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Facilitating Development: An examination of partnerships and intentional development by cruise tourism in Vanuatu

A thesis presented in partial fulfilment of the requirements for the degree of Master's of International Development

Massey University,

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Abstract

Since the 2002 Johannesburg World Summit on Sustainable Development (WSSD), the private sector has been elevated as an equal partner for development, alongside the public and the non-governmental organisation (NGO) sectors. Consequently, corporate social responsibility (CSR) and public-private partnerships (PPP), both being examples of intentional development, have become increasingly important for international development.

Globally, cruise tourism is the fastest growing sector of tourism with a compounding increase of 8% year on year. In this Vanuatu based study, the development initiatives of Carnival Australia, a mass tourism cruise multinational, are examined to establish what extent cruise tourism can enhance development outcomes.

A qualitative approach consisting of non-participant observation, semi-structured interviews and a detailed literature review has resulted in the support of previous studies indicating that the private sector can be unreliable when considered a development actor. Carnival is, however, an enthusiastic and committed facilitator of development and should be viewed as such. A realignment of expectations is vitally important for the private sector’s ability to meet expectations as a facilitating partner towards achieving sustainable development. This is reflective of Sustainable Development Goal #17 on Partnerships.

Keywords: Carnival, Cruise, Tourism, Corporate Social Responsibility, CSR, Public-Private Partnership, PPP, P3, DFAT, Community Development, Facilitation for Development, Development First, Vanuatu, Pacific, SDG
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Chapter 1: Introduction

1.1 Rationale

Little has been written about corporate social responsibility (CSR) and cruise tourism (Bonilla-Priego, Font, & del Rosario Pacheco-Olivares, 2014; Coles, Fenclova, & Dinan, 2013; de Grosbois, 2016). This is a considerable gap as cruise tourism is the fastest growing sector of global tourism, increasing by over 8% per year (Cruise Market Watch, n.d.). In particular, Pacific cruise tourism is booming with 15-25% annual growth, and likely the fastest growing segment of global tourism in 2017 (Australian Aid, Carnival, & IFC, 2014; Cruise Market Watch, 2017a, 2017b). Globally, tourism is identified as "key to development, prosperity and well-being" (United Nations World Tourism Organization, 2017b) and as a primary driver towards sustainable development for small island developing states (SIDS), as well as the means to achieve economic development for Pacific nations (United Nations World Tourism Organization, n.d.-b). An examination of how cruise tourism interacts with development objectives is therefore timely and essential. This study identifies and examines cruise-initiated CSR practices in Vanuatu along with the public-private partnerships (PPPs) through which Carnival Australia, together with Australia's Department of Foreign Affairs and Trade, work towards generating sustainable economic development outcomes.

In 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs); the SDGs are a united effort by governments, business and civil society towards achieving the '2030 Agenda for Sustainable Development' (United Nations, 2015). In addition to providing far-reaching and all-encompassing objectives for 2030, the SDGs position business (or the private sector) in an accountable position towards achieving this agenda. Double digit Pacific cruise tourism growth and pressure to achieve the SDGs has drawn

*Figure 1* - 'Why Tourism Matters', a UN image illustrating key statistics related to global tourism (Source: United Nations World Tourism Organization, 2017c).

Figure 1 highlights why the United Nations World Tourism Organization (UNWTO) is so supportive of tourism for development and this figure illustrates that one tenth of world jobs are tourism related, and that tourism has risen to contribute 10% of global GDP; it is the world's third largest export category, and growing at 4% year on year (United Nations World Tourism Organization, 2017b). To harness this growth for development, the United Nations (UN) declared 2017 the year of sustainable tourism for development (United Nations General Assembly, 2015). This declaration firmly linked tourism and development, but also tied it to the longer-term objectives of the 2030 sustainable development goals.

The UNWTO strongly emphasise tourism as a tool for sustainable economic growth, and achievement of the 2030 SDGs (United Nations, 2016; United Nations World
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Tourism Organization, 2015a, 2015b, 2015c, 2015d, 2016c). Echoing the UN's identification of importance of tourism as a driver for development, both the New Zealand and Australian development aid sectors place tourism amongst their top development objectives for the Pacific region (Department of Foreign Affairs and Trade, 2016; New Zealand Ministry of Foreign Affairs and Trade, 2015). The World Bank and Asian Development Bank have also identified tourism as being a strategic investment towards achieving the 2030 SDGs in the Pacific (Asian Development Bank, 2016; Australian Aid et al., 2014; World Bank, 2016b).

Tourism companies face a double burden, as private-sector partners, and tourism businesses, to engage in development towards achieving the 2030 goals. The private sector, including tourism, usually drives development through corporate social responsibility (CSR) initiatives and/or public-private partnerships (PPP). Underpinning this, tourism is assumed to be a particularly effective tool to achieve sustainable development (Juan Gabriel Brida, Del Chiappa, Meleddu, & Pulina, 2012; Giampiccoli & Saayman, 2016; Pratt & Harrison, 2015; United Nations World Tourism Organization, 2015b, 2015c). The World Bank has identified support for increasing cruises tourism as one of four key strategies to generate sustainable economic growth in the Pacific region (World Bank, 2016a, 2016b).

The aim of this study is to critically explore the potential of cruise tourism to aid development by examining the CSR activities of Carnival Australia as well as their innovative public-private development-focussed partnership with Australia's Department of Foreign Affairs and Trade (DFAT) in Vanuatu. An archipelago of eighty-three islands in the South Pacific, Vanuatu was selected as the focus of this study as it has seen a dramatic increase in cruise tourism over the last decade.
The research is timely, having been conducted in the UNWTO's 'International Year of Sustainable Tourism for Development' (United Nations General Assembly, 2015, p. 1). This campaign promotes responsible tourism and "aims to support a change in policies, business practices and consumer behavior towards a more sustainable tourism sector that can contribute to the SDGs" (United Nations World Tourism Organization, 2016a). Figure 2 is the logo which was widely used during the 2017 campaign.

![Figure 2 - Logo of the 2017 International Year for Sustainable Tourism Development](Source: United Nations World Tourism Organization, 2016b). This study examines how Carnival, one of Australia's largest tourism corporations, engages in development through their partnership with DFAT in Vanuatu. It also explores the CSR motivated P&O Pacific Partnership activities. With the private sector being under pressure to produce development outcomes, it is important to investigate the way one of tourism's largest corporations approach this, especially considering cruise tourism's huge growth and influence.

1.2 Research Question and Objectives

The research asks to what extent are cruise ship tourism CSR and PPP initiatives are enhancing the development outlook for Vanuatu?
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The objectives are:

1. To establish the scope and approach of Carnival's CSR and PPP development initiatives in Vanuatu.
2. To explore the impacts of Carnival's initiatives on development in Vanuatu.
3. To report the lessons drawn from the approach to CSR and PPP that Carnival has engaged with in Vanuatu.

1.3 Carnival Australia and Vanuatu

Carnival Australia is a division of Carnival Corporation and Carnival Plc, one of the world's largest tourism multi-national corporations (MNCs). Throughout this thesis Carnival Australia will simply be referred to as 'Carnival'. In Vanuatu, Carnival's CSR motivates an engagement with an international non-governmental organisation (INGO), Save the Children Australia. Carnival also have a PPP arrangement with the overseas development aid arm of the Australian Government. The focus of this thesis will be to examine how Carnival's CSR and PPP initiatives result in enhance development for Vanuatu.

1.4 Chapter Outline

1. Introduction: Outlines the broad background to the research through the introduction of the SDGs, significance of the private sector to development, the focus on tourism for sustainable development and notes that Pacific cruise tourism is currently the fastest growing sector of global tourism.

2. Development, Corporate Social Responsibility and Public Private Partnerships: This research is framed using Cowen and Shenton's theory of immanent and intentional development. The private sector, particularly tourism, is assumed to create immanent development through conducting business as usual. However, when the private sector
engages in intentional development can use CSR or PPPs. Whilst well established concepts in the business world, CSR and PPP are still relatively new in tourism. Finally, the Development First framework is explained and considered as a way for the private sector to engage in CSR activities that align tourism with current development theory.

3. Tourism and Sustainable Development: In this chapter the expectation for tourism to deliver sustainable development outcomes is explored. It describes the 2030 sustainable development goals and explores tourism's potential for positive and negative impacts. Mass tourism is explored as this specifically relates to cruise tourism. Finally, cruise tourism is positioned in relation to sustainable development.

3. Cruise Tourism: Moving from the general to the specific, this chapter introduces cruise tourism, including the exceptional growth, business model and how the industry works. The inherent risks and opportunities associated with cruise such as captured spend, home ports, supply chains, globalisation, employment, flags of convenience and forms of arbitrage are all detailed.

5. Context: Vanuatu, Tourism and Development: This chapter describes and positions Vanuatu, providing basic overview of the historical, political, economic, geographic and social dimensions of the island archipelago. It also explores Vanuatu's development objectives.

6. Methodology: This chapter summarises the research design and methodology. A flexible approach embraced the exploratory nature of the study. The selection of the research site and participants is documented before a discussion on the data collection procedures. Observation, semi-structured interviews and secondary data were used in this study and thematic analysis applied. The ethical and reciprocal processes are detailed before a discussion on the limitations and issues encountered in the field.
7. Findings - Carnival, CSR and PPP: The first section of this chapter situates Carnival Australia as a semi-autonomous division of Carnival Corporation & Plc. The global and Australian corporate structures are briefly outlined, and Ann Sherry's influence on Carnival Australia's development orientation introduced. The MOU setting out the PPP arrangement between DFAT and Carnival is explored, as is the P&O Pacific Partnership.

The second section is organised in relation to the two types of intentional development that Carnival engages with in Vanuatu. An examination of the CSR is explored through the P&O Pacific Partnership. A slightly longer segment describes the PPP between Carnival and DFAT using their memorandum of agreement to organise the sections.

