement. Guidelines are even less enforceable.

It is in the interest of local communities to 1) ensure that Canada's ocean environment is protected from the cruise industry by more than voluntary and unenforceable measures; 2) take steps to decree no-discharge zones to areas around and within harbours; and 3) have the Canadian Government promulgate regulations, with the force of law, that set clear standards for cruise ship discharges to the air and the water and which include regular monitoring for compliance and impose real and significant penalties for non-compliance.

## Don't Forget the Crew

There are several reasons to not forget the crew. On a purely humanitarian level, we can advocate for improved working conditions on cruise ships, as on other ships.

**Recommendation:** Support the efforts of the International Transport Workers Federation (ITF) and War on Want to improve the working conditions on cruise ships and ensure that all cruise ships that use Maritime ports have ITF approved contracts for workers.

Crew members also contribute to the local economy. They do this indirectly by the impact they have on passenger expectations and feelings about a port by what the crew say before arriving. Ports that they personally like are presented differently by crew than ports they do not like. These messages influence passengers.

**Recommendation:** A port can impact crew perceptions by 1) having enough telephones available for them to call home (local telephone companies often resist having enough telephones because the crew normally use telephone credit cards or calling cards which means that the local company is providing the equipment but is not col-

lecting a usage charge), and 2) having easy access to stores that sell everyday items such as deodorant, soap, toothpaste, etc. I have seen shuttles running full every 20 minutes from a ship to the local shopping centre. The shuttle between the harbour and the mall in Juneau is always crowded.

The simple fact is that crew are an economic value. Their value may potentially be equal to or greater than passengers. At least whatever they spend stays in the area. Local stores should be encouraged to develop programs that recognize and provide products and services to crews. The service is of value to the crew and a benefit for local business.

# Endnotes

- <sup>1</sup> Michael S. Sesit, "U.S. Tax Proposals May Squeeze Multinationals," *Wall Street Journal*, August 9, 2002, C 14.
- <sup>2</sup> For more background and detail see Kirk Nielsen, "The Perfect Scam: For the Workers Life is no Carnival, Believe it or Not," *Miami New Times*, February 3-9, 2000; International Transport Workers Federation, "The Dark Side of the Cruise Industry," *Seafarers' Bulletin* 14, 2000; International Commission on Shipping, *Inquiry into Ship Safety: Ships, Slaves, and Competition*, ICONS, 2000.
- <sup>3</sup> See Joel Glass, "ICCL Gives Ultimatum to House of Representatives Subcommittee on Relocation of Foreign-Flag Ships," *Lloyd's List*, May 15, 1993, p. 3. For further detail see U.S. Congress, Hearing on H.R. 1517, Foreign Flag Ships: *Hearings before the Subcommittee on Labor Standards, Occupational Health, and Safety of the Committee on Education and Labor of the House of Representatives*, 103<sup>rd</sup> Congress, 1<sup>st</sup> session, Government Printing Office, May 13, 1993, Y 4.ED 8/1:103-09.
- <sup>4</sup> See Michael Connor, "Norwegian Line Would Fit Nicely with Carnival," *Reuters*, December 2, 1999.
- <sup>5</sup> This figure was presented by Mark Barnard (Manager, On-Board Revenue, Holland America Line) in his power point presentation in Session #9: "Maximizing On-Board Revenue and the Benefits of IT," at the Seatrade Cruise Shipping Convention, Miami, Florida, March 14, 2002.
- <sup>6</sup> Put simplistically, e-procurement relies on computer software to trigger ordering, warehousing, and delivery of supplies to ships. It is done in the most cost effective manner, both in terms of purchase price as well as reducing warehouse time and other costs.
- <sup>7</sup> "Some Say Increase in Cruise Passengers Bad for Key West," *Miami Herald*, January 5, 2003.
- <sup>8</sup> This is described in some detail in Ross A. Klein, *Cruise Ship Blues: The Underside of the Cruise Industry*. Gabriola Island: New Society Publishers, 2002
- <sup>9</sup> See Kelly Bouchard. "Passenger Ships Cause \$500,000 in Pier Damage," *Portland Press Herald*, December 13, 2002. [business.maintoday.com/news/021213ships.shtml](http://business.maintoday.com/news/021213ships.shtml)
- <sup>10</sup> See the United States Passenger Vessel Services Act of 1888.
- <sup>11</sup> Digby received a Cdn\$100,000 grant from the Atlantic Canada Opportunities Agency toward construction costs of the Digby Heritage Centre, less than half of the project's cost. In announcing the funding, the Port of Digby Cruise Association stated that the Centre would be a staging area for cruise ship passengers. They expressed the hope that five or six cruise ships would visit in 2001 and more than 10 in 2002. To date, their efforts have been unrewarded.
- <sup>12</sup> The Maritime provinces likely spend more than C\$100,000 for their presence at the Seatrade Cruise Shipping Convention. The largest portion of this spending is by the Port of Halifax and the Province of Nova Scotia.
- <sup>13</sup> A representative from Stockholm, Sweden, told me at the Seatrade Convention in 2001 that she stopped having an exhibit, finding it more effective to visit cruise line executives individually (usually in January or early February) and developing a more personal relationship. She attends the Seatrade Convention to see folks she has previously met, making it a point to attend sessions in which they are presenters or observers. Her strategy raises the question for an aspiring port, "what is the best vehicle for 'selling' a port to a cruise a line?"
- <sup>14</sup> I have been told by tour operators in several cities (both Canada and Alaska) the details of what they receive for shore excursions and am able to contrast this with the amount charged passengers by the cruise line. There is plenty of anecdotal information, but the identity of my sources needs to be protected.
- <sup>15</sup> These fees are a norm in the cruise industry's relationship with a port. The fees are normally collected by a concessionaire such as Panoff Publishing, OnBoard Media, or Miami Cruiseline. On a visit to Juneau in January 2003 I was told by a number of merchants that the fees had been lower when the cruise industry was just growing, but the percentage has grown in recent years. Forty percent or more was not uncommon. The 40 percent figure was also used by an Alaska state senator in my conversations with him about the cruise industry in October 2002.
- <sup>16</sup> For a complete list of fines, see [www.cruisejunkie.com](http://www.cruisejunkie.com) (Large fines, Alaska fines, and All environmental fines).
- <sup>17</sup> Egypt fined Royal Viking Line U.S.\$23.5 million after its ship ran aground and damaged a reef at the mouth of the Gulf of Aqaba in the Red Sea. Mexico

