

# Otago Daily Times

## Cruise Ships' Value to Economy Doubtful

Wednesday, 13 May 2026

OPINION by James Higham



Azamara Onward (left) and Carnival Splendor at Port Chalmers. PHOTO: PETER MCINTOSH

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The value of cruise ships to an economy is questionable, James Higham writes.

Craig Usher (Port Otago customer general manager) is unhappy that there is, apparently, a perception that New Zealand is “unwelcoming to the cruise industry”, and that there is an “anti-everything feel around the industry”.

This has come about because recently RNZ reported that “environmental damage from cruise ships outweighs their economic benefits”.

But this is not a question of environment or economy — one or the other.

Tourism is important to the New Zealand economy. It is supported by national, regional and local governments that make important decisions on the use of public money.

**Those decisions should be informed by rigorous and transparent evidence.**

The economic claims made by Mr Usher (ODT 4.5.26) are based on evidence provided by cruise industry associations. They are not independent but they can be assessed against rigorous insights based on government statistics and international studies.

The Cruise Lines International Association (2024) claims that regional economies “from Auckland to Fiordland receive substantial economic injections through visitor spending and cruise line operations”.

Auckland receives the highest proportion of regional cruise expenditure in New Zealand, but New Zealand government statistics do confirm that **Fiordland receives 69% of all cruise passengers to New Zealand and 0% of passenger spending.**

It is true that “ships pay money to go into Milford. That money goes to Environment Southland”. That amounted to about \$2.9million in the 2018-19 season.

What is not true is that this money “goes to the ratepayers of Southland”. These payments are for marine fees and harbourmaster services provided by ports, which are in fact largely paid for by the ratepayers of Southland.

It seems improbable that cruise tourism accounts for so little as 1% of total tourism expenditure in New Zealand. In fact that is a flatline figure that Stats NZ and other independent sources have reported since 2015.

As far as I am aware the claim that passengers “spend more of their money off the boat than on” has no basis in fact. **What we do know from independent studies is that cruise passenger spending is extremely low because the cruise profit model is geared to ensure the passengers spend as much aboard and as little ashore as possible.**

To this point, The Sydney Morning Herald recently reported that cruise lines are lining up to buy “private islands” in the South Pacific for exclusive use by their passengers, as is already the case in the Caribbean.

Tourism Analytics observes that this is partly because popular ports around the world are increasingly saying no to mega cruise ship visits. And that it allows cruise lines to dispense with third party shore excursion operators altogether and keep passenger expenditures entirely in-house.

What about the claim that “the overall value of a cruise passenger is higher than other forms of travel”?

Not so, according to the evidence. **Independent studies in Norway, the Netherlands and Canada have found cruise passengers offer very little economic value.**

Cruise passengers in Norway were found to spend less per visit than people staying in backpacker hostels and sleeping in campervans.

Mr Usher deploys the common cruise-industry trope that “cruise trips deliver a taste of several destinations with passengers often making return visits to spend longer in destinations that they enjoyed”.

There is no evidence to support this claim. Indeed a study of cruise passengers in Norway found that return visits eventuate very rarely if at all.

As an aside, the environmental damage of cruise ships is significant. A typical one-week New Zealand cruise from Sydney emits 2-3 tonnes CO2 per passenger — 2 to 4 times more CO2 per passenger kilometre than economy-class air travel.

Cruise ships also emit particulate matter (PM) equivalent to one million cars per day while berthed. PM is damaging to human health.

This year Sydney will become the first port in the southern hemisphere to install shore energy supply — at the cost of \$A60m (\$NZ73m). Should Port Otago, which is 100% owned by the Otago Regional Council, invest public money in shore energy supply for cruise ships?

It is pointless to pit environmental impacts against economic benefits. **Independent research in New Zealand and overseas has found that cruise tourism is low-value, highly polluting, highly seasonal and disruptive to local communities.**

**Local and regional governments invest in tourism infrastructure, facilities, and services.**

**Those decisions should be informed by independent evidence, rather than what the cruise industry would like you to believe.**

- James Higham is a distinguished professor of Griffith University (Queensland), and an honorary professor of University of Otago.