8: Findings - Challenges to Intentional and Immanent Development in Vanuatu: The second chapter of findings focusses on intentional and immanent development. Moving beyond the direct influence of cruise, this chapter describes Vanuatu based issues such as handicrafts, land issues, the social impact of cruise tourism, power inequality and the challenges for local operators to benefit from immanent tourism opportunities.

9. Discussion and Conclusion: The discussion and analysis chapter connects the literature and context chapters to the findings. Immanent and intentional development are discussed before examining cruise tourism PPP and CSR activity. Vanuatu's relationship with cruise tourism is examined before an analysis of how cruise tourism CSR fares when compared to the Development First framework. Carnival's position as a facilitator for development is considered before the argument is made for the social impact of cruise tourism to be measured. After the conclusion some key ideas for improvement are listed.
Chapter 2: Development, Corporate Social Responsibility and Public Private Partnerships

This research incorporates several development and business concepts to understand the intentional development approach being taken by Carnival Australia. To position this, a mainstay of development theory, Cowen and Shenton's immanent and intentional development is presented as the overarching theory for this research. Next is a summary of the private sector's position within development and how it implements intentional development through public-private partnerships and corporate social responsibility. Public private partnerships are defined before a slightly more extended introduction to CSR incorporating policy, constraints, its application as a social licence to operate, and finally CSR's relationship with tourism. Power relations between partners are briefly considered before the introduction of a tourism-specific CSR approach called Development First. Development First is appropriate for mass tourism, incorporating the flexibility required to encompass cruise tourism's geographical mobility. Development First is considered an appropriate and useful tool to apply to cruise tourism CSR.

2.1 Immanent vs. Intentional Development

Cowen and Shenton divide development between immanent and intentional, describing how development happens with, or without, a decision to enact it (Cowen & Shenton, 1996, p. 4). Immanent development can be described as the unintended consequence of business activity, Morse describing it as "what people are doing anyway" (2008, p. 341). Immanent development is an important concept as tourism is often assumed to generate immanent development through its mere existence, e.g., stimulating non-tourism business such as construction, procurement, and retail.
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Immanent development as a process has a rich and complex blend of influence, perhaps becoming even more so with the rise in accessibility to a global media. While it may be viewed as organic and indigenous to some extent, there is nonetheless a set of influences from powerful individuals and groups that can direct the process into a particular direction. However, beyond this direction immanent development has no defined endpoint. It is a constant process of change (Morse, 2008, p. 342)

In the above quote, Morse (2008) refers to immanent development's capacity for undesired or unintended development effects, such as negative environmental impacts. In a similar vein, Hart (2001) argues that development is inherently tied to capitalism, and that the introduction of the market economy for land, labour and money can have negative impacts for communities as well as the environment.

Intentional development is defined by Cowen and Shenton (1996) as something being deliberately done, often being state-sponsored. Intentional development includes infrastructure projects and the "deliberate activities undertaken by outside agencies to ameliorate unexpected negative consequences of economic growth such as environmental degradation and the marginalization of women, indigenous communities and ethnic minorities" (Ulluwishewa, 2014, p. 93). Intentional development is usually implemented by professional development agencies such as MFAT, DFAT, TVET and NGOs like Save the Children. This is the type of development that the private sector has been invited to participate in as an equal partner.

Hart splits intentional and immanent development, but in a different way, using the terms big 'D' and little 'd' development. Hart defines 'big D' Development as "a post-second world war project of intervention in the 'third-world' that emerged in the context of decolonization and the cold war" (Hart, 2001, p. 650), reminding us that intentional development carries the weight of colonial and post-colonial baggage. Little 'd' development was described as "the development of capitalism as a geographically
uneven, profoundly contradictory set of historical processes” (p. 650). The issue of
development's capitalist philosophy is not addressed by Cowen and Shenton (1996).
Spreading capitalism is an aspect of development that is rarely directly addressed, and
Hart (2001) reminds us that development is subject to social and political forces,
playing out "across multiple, interconnected social and spatial arenas" (p. 650).

In contrast, Cowen and Shenton (1996) invoke trusteeship, which has a longer history,
stemming from the Enlightenment period, situating the historical context for intentional
development's conscious planning and intention (Cowen & Shenton, 1996, pp. 4-7).
Intentional development incorporates the active nature of trusteeship where "[t]hose
who took themselves to be developed could act to determine the process of development
for those who were deemed to be less-developed” (Cowen & Shenton, 1996, p. 4).
Trusteeship is rooted in nineteenth-century ideas of ethnocentric superiority and
elements of this thinking remain in attitudes between the ‘West and the rest’ or the
global north towards the global south.

For this research, Cowen and Shenton's (1996) terms of intentional and immanent
development are applied. CSR and PPP initiatives fit very well into the concept of
intentional development. Immanent development encompasses the unintended
consequences of doing business and the assumed multipliers expected to accompany
tourism in a developing country context.

2.2 The Private Sector and Development

Linked to intentional development is the notion that private sector actors can 'do
development', with the United Nations Global Compact claiming that "[b]usinesses
have a built-in motivation to see development succeed" and that "business does better
when the world does better" (United Nations Global Compact, 2013, p. 3). In other
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words, business will be motivated to engage in development through achieving enduring financial value through sustainable practices (Kramer, 2014).

The United Nations Global Compact urges the private sector to address the downsides of globalisation through an effort to rebalance the social, political and environmental realms; the goal being a return to the prosperity that Western countries experienced in the years after the second world war (Annan, 1999). The United Nations Global Compact also directs business to focus on universal core values—"human rights, labour standards, and environmental practices" (Annan, 1999, para.8).

In addition to the United Nations Global Compact support, private sector inclusion has been endorsed by the Development Assistance Committee of the Organisation for Economic Co-operation and Development 2011 High Level Forum on Aid Effectiveness in Busan, the 2012 Rio+20 United Nations Global Compact summit for sustainable development (United Nations Global Compact 2012) and the 2015 launch of the United Nations SDGs (United Nations, 2016). All of these entities expect that the rigour, innovation and efficiency of the private sector will be applied to the aid and development sector (Kramer, 2014). However, the methods used by the private sector to engage with development are diverse and there is little guidance surrounding best practices.

Although the triple bottom line of economic, environmental and social targets are the “hallmark of sustainable development” (Sachs, 2012, p. 2206), the SDGs remain grounded in an unchanged economic paradigm assuming “we can essentially continue doing more of the same, only better” (Martine, 2015, p. 632). During the first Rio
conference in 1992, the principle themes were the environment and sustainable development, resulting in the adoption of Agenda 21\(^1\) (United Nations, 1992). Agenda 21 had a greater focus on the environment than anti-poverty strategy and human development. Business felt threatened and did not have a ‘seat at the table’. This changed at the 2002 WSSD\(^2\) where the mining industry initiated a high-level engagement with the UN (Hale & Mauzerall, 2004).

This engagement aimed to self-regulate business before external parties created more threatening requirements (Hale & Mauzerall, 2004). Between 2002 and 2015, the private sector’s voice was further legitimatised and institutionalised, presaging a development environment that is ‘friendly’ towards the business of doing business in the current context. Environmental concerns remain important, but the SDGs are more concerned with SED than Brundtland-era concerns such as ‘carrying capacity’ or ‘limits to growth’ (Barkemeyer, Holt, Preuss, & Tsang, 2014).

There are limitations to the private sector's role in development. One of the key problems that CSR and PPPs do not address is the role the business has played, and continues to play, in the creation of the "business-poverty nexus" (Barkemeyer et al., 2014, p. 29) that can create the very development problems they seek to remedy. The tourism-poverty nexus as described by Scheyvens (2007) highlights that tourism (or business) can be responsible for creating and exacerbating poverty and inequality.

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\(^1\) Commonly referred to as Agenda 21, the full title is "The Rio Declaration on Environment and Development the Statement of Forest Principles, the United Nations Framework Convention on Climate Change and the United Nations Convention on Biological Diversity" (United Nations, 1992).

\(^2\) 2002 WSSD Johannesburg World Summit on Sustainable Development
through poor wages, enclaveisation, precarious employment, leakage and the creation of dependencies (from dependency theory). In addition, businesses often seek 'win-win' solutions, shifting the discourse of sustainable development towards the needs of the global north, ignoring the agenda of the south (Barkemeyer et al., 2014).

The difference between the public-sector and the private-sector are many, but two noteworthy differences are in motivation and stakeholder-accountability. The public sector is accountable to its tax-paying citizens and voting public, whereas the private-sector is accountable to its board, shareholders and customers. This hierarchy of accountability in the private-sector is one of the key reasons why the private-sector should not be relied upon as equal to public sector development actors (Mawdsley, 2015; McEwen, Mawdsley, Banks, & Scheyvens, 2016; Scheyvens, Banks, & Hughes, 2016). The private sector can struggle to obtain stakeholder support to engage as a development actor, being primarily beholden to its bottom line (Scheyvens, 2007). The private sector can additionally be an extremely unreliable development partner, opting out of projects at will, unlike the public-sector. Development is simply not the private sector's main motivation.

One way that the private sector can obtain, and maintain, stakeholder support for development activity is through CSR and PPP initiatives.
2.3 Public Private Partnerships for Development

PPPs for development were a result of the 2002 Johannesburg WSSD, emerging as a type-II\(^3\) solution. While PPPs were a new direction for development, they are not a new phenomenon (Pattberg, Biermann, Chan, & Mert, 2012). Defining PPP is problematic, as the term as "conceptually empty" (Brinkerhoff & Brinkerhoff, 2011, as cited by Pattberg, 2012, p. 3). In an attempt to begin a definition, common features were identified, such as transnationality, non-state relations, a network structure (meaning coordination by participating actors) and adherence to public policy objectives (Pattberg et al., 2012). PPPs can encompass a broad variety of arrangements ranging from two partners to large groupings. In relation to the 2030 SDGs, a working paper contains a two-page annex of definitions for PPP including high-level organisations like the UN, World Bank, IMF, DFID and states (Jomo, Chowdhury, Sharma, & Platz, 2016).