- 20 fined a ship U.S.\$1 million after it damaged the Great Mayan Reef near Cozumel. Lesser fines have been levied by Cayman Island for reef damage and for discharging food and other waste, by Bermuda which has fined ships for discharge of oily bilge, and by Brazil which recently fined Cunard Line following a discharge of nearly 8000 gallons of heavy fuel oil into Guanabara Bay near Rio de Janeiro.
- 18 Marilyn Adams. "U.S. Keeps Wary Eye on Cruise Ships for More Pollution," *USA Today*, November 8, 2002 <http://www.usatoday.com/travel/news/2002/2002-11-08-cruise-dumping.htm>
- 19 Linda Nowlan and Ines Kwan, *Cruise Control: Regulating Cruise Ship Pollution on the Pacific Coast of Canada*. West Coast Environmental Law, 2001. <http://www.wcel.org/wcelpub/2001/13536.pdf>
- 20 See "Citizens Want Cruise Ship to Keep Waste Out of Bay," *Washington Post*, December 8, 2002, p. A 2.
- 21 I was told by an informed source that a cruise ship had an incidental discharge in Vancouver Harbour in May 2002. Attempts to gain written evidence have not been productive, but a journalist had the same information as I and from a different confidential source.
- 22 Correspondence from Carnival Corporation to the California Water Resources Control Board, January 16, 2003.
- 23 This figure is an estimate from the International Maritime Organization. It is referenced and used in: Ocean Conservancy, *Cruise Control: A Report on How Cruise Ships Affect the Marine Environment*, Washington, DC: OC, May 2002.
- 24 Haley & Aldrich, Inc., "Royal Caribbean Cruises Ltd. Environmental Compliance Audit Report – M/V Zenith," June 2002.
- 25 "Citizens Want Cruise Ship to Keep Waste Out of Bay," *Washington Post*, December 8, 2002, p. A 2.
- 26 Rina Chandarana, "Ships Dumping Bilge Are Slaughtering Birds Off Canada," *Reuters News Service*, September 25, 2002. See also, Kelly Toughill, "Canada a Haven for Sea Polluters, Animal Group Says," *Toronto Star*, September 25, 2002.
- 27 See Kevin Cox, "New Marine Guidelines Aim to Curb Aquatic Hitchhikers," *Globe and Mail*, December 11, 2002, p. A 12.
- 28 The State's failure to enforce the ballast water law has led four organizations (Bluewater Network, Environmental Law Foundation, Surfrider Foundation, and San Diego Bay Keeper) to file a law suit to stop cruise ships from violating California state law. The case is described in a joint press release issued April 24, 2002, "Luxury Cruise Lines Sued for Illegal Dumping: Lawsuit aims to halt illegal dumping of ballast water by fun ships in California ports." [http://www.bluewaternetnetwork.org/press\\_releases/pr2002apr24\\_ss\\_ballastwater.pdf](http://www.bluewaternetnetwork.org/press_releases/pr2002apr24_ss_ballastwater.pdf)
- 29 Beverley Ware. "How Badly do Ships Pollute Halifax?" *Halifax Daily News*, December 15, 2002. Source of figures: *Splash*, Vol. 1 (2), Fall 2002.
- 30 See Bill McAllister, "A Big Violation on Wastewater: Some Ship Readings 100,000 Times the Allowed Amount," *Juneau Empire*, August 27, 2000 [www.juneauempire.com](http://www.juneauempire.com) Also see *Interim Cruise Ship Sampling Data Summary*, September 6, 2001 [www.state.ak.us/dec/press/cruise/pdfs/interim-summ090601.pdf](http://www.state.ak.us/dec/press/cruise/pdfs/interim-summ090601.pdf)
- 31 This was confirmed in correspondence from Joseph Valenti, Senior Vice President of Crystal Cruises, to Lynn Young, on behalf of Save Our Shores, dated January 17, 2003. More recently I acquired a draft of "Environmental Guidelines for the Operation of Cruise Ships in Canadian Coastal Areas," November 1, 2002. These guidelines were drafted by the Canadian government in consultation with the cruise ship industry, but not in consultation with the Canadian public or coastal communities.
- 32 For the full story, see Dan Laidman, "Cruise line says rookie mistake led to ship's waste dumping," *Monterey Herald*, March 7, 2003.
- 33 In 2002, Carnival Corporation paid an U.S.\$18 million fine for discharging oily bilge from ships belonging to Carnival Cruise Line, and Norwegian Cruise Line paid a fine of U.S.\$1.5 million after it admitted to discharging oily bilge and other wastes from two of its ships. Violations include incidental discharges in Vancouver and Santa Catalina Island, an "accidental" discharge of partially treated sewage in Juneau Harbour, and a discharge of 8000 gallons of heavy fuel oil near Rio de Janeiro.
- 34 Private conversation with official at Alaska Department of Environmental Conservation.
- 35 People pollution refers to the over-congestion of people in a small area to a point beyond what is comfortable or reasonable
- 36 According to an International Transport Workers' Federation-administered survey to cruise ship workers home ported in Port Canaveral, Florida, in 2000, 16 percent earned less than \$500 a month, 38 percent earned between \$500 and \$999 a month, 19 percent earned between \$1000 and \$1499 a month, 17 percent earned between \$1500 and \$1999 a month, and 12 percent earned more than \$2000 a