Common to these definitions is reference to infrastructure and shared risks. A representative example is the World Bank definition for this type of PPP:

...a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance (World Bank Group, 2015).

\(^3\) Type II Partnerships: These partnerships are voluntary, non-negotiated, multistakeholder, international, collaborative projects for sustainable development. Partnership members are drawn from governments, international organizations, private corporations, and from civil society. Partnerships are referred to as Type II agreements to distinguish them from the politically negotiated agreements and commitments that were considered the first outcome of the summit. Officially, partnerships are intended to contribute to the implementation of intergovernmental commitments made in Agenda 21, the Program for the Further Implementation of Agenda 21, and the Johannesburg Plan of Implementation (PoI). They are not meant as a substitute for intergovernmental commitments (Hale & Mauzerall, 2004, pp. 220-221)
PPP's for development differ as they address social concerns through the provision of services. The following definition from Satdtler is characteristic, and typical of PPP's for development, particularly the exclusion of shared risks.

PPP's for development are collaborative arrangements between actors from the public and business sectors that address a societal concern in close interaction with civil society by jointly providing public goods and services to an underprivileged community group through existing public institutions (Stadtler, 2016, p. 73).

As this thesis examines Carnival Australia's partnership with DFAT, it is important to include how DFAT describes their relationship:

Our work to strengthen the private sector and expand financial inclusion opportunities for people in the Pacific will include leveraging financing for private sector development. We will work closely with corporate partners, including Carnival, Westpac and ANZ Bank, to create commercially sustainable solutions to poverty (Department of Foreign Affairs and Trade, 2016).

These three definitions of PPP present an evolution—emerging from the public sector, then becoming tailored to private sector's engagement with development and finally the public sector is working to "strengthen the private sector" as a way create "commercially sustainable solutions to poverty" (Department of Foreign Affairs and Trade, 2016). The partnership description between Carnival and DFAT is reflective of the post-2015 Aid paradigm's focus on economic self-interest and 'aid for trade' approach (Warwick E. Murray & Overton, 2011).

2.4 Corporate Social Responsibility

Milton Friedman famously stated that the "business of business is business" and in the 1970’s advocated that social responsibility was to be actively avoided by business (Friedman, 2007). Yet, the origins of CSR emerged within a decade, with Carroll stating
in 1979 that the "social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that a society has of organizations at a given point in time" (p. 500). While CSR has been taken up by business since the 1980's, tourism is a late adopter, with Cole et al., (2013) pointing that business academic researchers no longer question the necessity for CSR, while scholars in the tourism disciplines are still trying to answer the need and impact of CSR.

Socially engaged firms have always existed, but formalised CSR dates from the 1980s. CSR can also be difficult to define and variously referred to as a phenomenon, a managerial ethos and a stakeholder-driven ethical corporate philosophy (Dahlsrud, 2008; Mason & Simmons, 2014; Porter & Kramer, 2006). Despite widespread uptake, defining CSR exhibits great variation between sectors.

Dahlsrud (2008) provides a helpful analysis of 37 CSR definitions, establishing commonality across five dimensions. Three of the five dimensions include the triple-bottom line of social, economic and environmental dimensions, the fourth and fifth being stakeholder engagement and voluntariness (Dahlsrud, 2008). Adding to the triple-bottom line, the stakeholders require "that the business should perform above regulatory requirements" (p. 6), but it must be voluntary. Voluntary self-regulation is particularly important in a business environment without external regulatory framework.

Businesses need engaged 'CSR-savvy' stakeholders to balance the economic requirements of optimal performance with social and environmental commitments (Dahlsrud, 2008). Concluding, Dahlsrud notes that of the 37 definitions of CSR examined, none address Carroll or Friedman's original understanding of the social responsibility of business, instead describing CSR as a phenomenon (2008). Dahlsrud
also notes that the five dimensions "fail to present any guidance on how to manage the challenges within this phenomenon" (p. 6).

The phenomenological nature of CSR, without any regulatory framework or agreed definition, frees businesses and their stakeholders to navigate and customise their own approach. CSR's voluntary dimension naturally encourages approaches tailored to the understandings and requirements of each application. Yet, despite "the noble rhetoric embodied in accompanying CSR policies, these initiatives are mostly pursued for pragmatic short, or medium-term financial reasons, including the increasing cost-effectiveness..." (D. Weaver, 2017, p. 66).

\[\textit{2.4.1 CSR Policy and Reporting}\]

For CSR to be considered legitimate, it requires clear objectives, parameters and a reporting framework. From a number of available corporate reporting structures for CSR, de Grosbois compares three used in cruise tourism: the UN Global Compact (United Nations, 2000), the ISO 14001 and the Global Reporting Initiative (de Grosbois, 2016). de Grosbois' (2016) article advocates for the Global Reporting Initiative framework as the best CSR reporting framework. Carnival global uses this framework (Carnival Corporation, 2016b; Global Reporting Initiative, 2011).

If tourism stakeholders are not supportive, the evaluation and reporting of CSR could be viewed as an additional financial burden. And, in 2016 de Grosbois reported that despite declaring an intention to "produce sustainability reports for all their individual cruise lines, the Carnival Corporation decided not to continue this reporting" indicating it was a "low priority for CSR action and its reporting among many industry players" (de Grosbois, 2016, p. 265). However, the Carnival Corporation & Plc Sustainability website shows an updated Global Reporting Initiative index (Carnival Corporation,
Carnival Australia does not publish any CSR reporting (Carnival Australia, 2017a).

2.4.2 CSR Debates - Possibilities and Constraints

The most vulnerable aspect of CSR is the voluntary dimension. CSR is susceptible to rationalisation from economic crisis, changing stakeholder values, cost saving and corporate restructuring dynamics. Despite positionality as a development actor, the private sector maintains the ability to cease engagement if the core business is threatened. Austerity measures have forced reductions in public-sector development activities in some countries, but the public-sector cannot simply discontinue development. Therefore, the private-sector should be considered the most precarious of development's three partners.

CSR can clearly be good for business. In the hotel sector this includes: increasing competitive advantage (Inoue and Lee, 2011), establishing legitimacy (Williams, Gill and Ponsford, 2007), building reputation; avoiding the imposition of external regulation (Kalisch, 2002), attracting and retaining employees and customers (Ashley and Haysom, 2006), mitigating risk to the business, and accessing branding, marketing and finance options (Ashley et al., 2007).

Most CSR activities are only reliable if the company is financially secure and sustainable itself. Keeping in mind the voluntary, stakeholder-orientated nature of CSR, the secure long-term growth trajectory of the sector should increase the longevity of cruise CSR, keeping non-core 'nice to have' activities will remain 'on the table' into the near future.
2.4.3 CSR and Tourism

In comparison with other sectors, the tourism industry has been late in adopting CSR and often focuses on the environmental dimension (D. Weaver, 2017). Tourism has embraced the reputational and marketing applications of CSR as an "effective means to provide strategic intelligence for managing social risks" (Kytle & Ruggie, 2005). It is also used as a framework to engage with corporate reputation building, stakeholder demands, risk management, social integration and environmental adaption (Chandler, 2016; Pompper, 2015; Scheyvens & Hughes, 2015). Due to this 'pragmatic' approach to CSR, tourism has gained a reputation for greenwashing or overt or unsubstantiated claims of environmental protection (Cock, 2011; DesJardins, 2016; Mowforth & Munt, 2016). A disproportionate focus on an environmental dimension serves sustainability goals through established indicators and reporting - saving the company money and satisfying stakeholder concerns (Scheyvens & Hughes, 2015). A good example of this is the towel-washing notice in your hotel room - saving the hotel money, saving the environment, or both?

Illustrations of CSR within tourism include hotels or resorts supporting schools, scholarships, medical clinics and community led projects such as village tours or tourist entertainment (Hughes, 2016; Scheyvens & Hughes, 2015).
In Figure 3, Carnival Corporation & Plc clearly place value on the reputational, environmental and sustainability aspects of CSR. While the last thirty years have witnessed a shift in the role of the private-sector in relation to CSR and development, in tourism there is little indication that development objectives have superseded those of economic success (Coles et al., 2013). MNCs like Carnival are actually early adopters of CSR in tourism; their annual global sustainability reporting emphasises the environmental dimension (Carnival Corporation, 2017b). This may be a response to Cruise tourism being well known for environmental problems (Adams, Font, & Stanford, 2017; C. M. Hall, Wood, & Wilson, 2017; Johnson, 2002; Klein, 2013). It may also be that a deep engagement with the principles of sustainability is smart risk-management and 'futureproofing'. One way to enhance the longevity CSR is through increased stakeholder engagement.
CSR provides a global platform for passengers, as stakeholders, to pressure cruise companies to demonstrate sustainability, environmental responsibility and commitment to issues of social justice and good governance. As a non-core activity, CSR can often be the first sacrifice made when corporates feel any financial constraint (Porter & Kramer, 2006). Additionally, the voluntary nature of CSR leaves it vulnerable to staff changes, financial crisis and other changes in corporate structure, therefore the external pressure from passengers is vital to ensure it remains a priority.

2.5 Stakeholders and the Social Licence to Operate

A social licence to operate is a form of 'reputational capital' and often an important objective of CSR. To secure a social licence to operate to operate companies undertake activities to create "legitimacy with influential stakeholders" and "go beyond compliance with regulatory requirements" to obtain "approval to function in accordance with community expectations" (P. Williams, Gill, & Ponsford, 2007, p. 134). This concept developed in the mining sector, with multiple studies examining this in the Pacific (Banks, 2006; Banks, Kuir-Ayius, Kombako, & Sagir, 2013). The IFC use the term 'strategic community investment' and describe a social licence to operate as "[v]oluntary contributions or actions by companies to help communities in their areas of operation address their development priorities, and take advantage of opportunities created by private investment—in ways that are sustainable and support business objectives" (International Finance Corporation, 2010, p. i).

When considering the identity and make up of stakeholders, William et al. (2007) identify four groups of stakeholders in relation to tourism:

1. Organisational stakeholders - shareholders and employees of the corporation
2. Economic stakeholders - the interface between the organisation and society - passengers or customers
3. Societal stakeholders - communities, government agencies, NGOs and others with no formal relationship with the company
4. Environmental stakeholders - those representing the physical and cultural base that provides the stage for tourism activities (P. Williams et al., 2007, p. 135).

Williams et al., (2007) discuss that tension can exist between corporations and community groups. Tourism "require[s] the continued operation of corporations as economic drivers, but simultaneously firms need the community’s blessing to do so" (p. 136). It is hoped that the tension resulting from the push-pull between the parties will result in circumstances with both parties equally motivated to engage the other. The social licence to operate is an important tool to manage risk and reputation, but it is equally as important as a tool to engage open dialogue, address needs and approach development from the community perspective (Provasnek, Sentic, & Schmid, 2017). Completing this discussion of the social licence to operate is an acknowledgement that CSR is often driven by reputational benefits, or risk-management rather than development objectives (Kytle & Ruggie, 2005).

2.6 Power Relations in Partnerships

It is important to note that in relation to high-level partnerships, the balance of power is important. Numerous studies have examined power inequalities between corporate donors and their partners (Lefroy & Tsarenko, 2013; Schaaf, 2015; Seitanidi & Ryan, 2007). In an ideal partnership, there would be shared values, common goals and equal power, however a reliance on corporate resources often creates a power imbalance, with further complications such as exploitation, dependence, repression and asymmetry (Lefroy & Tsarenko, 2013). Closely associated with power asymmetry in donor relationships is communication breakdown where the recipient cannot communicate
openly without placing funding at risk (Schaaf, 2015; Ybema, Vroemisse, & van Marrewijk, 2012). As INGO funding models have become increasingly reliant on corporate partnerships, this acknowledgement of uneven power is important (Lefroy & Tsarenko, 2013).

2.7 The Development First Approach

A recently introduced approach to CSR in tourism is the Development First framework. Adapted from earlier work by Burns on tourism planning, Hughes and Scheyvens (2016) created this framework to support CSR towards addressing tourism’s poor record in poverty alleviation (Burns, 1999, 2004; Hughes & Scheyvens, 2016). Hughes and Scheyvens (2016) incorporate the issue of tourism’s domination by MNCs and the challenges of leakage, enclaves and dependency. However, they also support tourism's potential to "contribute more broadly towards sustainable development, through mass tourism in particular" (Hughes & Scheyvens, 2016, p.470). This makes the Development First approach well-suited for cruise tourism.

Meyer's concepts of core and non-core business align with pro-poor tourism theory to support tourism CSR (Hughes, 2016; Meyer, 2007). Core activities are those which are intrinsically linked to the central operation of the business, such as employment and procurement, and the most secure activities to link with CSR. Non-core activities are not vital to the essential business operations, therefore vulnerable to restructuring or rationalising. Donation based partnerships are generally non-core activities. Meyer explains that core and non-core business activities have equally important impacts on poverty reduction when used for pro-poor tourism initiatives (Meyer, 2007, p. 565).

The Development First approach was designed to inform and enhance CSR activities, through the inclusion of community voices, an acknowledgement of power imbalances
and an "emphasis on relationships, collaboration and the role for international players, acknowledging that the private sector is one actor among many" (Hughes & Scheyvens, 2016, p. 473). This approach places emphasis on local knowledge and situating CSR in alignment with current development theory. Additionally, it can reveal

...key factors in an analysis of the development potential of CSR, including how initiatives are identified and developed, the distribution of benefits, the extent to which cultural, social, economic and community well-being are addressed and the capacity for sustainability (Hughes & Scheyvens, 2016, p. 474).

Table 1- Development First framework for assessing corporate social responsibility initiatives in tourism (Source: Hughes & Scheyvens, 2016, p. 478)

<table>
<thead>
<tr>
<th>Sustainable human development</th>
<th>• Does CSR have a long-term or short-term focus?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Does CSR focus on building local capabilities?</td>
</tr>
<tr>
<td></td>
<td>• Does CSR reduce vulnerabilities?</td>
</tr>
<tr>
<td></td>
<td>• Is there evidence of collaboration with other actors, locally, regionally or nationally, and alignment with government goals for enhancing human well-being?</td>
</tr>
<tr>
<td>Holistic focus</td>
<td>• Does CSR contribute to social, cultural and environmental well-being, as well as contributing economic benefits to communities?</td>
</tr>
<tr>
<td>Culture is central</td>
<td>• Can multiplier effects be identified?</td>
</tr>
<tr>
<td></td>
<td>• Is cultural capital valued rather than commodified or museumised?</td>
</tr>
<tr>
<td></td>
<td>• Is local knowledge valued and respected?</td>
</tr>
<tr>
<td></td>
<td>• How is cultural capital sustained?</td>
</tr>
<tr>
<td>Community-focused goals</td>
<td>• Who defines local development needs to be addressed by CSR?</td>
</tr>
<tr>
<td></td>
<td>• How are the poorest or most marginalised sections of the community represented in decision-making?</td>
</tr>
<tr>
<td>Building relationships</td>
<td>• Does CSR help the community to achieve goals that they value as a people?</td>
</tr>
<tr>
<td></td>
<td>• How are meaningful relationships between a tourism business and local communities supported?</td>
</tr>
<tr>
<td></td>
<td>• Are initiatives developed and implemented in conjunction with communities?</td>
</tr>
<tr>
<td>Distribution of benefits</td>
<td>• Is there accountability for CSR to local communities?</td>
</tr>
<tr>
<td></td>
<td>• Who benefits and how are benefits shared/distributed?</td>
</tr>
<tr>
<td></td>
<td>• Who does not benefit or is marginalised?</td>
</tr>
<tr>
<td></td>
<td>• Does CSR counteract or reinforce existing inequalities?</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>• Is there evidence of monitoring and evaluation processes in place?</td>
</tr>
<tr>
<td></td>
<td>• Who is responsible for (a) determining positive indicators of change, and (b) conducting monitoring and evaluation?</td>
</tr>
<tr>
<td></td>
<td>• Does monitoring and evaluation lead to reflection by tourism businesses, and changes in their practices?</td>
</tr>
</tbody>
</table>

Table 1 demonstrates how the framework can be utilised as a "means of assessing tourism company efforts to support local destination development" (Hughes & Scheyvens, 2016, p. 478). It forms a useful counter to tourism's poor record of CSR activities, which are often side line activities for the PR department, or energy-efficiency (cost-saving) initiatives. Development first prioritises human development
and community well-being, encompassing collaborations at multiple levels, it builds capacity and reduces vulnerabilities for the very poor. It considers the fair distribution of benefits, including gender and other inequalities, valuing cultural capital and local knowledge. It included monitoring and evaluation at macro and micro levels, and it is accountable to local communities.

### 2.8 Summary

This chapter began with the introduction of Cowen and Shenton's theory of intentional development. The private sector is responsible for immanent development through business as usual and can engage in intentional development through CSR and PPPs. Support for the private sector doing development is provided by Bilateral Donors, the United Nations Global Compact, Sustainable Development Goals and Agenda 21 (see Chapter 3).

Two key ways in which the private sector can engage with intentional development initiatives is through public private partnerships and corporate social responsibility, but both require stakeholder support for optimum effectiveness. Public private partnerships have received slightly less attention in this chapter as often the public-sector partner drives the development and the private sector implements, constructs, or facilitates the plan.

Corporate social responsibility has received a more detailed examination, as corporate CSR policies often underpin or provide motivation for PPP engagement. Moreover, CSR is often a stand-alone form of voluntary, intentional development engagement. For this reason, tourism was specifically examined in relation to its historical CSR involvement and it was found that tourism is a late adopter of CSR and often involved in forms of CSR that contribute to the social license to operate, reputational
management, or 'greenwashing' rather than activities that actively pursue a social or pro-poor tourism agenda.

One way in which tourism can be more effectively engage with sustainable development objectives is to apply the Development First framework to CSR planning and objectives. This framework helps to direct voluntary CSR activities towards the kind of development initiatives that are likely to have a long-term social outcome.

Although tourism uptake of CSR is slow, it remains a promising method to achieve sustainability in the tourism sector. However, for tourism to use CSR or PPP as tools for poverty reduction and community upliftment, it requires a framework. Development First is a promising framework for tourism companies to ensure their CSR or PPP are in alignment with current development theory, to improve implementation and reporting, and to promote pro-poor or community-centred objectives.
Chapter 3: Tourism and Sustainable Development

The introduction to this research positions sustainable development in relation to the global 2030 agenda. Acknowledging that the concept of development is highly contested (Sumner & Tribe, 2008), this chapter relates the objectives of global sustainable development with the business of tourism, demonstrating how the two can work together to support the 2030 goals. The political nature of development aid is discussed, relating Australia and New Zealand's objectives in the Pacific region. The potential of tourism to drive sustainable development is explored along with the equal potential for negative consequences. Cruise tourism is introduced as a sub-sector of mass tourism before elaborating upon the Development First framework for CSR which was introduced in section 2.7, and specific potential of cruise towards sustainable development.