month (in U.S. dollars). Room and board are provided by the employer, however some cruise lines charge for uniforms, staff pay for their own laundry and dry cleaning, and are in some cases charged for medical care.

<sup>37</sup> International Transport Workers' Federation, *Big Red Bombshell*, ITF, February 2001, p. 6.

<sup>38</sup> See Kirk Nielsen, "The Perfect Scam: For Workers Life Is No Carnival, Believe It or Not," *Miami New Times*, February 3-9, 2000, [www.miaminewtimes.com](http://www.miaminewtimes.com); Christopher Reynolds and Dan Weikel, "For Cruise Workers, Voyages Are No Vacations," *Los Angeles Times*, May 30, 2000, p. T5; Kevin Moran, "Lost at Sea: Cruise Workers Must Endure Long Hours for Others' Leisure," *Houston Chronicle*, September 29, 1996, p. 29; and Joshua Harris Prager, "For Cruise Workers Life Is No 'Love Boat,'" *Wall Street Journal*, July 3, 1997, p. B1.

<sup>39</sup> The International Transport Workers' Federation has model contracts for seafarers. These include a provision that hotel employees work 162 hours of over-

time per month and those in the deck and engine departments work 103 hours of overtime per month. These contracts are online at [www.itf.co.uk](http://www.itf.co.uk)

<sup>40</sup> Most workers are members of a national union in their home country and they work under the rules of that union. In my travels, I have found Caribbean, Filipino and Indonesian (among others) workers commonly having contracts of 10 to 12 months; workers from Italy or Greece have contracts of 6 or 7 months.

<sup>41</sup> Ross Klein. 2001. "High Seas, Low Pay." *Our Times*, December/January: 29-34.

<sup>42</sup> For further information on the ITF see <http://www.itf.org.uk/general/newsindex.htm> and on War on Want see <http://www.waronwant.org/?lid=1>. The "Sweatships" campaign can be located at <http://www.waronwant.org/?lid=2377>.

<sup>43</sup> Linda Nowlan and Ines Kwan, *Cruise Control: Regulating Cruise Ship Pollution on the Pacific Coast of Canada*, West Coast Environmental Law, 2001. <http://www.wcel.org/wcelpub/2001/13536.pdf>