3.1 2030 UN Sustainable Development Goals

The UN SDGs were ratified in 2016, replacing the Millennium Development Goals (MDGs) that operated between 2000-2015, as the latest set of globally agreed objectives (United Nations, n.d.-b). The MDGs consisted of 8-goals primarily focussed on the eradication poverty in the Global South. A common critique argues that the MDGs were a top-down approach directed towards the Global South by the Global North⁴ (Kumar, Kumar, & Vivekadhish, 2016; Sachs, 2012; Scheyvens et al., 2016). In contrast, the

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⁴ The terms Global North and Global South roughly divide the world between countries with a high Human Development Index, and those with a low score. These terms, whilst not ideal, replace previous binary descriptors such as first/third world or developed/underdeveloped (Eriksen, 2015).
creation of the SDGs followed a wide-scale consultative approach, forming a set of ambitious goals applicable to all UN Countries. In addition to the 17 goals there are over 230 indicators and 169 targets and critique exists around the complexity level and our ability to effectively monitor and measure at this scale (Dunning, 2016). The SDGs' overarching objective is to "Leave No One Behind". Of particular concern in this regard is the lack of data for the most vulnerable people and countries, including many SIDS (Dunning, 2016).

![Image of SDGs]

**Figure 4** - Infographic grid representation of the 17 Sustainable Development Goals
(Source: United Nations, 2018)

Figure 4 is the pictorial logo used to visually represent the SDGs, summarising all seventeen goals. SDGs 8, 12 and 14 are most often associated with sustainable tourism for development (United Nations World Tourism Organization, 2015b), but all are applicable to tourism development, and for this research Goal 17 is very relevant.

**Goal 8**: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.  
**Goal 12**: Ensure sustainable Consumption and Production patterns.  
**Goal 14**: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

(United Nations World Tourism Organization, 2015a)

Acknowledging that the business of tourism can have a coexisting negative potential, the United Nations World Tourism Organization (UNWTO) emphasises the need for sustainable tourism to achieve three foundational areas of sustainability - environmental, economic and social (2015b). These reflect the triple bottom line accounting that often underpins CSR initiatives (Dyllick & Hockerts, 2002). However, triple bottom line thinking is simply not adequate when assessing, or designing, tourism as a driver for development that addresses poverty and dignity (Scheyvens et al., 2016). Business often engages the economic and environmental elements of sustainability, these initiatives often have the added advantage of saving the company money, making them attractive to stakeholders. The social aspect is harder to implement as it may involve paying a living wage or employing specialist staff; these can cost the company money and make them less attractive options when examined through the lens of the bottom line.

3.2 Sustainable Development Aid is Political

The inclusion of the private sector in achieving the SDGs is significant, but most development aid is provided through bi-lateral, multi-lateral or NGO funding. Despite altruistic rhetoric the objectives, and funding, of aid is deeply political, reflecting both the global and national interests of the donors (Dornan & Pryke, 2017; Mawdsley, Kim, & Savage, 2013; McEwen et al., 2016; Warwick E Murray & Overton, 2016; Warwick E. Murray & Overton, 2011). The current set of agreed objectives for global
development are the SDGs; in specific sectors this involves working in collaboration with specific organisations or structures such as the UNWTO, Global Compact⁵ and many other forums. Australian Aid, through DFAT, as an Australian Government Department is subject to Australia's strategic and foreign policy objectives. A brief history leading up to the post-2015 aid paradigm will provide context to Australia and New Zealand's development aid objectives in the Pacific region, including Vanuatu.

Today's objectives and best practices evolved through past lessons, histories and contexts. As a response to the prescriptive neoliberal structural adjustment programs of the 1980s, big 'D' development softened to became more inclusive, and by the 1990s and early 2000s many of the Organisation for Economic Co-operation and Development (OECD) aid programs had achieved a degree of institutional freedom (Hart, 2002; Mawdsley, 2015). This led to increased government support for alternative, grass-roots, inclusive, post-development aid approaches from the 1990s and 2000s. Measuring social outcomes was a priority. The separation of foreign policy and development aid was described as the "post-Washington Consensus around poverty reduction, institutions and social development" (Mawdsley, 2015, p. 341). This period, incorporating the 2000-2015 MDGs, is sometimes viewed as a period of neo-structuralism (Banks, Scheyvens, Murray, & Overton, 2012; Kumar et al., 2016; Warwick E. Murray & Overton, 2011).

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⁵ The United Nations Global Compact is "a call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals" (United Nations, 2000). The initiative aims to engage companies with the SDGs and embrace sustainable, responsible business practices.
In wake of the 2008 global financial crisis the dominant paradigm pendulum swung again triggering far-reaching austerity programs, causing the shift towards the post-2015 aid paradigm (Gore, 2015; Polanyi-Levitt, 2003). Concurrently, in many OECD countries the political power structure orientated towards the right and the 2011 Fourth High Level Forum on Aid Effectiveness in Busan cemented this ideological shift (Mawdsley et al., 2013). This *retroliberal* phase privileges economic growth as the key measurable outcome for development; the objectives being infrastructure development, a stimulation of trade and investment and overall economic growth (Warwick E Murray & Overton, 2016, p. 247).

Retroliberalism encourages state sponsorship and facilitation of the private sector to leverage trade and investment to stimulate economic growth (Warwick E Murray & Overton, 2016, p. 247). It also promotes: "development for diplomacy and the rolling together of national interest and developmentalism and partial return to project modalities" (p. 247). Australia and New Zealand's aid policies were repositioned as increasingly strategic, bi-lateral agreement structures, and the adoption of PPPs (Warwick E Murray & Overton, 2016). Both countries' previously independent development aid divisions were reincorporated under the authority of foreign affairs and trade. Murray and Overton refer to this move as “development for diplomacy” (2016, p. 247). Scheyvens et al. link this move to the SDGs' enthusiasm for private sector partnerships, asserting that "under this new agenda there are expectations that businesses, government and civil society actors will be equally responsible for progressing a more sustainable path forward" (Scheyvens et al., 2016, p. 1)
3.2.1 Australia and New Zealand's Aid Objectives

Both New Zealand and Australia's development objectives have a strong governance and economic focus (Australian Government: Department of Foreign Affairs and Trade, n.d.; Department of Foreign Affairs and Trade, 2016; Ministry of Foreign Affairs & Trade, 2011; New Zealand Ministry of Foreign Affairs and Trade, 2015). In alignment with the SDGs, UN Global Compact and the role for the private sector in development, both countries seek to leverage the capital and innovation of the private sector for development.

Australia spends much of its Vanuatu aid budget on the Technical and Vocational Education Training (TVET) program (Australian Government: Department of Foreign Affairs and Trade, n.d.), and Australian Volunteers International. TVET provides Vanuatu with tourism sector specific training through the TVET for Tourism (TfT) Program.

[The] TfT Program aims to strengthen the capacity and sustainability of tourism product development at the national level through the professional development of relevant government departments and key staff. More specifically these objectives include:

- Generating significant positive changes in the local tourism industry
- Supporting productive participation of ni-Vanuatu in the formal economy
- Supporting existing tourism business development and emphasising sustainability
- Encouraging and assisting the development of new tourism projects
- Building the capacity of local industry coaches, training providers and DoT officers
- Assisting TfT clients to comply with and exceed the DoT accreditation standards
- Assisting TfT clients to operate at an international standard to achieve interaction with the global tourism industry
- Assisting TfT clients with marketing and promotion at individual and destination levels

Key focus areas:
- Local tourism economic growth
• Individual business growth and interaction with the formal economy
• Individual success stories
• Empowerment of women in the tourism industry
• The enhancement and development of other associated sectors via a ‘flow-on effect’ (handicraft, transport, agriculture etc)
• Long term objective:
  • The provision of effective, flexible and relevant skills development services to rural tourism businesses through a partnership between the DoT (business mentoring/product development) and the Ministry of Education & Training (formal training opportunities).

(TVET, Skills for Economic Growth, & Australian Aid, 2015, pp. 5-6)

New Zealand spends more on good governance and tourism infrastructure projects such as the waterfront redevelopment in Port Vila. Although there are other significant donors in the Pacific, such as China, the impact of Australia and New Zealand's shared vision for tourism development in the Pacific cannot be underestimated. Australia, China and New Zealand jointly provide much of the capital, technical assistance and implementation support required for tourism development, including large-scale construction of ports, roads, hotels and airports.

3.3 Sustainable Economic Development and Tourism

The SDGs form a key objective within both New Zealand and Australian Aid programs. As discussed in the previous section the post-2015 retroliberal paradigm privileges economic growth as the key measurable outcome for development. Sustainable economic development is closely associated with orthodox neoliberal economic growth, yet somewhat contradictorily, emerged from the 'Our Common Future's definition of "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations, 1987, para.1). Furthermore, the primacy of economic indicators for sustainability emerged during the Brundtland era of the late 1980s and early 1990s, organisations recognising that environmental conservation and economic development were not mutually exclusive,
having the potential to reinforce one another, and generating the shift towards an environmentally sustainable form of economic development. (Barbier, 2009). A key thinker of that time, Barbier defines sustainable economic development with an emphasis on the role it has for alleviating poverty and social issues.

Sustainable economic development is therefore directly concerned with increasing the material standard of living of the poor at the 'grassroots' level, which can be quantitatively measured in terms of increased food, real income, educational services, healthcare, sanitation and water supply, emergency stocks of food and cash, etc., and only indirectly concerned with economic growth at the aggregate, commonly national, level. In general terms, the primary objective is reducing the absolute poverty of the world's poor through providing lasting and secure livelihoods that minimize resource depletion, environmental degradation, cultural disruption, and social instability (Barbier, 2009, p.103).

It is important to reflect on this definition where poverty reduction and social upliftment are of primary importance (Barkemeyer et al., 2014). Today, a combination of the SDGs, neoliberalism's continued hegemony and the post-2015 aid paradigm have led to sustainable economic development's ascendency as the SDGs leading indicator (Gore, 2015; Warwick E Murray & Overton, 2016). However, the sustainable economic development of today is more closely aligned with the triple bottom line of business than as a tool to address poverty.

Replicating a similar neoliberal shift, Barkemeyer et al. determines that tourism's sustainability discourse has shifted towards managerialism, incorporating a narrow environmental focus, eliminating the emphasis on social issues to create the well-advertised "illusion that business can address sustainability without also giving attention to poverty" (Barkemeyer et al., 2014, p.29). Poverty-alleviation needs to be repositioned at the forefront when situating private-sector tourism as a driver of sustainable economic development (Ashley & Haysom, 2006; Hughes & Scheyvens, 2016).
Numerous studies position tourism as a driver of sustainable economic development (Juan Gabriel Brida et al., 2012; Giampiccoli & Saayman, 2016; United Nations General Assembly, 2015; United Nations World Tourism Organization, 2010, 2015b, 2016c). When discussing tourism's potential for economic development the UNWTO situates it as a cross-cutting issue; able to stimulate trade, jobs, and productive capacities through the tourism value chain (United Nations World Tourism Organization, 2013, p. 10). Praising tourism’s sustainable economic development potential, the UNWTO states that tourism "thrives on assets, such as the natural environment, a warm climate, rich cultural heritage and plentiful human resources, in which developing countries have a comparative advantage", yet acknowledging that it "can also be a source of environmental damage and pollution, a heavy user of scarce resources and a cause of negative change in society" (United Nations World Tourism Organization, 2013, p. 10). This narrative suggests that economic priorities continue to outweigh social and environmental concerns.

### 3.4 Tourism's Potential to Contribute to Sustainable Development

The SDGs have established many objectives based on sustainable economic development yet the underlying concept remains contested (Sachs, 2012; Scheyvens, 2011; C. C. Williams & Millington, 2004), and defining sustainable tourism can be equally problematic (Hughes & Scheyvens, 2016). The UNWTO describes sustainable tourism as taking "full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities" (United Nations World Tourism Organization, 2013, p. 10). The UNWTO's aims linking tourism and sustainable development are listed below.
UNWTO - Aims for Sustainable Development

1 Economic Viability: To ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term.

2 Local Prosperity: To maximize the contribution of tourism to the prosperity of the host destination, including the proportion of visitor spending that is retained locally.

3 Employment Quality: To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender, race, disability or in other ways.

4 Social Equity: To seek a widespread distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor.

5 Visitor Fulfilment: To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, disability or in other ways.

6 Local Control: To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders.

7 Community Wellbeing: To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities and life support systems, avoiding any form of social degradation or exploitation.

8 Cultural Richness: To respect and enhance the historic heritage, authentic culture, traditions and distinctiveness of host communities.

9 Physical Integrity: To maintain and enhance the quality of landscapes, both urban and rural, and avoid the physical and visual degradation of the environment.

10 Biological Diversity: To support the conservation of natural areas, habitats and wildlife, and minimize damage to them.

11 Resource Efficiency: To minimize the use of scarce and non-renewable resources in the development and operation of tourism facilities and services.

12 Environmental Purity: To minimize the pollution of air, water and land and the generation of waste by tourism enterprises and visitors.

(United Nations World Tourism Organization, 2013, p. 18)

These twelve aims are underpinned by tourism's proven growth and economic success.

With one in ten global jobs now tourism-related the UNWTO views tourism as enhancing social inclusiveness and reducing poverty through increasing employment (United Nations World Tourism Organization, 2016d). Almost 60% of tourists will travel to emerging economies and tourism employs twice as many women as other
sectors (United Nations World Tourism Organization, 2016d). The UNWTO advocates for tourism's resource efficiency and potential to enhance environmental protection through financing of conservation, wildlife, and heritage areas, and the organisation believe, tourism can help mitigate climate change through its protection and restoration of biodiversity (United Nations World Tourism Organization, 2016d).

We are also told that tourism has potential to revive and monetise traditional customs and activities, promote cultural diversity and generates awareness of the value of heritage, and it can also empower communities (United Nations World Tourism Organization, 2016d). Finally, tourism can help break down social/cultural barriers, act as a tool for soft diplomacy, provide peace-building cross-cultural encounters and act as a resilient economic sector, quick to recover from security threats (United Nations World Tourism Organization, 2016d). Tourism's potential to alleviate poverty is perhaps its most exciting outcome for development (Hughes & Scheyvens, 2016). All these possibilities described are encouraging for sustainable development, and the potential described by the UNWTO certainly exists, however, a balancing narrative is required for tourism has an equal potential for negative impacts.

3.5 Tourism's Potential for Negative Impact

Tourism has been celebrated for its economic growth and employment. Yet, economic growth cannot be our only measure of success. Globally tourism is dominated by large MNCs and, in addition to the issue of tax avoidance common to MNCs (Narotzki, 2017),
a defining characteristic of tourism is leakage\textsuperscript{6}. Leakage is highest in less-developed countries, particularly SIDS where it leads to reduced multipliers\textsuperscript{7}. Critique from pro-poor tourism studies suggest that one way address leakage is through CSR (Meyer, 2007).

In contrast with the UNWTO narrative, studies indicate that tourism jobs can be highly precarious, being seasonal, low-paid, low-skilled, and without any guarantee of future employment (Budeanu, 2005). There is an issue of 'relative deprivation'\textsuperscript{8} where locals, who previously valued their lifestyles, now feel deprived and unhappy (Budeanu, 2005). Sex tourism is a reality, and platonic relationships are often unequal, superficial and unbalanced, with locals working, and tourists too busy relaxing for any socio-cultural barriers to be crossed (Budeanu, 2005). Rather than "exchanging cultural experiences, in many cases locals become ‘attractions’ for tourists, altering their own traditions and culture to exploit their commercial potential, and gradually forgetting their importance" (Budeanu, 2005, p. 91). This is particularly overt where indigenous people, who might look very different to western norms, are involved in tourism. Negative social impacts

\textsuperscript{6} "Leakage is a term used to describe the percentage of the price of the holiday paid by the tourists that leaves a destination in terms of imports or expatriated profits, or that never reaches the destination in the first instance due to the involvement of northern-based intermediaries. Leakages have been discussed widely in the tourism literature" (Meyer, 2007, p. 561).

\textsuperscript{7} The Multiplier effect emerges from economic theory and assumes that the increased foreign exchange, employment and expenditure equates to 'development' (Sharpley & Telfer, 2002, p. 50).

\textsuperscript{8} Relative deprivation is "when locals perceive the tourists’ lifestyles as more desirable than their own... with effects varying from adopting tourists’ fashion, to the formation of a ‘developed culture’ that often includes aspects such as drug consumption and prostitution" (Budeanu, 2005, p. 91)
can be exacerbated by the emerging problem of overtourism\(^9\), rendering a destination unpleasant for both tourists and locals alike. Completing the summary of impacts is the environmental impact of tourism:

Pollution, waste generation and land degradation, all too frequently occur as a consequence of the success of overpopulated destinations, where tourists compete with locals for available resources (water, land), and with biodiversity species (for their basic needs of food, water or breeding habitat) leading to over exploitation of the natural resources (Budeanu, 2005, p. 91).

In SIDS the environmental impacts can be particularly difficult to anticipate, regulate and control and include issues such as land alienation, waste management, pollution, water scarcity and limited energy resources (Juan Gabriel Brida & Zapata, 2009; Cheer, 2016; C. M. Hall et al., 2017; Pratt & Harrison, 2015; Scheyvens, 2011; United Nations World Tourism Organization, n.d.-b). Cruise's environmental record is problematic and currently a negative externality\(^{10}\).

Tourism is not well-known for its uptake in sustainable practice or reporting, with various studies reiterating tourism's ambivalence towards sustainability (Buckley, 2012; Mowforth & Munt, 2016; Saarinen, 2006). As an example, a Hong Kong study asked if climate changed mattered to the travel industry, finding that "at present, the travel trade has no compelling incentive to change. Business is strong, new destinations are

\(^9\) "Overtourism describes destinations where hosts or guests, locals or visitors, feel that there are too many visitors and that the quality of life in the area or the quality of the experience has deteriorated unacceptably" (Goodwin, 2017).

\(^{10}\) "Externalities occur in an economy when the production or consumption of a specific good impacts a third party that is not directly related to the production or consumption. Externalities, such as pollution, are one of the main reasons why governments step in with increased regulations" (Investopedia, n.d.)
emerging and new products are being developed" (McKercher, Mak, & Wong, 2014, p. 701).

Change in tourism is most often driven by economics or stakeholders\textsuperscript{11}. Many of the objectives promoted by the UNWTO, UN Global Compact and other organisations support sustainable economic development concerns. However, the social, poverty reducing and responsible practices, including environmental elements are not often addressed by large tourism corporations. Therefore, whilst tourism companies are ideally situated to engage social issues such as poverty, they remain unlikely to make changes to their business model without sustained stakeholder pressure.

3.6 Cruise Tourism and Sustainable Development

Cruise tourism is often recognised in academia for its negative impacts; environmental issues, revenue capture, labour concerns around modern-day slavery and more recently, overtourism (Cerić, 2018; Gibson, 2008; Goodwin, 2017; Hill, 2015; Klein, 2002; Krusche, 2014; Terry, 2011; Wood, 2000). Cruise has been particularly criticised on the environmental risks and impacts of cruise ships (C. M. Hall et al., 2017; Hritz & Cecil, 2008; Jaakson, 2004b; Johnson, 2002, 2006; Klein, 2011; Macpherson, 2008; A. Weaver, 2005b). As these critiques have been substantiated over time and accepted by many, this

\textsuperscript{11} As cited by Provasnek et al. "Freeman (1984, p. 46) famously defined stakeholders as ‘any group or individual who can affect or is affected by the achievement of the organization’s objectives’". In this research stakeholders can be tourists/customers, corporate shareholders, governments or the press (Provasnek et al., 2017, p. 176).

A more recent definition "...those groups or individuals: (a) that can reasonably be expected to be significantly affected by the organization’s activities, products, and/or services; or (b) whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives" (Global Reporting Initiative, 2011, p. 40)
study does not seek to focus on them further. Rather this study focusses on cruise tourism's potential positive impact through intentional development initiatives.

A UNWTO report reveals concerns, reiterated by an Australian Aid report, that the problematic social and environmental impacts of cruise tourism require further assessment (Australian Aid et al., 2014, p. 19) (United Nations World Tourism Organization, 2010). Examining whether cruise tourism contributes to sustainable development requires research beyond the economic to incorporate environmental and social elements (J. G. Brida, Riaño, Pulina, & Aguirre, 2013; Juan Gabriel Brida & Zapata, 2009). Literature indicates that the sustainable development impact of cruise tourism can be extremely challenging to measure (Bonilla-Priego et al., 2014; de Grosbois, 2016; Global Reporting Initiative, 2011; C. M. Hall et al., 2017). Although cruise tourism is well positioned to engage in intentional development activities, both as a sector of mass tourism and through directed CSR, there are industry-specific challenges that limit this potential. These challenges are discussed in Chapter 4 which focusses on the cruise tourism industry.

3.7 Summary

Chapter 3 has established a broad international and bilateral support for sustainable development. It also includes a caveat section on the political motivation of aid, important when considering the constraints of DFAT's development projects. Within the framework of sustainable development, tourism has been identified as an ideal industry to support the achievement of the SDGs. Sustainable economic development has been located within the neoliberal hegemony and the focus on economic outcomes established as a barrier to the social and poverty alleviating potential of tourism led development.
Chapter 4: Cruise Tourism

As cruise is a unique sub-sector of mass tourism it is important to understand how it operates and to identify the specific risks and opportunities of cruise tourism for development. This chapter will provide a broad overview of the cruise tourism industry; growth, risk factors, operational model, and economic opportunities; and how these factors influence the industry’s ability to act as a partner for development. Cruise tourism is widely understood as an important opportunity for the Pacific, and World Bank explicitly equates increased cruise tourism to sustainable economic development (World Bank, 2016b). This chapter will position cruise within mass tourism and briefly explore the conceptual shift towards the ship as resort, and the strategic advantages of globalisation for the cruise industry. An examination of risk factors involved with cruise tourism such as fantasyscapes, arbitrage, modern-slavery and flags of convenience. Finally, this chapter will discuss how the cruise industry can engage in development.

4.1 Cruise as Mass Tourism

Cruise tourism is a sub-sector of mass tourism combining the complexity of international marine transport with the challenges and logistics of a full-service resort. Mass tourism has excellent potential for achieving development objectives at scale. Cruise tourism should not be understood as transport but as an exceedingly complicated combination of ship and all-inclusive marine resort, providing entertainment, restaurants, casinos, retail, spa and other leisure services (A. Weaver, 2005b). Understanding that the cruise ship has become the vacation destination is crucial to understanding the future of cruise tourism.

Mass tourism is assumed to be "generating the most severe negative impacts of tourism, and... unable to fulfil the requirements of sustainability" (Budeanu, 2005, p. 92). Yet, in
Facilitating Development

Concurrence with the UNWTO narrative, Weaver makes a strong case for mass tourism's great sustainability potential, supporting the idea that incremental change at the mass tourism level can lead to significant development outcomes (Ashley & Haysom, 2006; Budeanu, 2005; D. Weaver, 2017). Mass tourism developed in Europe during the aftermath of WWII. The collective features of mass tourism are listed here, with an addition, to state if they are applicable to cruise tourism.

Table 2 - Comparing cruise with the characteristics of mass tourism (Adapted from Harrison & Sharpley, 2017, pp. 6-7)

<table>
<thead>
<tr>
<th>Applicable to Cruise?</th>
<th>Harrison and Sharpley's Characteristics of Mass tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>The movement of large numbers of people away from their normal residence</td>
</tr>
<tr>
<td>Yes</td>
<td>Concentrated numbers of tourists in seasonal destinations</td>
</tr>
<tr>
<td>Sometimes</td>
<td>Governments are often major stakeholders</td>
</tr>
<tr>
<td>Yes</td>
<td>Travel for large numbers is organised through specialist organisations across national boundaries</td>
</tr>
<tr>
<td>Yes</td>
<td>TTC's often maintain control over key elements of the industry</td>
</tr>
<tr>
<td>Yes</td>
<td>Loss of authenticity, commodification as well as concern around degradation of the social, environmental and economic aspects</td>
</tr>
<tr>
<td>Yes</td>
<td>Support or opposition of Tourism MNCs have emerged from national and international institutions</td>
</tr>
<tr>
<td>Yes</td>
<td>The impact is not only on the destination resident, but also the nature of the destination</td>
</tr>
<tr>
<td>Yes</td>
<td>Interaction between resident and tourist is superficial and/or limited</td>
</tr>
<tr>
<td>Yes</td>
<td>There are often large social, economic and cultural inequalities between tourist and resident</td>
</tr>
</tbody>
</table>

Table 2 establishes the commonalities between cruise and mass tourism. Additionally, in cruise tourism the resident (referring to the local inhabitants of a tourism area) can be expanded to include the crew. Cruise tourism's additional complexity includes its
Facilitating Development

mobility and 'messiness' in reference to including marine-transport and logistics to the overall picture (Wilkinson, 2017).

4.2 Growth of Cruise Tourism

Cruise tourism is one of the fastest growing, but least studied, tourism sectors. Since the 1970s global cruise tourism has experienced average growth of 6.55% per annum (Cruise Market Watch, n.d.). Growth of the Australian cruise market has been steady, encompassing economic and infrastructural improvement, with a focus on the home-port as a way to maximise benefits (AEC Group, 2015). Australia’s average growth is just over five per cent year on year (Australian Cruise Association, 2016). Cruise New Zealand reports a fivefold growth over the last ten years and anticipates four per cent annual growth (Cruise New Zealand, 2015). New Zealand’s 2016-2017 season is predicted to be the largest yet, increasing by five ships (Stuff, 2016). New Zealand recently approved alterations to Auckland's wharf, planning ahead for the gigantic ships set to dominate cruise in years to come (Cerić, 2018; Wilson, 2017). Vanuatu's Ministry of Tourism has forecast cruise growth at 15% per annum (2013). However, a combined report by Australian Aid, International Financial Corporation (IFC) and Carnival predicts 20-25% growth (Australian Aid et al., 2014). Much of the growth has come from the Australian market; named the world's fastest growing passenger market in 2015, and reporting 21% growth in passenger numbers in 2016 alone (CLIA., 2016; Ting, 2015). Carnival Australia dominates the Australian source market and the Pacific destinations and is a division of Carnival Corporation & Plc., the largest cruise company in the world (Carnival Corporation, 2016a).

The growth trajectory of Figure 5 illustrates the extent of this compounded year-on-year global growth. Shipbuilding dramatically accelerates growth through increasing
Facilitating Development

capacity; more than 50 new ships will enter the market by 2020, increasing capacity by almost 100,000 beds (Cruise Market Watch, n.d.).

Figure 5 - Graph illustrating cruise tourism's dramatic growth between 1990 to 2020 (Source: Cruise Market Watch, n.d.).

Recently, major growth has been from Australia, but this is set to change with The World Bank forecasting enormous increases from Chinese and Asian source markets (AEC Group, 2015; Australian Cruise Association, 2016; Cruise New Zealand, 2015; United Nations World Tourism Organization, 2017a; World Bank, 2016a, 2016b).
Increasing interest in cruise from the Chinese market is reflective of world tourism trends as the UNWTO in figure 6 highlights. China's outbound tourism spend is still growing and already outstrips all other significant markets.

Figure 6 - Infographic of tourism spend by five source markets; China, USA, Germany, UK and France (Source: United Nations World Tourism Organization, 2017a).

New Zealand has published a strategic sustainable development plan for the Pacific and supports cruise tourism for sustainable economic development (New Zealand Ministry of Foreign Affairs and Trade, 2015). Australia strongly supports increasing cruise tourism for development through their strategic PPP with Carnival (Department of Foreign Affairs and Trade, 2013b, 2016). The World Bank, via the IFC also encourage cruise tourism for sustainable development in the Pacific (Australian Aid et al., 2014; World Bank, 2016b). Furthermore, the UNWTO recommends cruise as a pathway towards the Pacific's achievement of SDGs (United Nations World Tourism Organization, 2015b).
4.3 Cruise Tourism Industry

Cruise tourism is expanding exponentially, outstripping the creation and implementation of appropriate legislation or regulation (Buckley, 2012; D. Weaver, 2012). Cruise ships have become mobile marine resorts; providing entertainment, restaurants, casinos, retail, spa and other leisure services, encapsulated in a travelling location (Rankin & Collins, 2016; A. Weaver, 2005b). This mobile resort sits atop a complex, logistical, marine-transportation operation and there is often tension between needs of the operational and hotel business streams (Sheller, 2009). Cruises traditionally voyage from one port to another, on a circuitous journey, returning to the port of origin (United Nations World Tourism Organization, 2010). However, it is important to understand that today's cruise ships are at once transport and destination, reducing the significance of the ports and countries visited (Jaakson, 2004a; A. Weaver, 2005b). As a result, the selection of the ship (as holiday destination), combined with the growing phenomenon 'cruise addiction', the ship is becoming more important than the geographical destination (Juan Gabriel Brida et al., 2012; Chase & Alon, 2002; Hung & Petrick, 2011; Macpherson, 2008; Sun, Jiao, & Tian, 2011; Torbianelli, 2012; A. Weaver, 2005b; Wood, 2000). The 'determinitalization' (Wood, 2000) of the geographic destination is one of the key risks to new cruise destinations, with important implications for community development under CSR.

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12 No academic literature examining cruise addiction is currently available, yet this term is extremely familiar amongst cruise passengers, and industry. Cruise addiction is a motivating factor in passengers increasingly selecting the ship (based on its size and facilities) over the destination or itinerary (Hung & Petrick, 2011). Cruise 'addicts' proudly identify as such, readily comparing notes and experiences with other passengers in various online forums. Cruise
4.4 Cruise Tourism Risks

Despite all the growth, cruise has not yet had a meaningful impact on development. In relation to Vanuatu, Cheer states that "despite several decades of cruise ship visits, the development of long-term legacies and evidence of advances in living standards remain unconvincing" (2016, p. 408). Other studies have highlighted issues around captured spend, fantasyscapes, home ports, supply chain, employment, flags of convenience and arbitrage (Juan Gabriel Brida & Zapata, 2009; Coggins Jr, 2014; Dwyer, Douglas, & Livaic, 2004; Gibson, 2008; C. M. Hall et al., 2017; Johnson, 2002; Jordan & Vogt, 2017; Kelleher, 2015; Klein, 2002; Krusche, 2014; Larsen & Wolff, 2016; Larsen, Wolff, Marnburg, & Øgaard, 2013; Macpherson, 2008; Niatu, 2007; Penco & Di Vaio, 2014; Rodrigue & Notteboom, 2013; Stefanidaki & Lekakou, 2012; Terry, 2009; Torbianelli, 2012; Véronneau & Roy, 2009; A. Weaver, 2005a, 2005b; Wood, 2000)

As a mass tourism industry, cruise is dominated by large MNCs. Just three companies control over eighty per cent of the cruise market. Cruise lines are highly profitable MNCs and have the potential to create core-periphery\textsuperscript{13} style economic models (Scheyvens, 2002; Seligson & Passé-Smith, 2008). As such, cruise companies are associated with the problems that these kinds of corporate structures exacerbate; tax avoidance and issues around labour, procurement, deterritorialization and arbitrage are also pertinent (Rankin & Collins, 2016; Wood, 2000). All large cruise ships are companies capitalise on this, offering various incentives and points-accumulating systems to frequent guests.

\textsuperscript{13} The Core-Periphery economic model stems from World Systems Theory. The basic premise is that "as general prosperity grows worldwide, the majority of that growth is enjoyed by a 'core'
registered under flags of convenience14 (FOCs) (Gibson, 2008, p. 43; Jaakson, 2004b; Wood, 2000). This allows them to take full advantage of few, or limited, environmental and labour regulations and non-unionised workers (Jaakson, 2004b, p. 178). Most cruise lines have their headquarters in the United States, but no ship carrying over 150 passengers flies a U.S. flag (Gui, 2010; Wood, 2000, p. 351). The largest of the three companies is Carnival Corporation & Plc. the global parent company of Carnival Australia (Carnival Corporation, 2016a).

Cruise has encouraging potential for development, but there are also some industry specific risks to cruise tourism that this section will explore. This discussion expands on these critical aspects including:

4.4.1 Captured spend
4.4.2. Creation of Fantasyscapes
4.4.3. Home Port
4.4.4. Supply Chains, Food and Resupply
4.4.5. Globalisation
4.4.6. Employment
4.4.7. Flags of Convenience
4.4.8. Arbitrage

4.4.1 Captured Spend

Weaver describes modern cruise vessels (post 1990) as "mobile vacation compounds that are built by cruise-ship companies for the purpose of revenue capture" (2005b, p. 165). Cruise ships operate a closed-system, casino-model of business, or “destinations region of wealthy countries despite being severely outnumbered in population by those in a 'periphery' that are ignored" (ThoughtCo, n.d.).
sui generis” (Larsen et al., 2013, p. 143). Compared with land-based packages the average cruise passenger spends much less (Larsen et al., 2013; Marksel, Tominc, & Bozicmik, 2016). Wood reasons that the heavily promoted preference for the "simulated world of the ship, not the gritty reality of the [land] destinations” encourages the further capture of passenger spend (Wood, 2002, p. 434). Finally, once ships displace destinations they also become the "places where many tourists are inclined to spend their time and money" (A. Weaver, 2005b, p. 165). As ships constantly improve the "ship as a tourist bubble is secure, comfortable, and tightly controlled” (Jaakson, 2004a, p. 57).

Another strategy to secure the bulk of the tourist spend is to limit passenger movement and capture shore spend (Larsen et al., 2013). For example: Carnival encourage passengers to pre-book shore activities (Princess Cruise Lines, 2016) “with the Shore Tours desk onboard” (Carnival Australia, 2016). Cruise companies make between 10-40% commission on these activities, which form around 25-35% of operating profits (United Nations World Tourism Organization, 2010, p. xxi). These policies create structural barriers to tourism empowerment for local communities, particularly for shore-tour operators. A risk to Pacific countries is that economic benefit of hosting ships may be much lower than assumed when examining arrival projections. An inaugural report on the economic benefit of cruise ships has been funded by Carnival, Australian Aid and the IFC in 2014 (Australian Aid et al., 2014). The report establishes baseline figures for future comparison. A summary of the results is reproduced below,

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14 Flags of convenience (FOC) are obtained by "registering ships in countries apart from where they are owned or operated"(Terry, 2009, p. 469). This allows the company to avoid 'inconvenient' environmental or labour laws.
reinforcing the economic and employment importance of cruise to Vanuatu. It also indicates that cruise tourists are not spending significantly ashore, highlighting this as an unmet need and opportunity.

The key results from the study are summarised in the bullet points below. All amounts are in Australian dollars ($).

- Cruise companies, their passengers and crew spent $34.6 million in Vanuatu in 2013. This is equivalent to approximately 10% of Vanuatu’s exports. Private businesses receive 90% of this expenditure.
- Additional indirect stimulus impacts, estimated at $18.6 million, resulted from second round spending by businesses benefiting from direct cruise-related expenditure.
- Each cruise ship voyage brings an average of $260,000 in spending to Vanuatu and one cruise ship passenger brings $125 of spending.
- Additional economic benefits estimated at $30 million over 10 years, have been identified through priority investments profiled in this report; these opportunities are focused on destination development and providing improved access to the cruise market for Vanuatu businesses and individuals.
- In Vanuatu, the cruise industry is estimated to generate up to 3,250 total employment opportunities.
- Cruise passengers spend $96 per day in Port Vila, $45 per day in Luganville and $11 per day in Mystery Island.
- Port Vila receives 85% of all passenger expenditure in Vanuatu (and 80% of all direct expenditure). This is due to Vila’s high number of calls and well-developed excursions and shopping opportunities.
- The survey found a strong positive correlation between passenger satisfaction and spending: the more satisfied a passenger with the variety of things to see and do, the longer they stay ashore, and the more they spend.
- The survey found some unmet demand in sales of handicrafts, clothing and jewelry, pointing to the need for better market research to capitalize on missed sales opportunities.

In the coming years, cruise industry related expenditure coming into Vanuatu is expected to grow with increases in size and number of cruise ships traveling into the South Pacific.

(Australian Aid et al., 2014, pp. 1-2)

4.4.2 Creation of Fantasyscapes

Rankin and Collins argue that cruise ships exemplify “the uneven politics of globalizing processes in both its functions and territoriality” (2016, p. 8) and that fantasyscapes reorganise notions of sovereignty, replacing geographic destinations with constructed
environments designed to “articulate the desires of passengers” (Rankin & Collins, 2016). This section will describe the risk issue of private islands, or fantasyscapes. Cruise Critic reports that, relating to the Caribbean, "cruise lines have been investing in land-based private islands that allow them to offer passengers exclusive beach time as an extension of the onboard experience"(Cruise Critic Staff, n.d.). For example, Labadee is a controversial private resort in Haiti with problems including: tourists not knowing they are in Haiti, the protected enclave status denying locals access, all food sales are run by the cruise ship and all souvenir sales being rigorously controlled (Labrousse, 2015). Labadee is not an example of the kind of development the UNWTO has envisioned for cruise.

No longer a convenient combination of accommodation and transport, cruise can intentionally displace geographical locations as the primary tourist attraction (Juan Gabriel Brida et al., 2012; Chase & Alon, 2002; Hung & Petrick, 2011; Macpherson, 2008; Sun et al., 2011; Torbianelli, 2012; A. Weaver, 2005b; Wood, 2000). Extending the Disney-like liminal environment of the ship onto the land, the creation of private islands or fantasyscapes and these constructed territories fulfils dual goals: to capture passenger spend and reduce ‘real world’ unpredictability. This trend has obvious implications for tourism to achieve intentional development as it exacerbates leakage and reduces the potential multiplier effect (Clancy, 2008; Klein, 2002; Wood, 2002). Reterritorialization and the creation of fantasyscapes has become a particular feature of the highly competitive Caribbean Cruise market (Clancy, 2008; Klein, 2011; Sheller, 2009; A. Weaver, 2005b; Wood, 2002). Wood states that a "healthy cruise tourism should promote healthy land-based tourism, not undermine it" (2002, p. 429) and there is strong evidence indicating land-based tourism in the Caribbean has suffered due to cruise tourism growth (Wood, 2002, p. 429). Slatter proposes that the Pacific could be
threatened by fantasyscapes and mentions Vanuatu's 'Mystery Island' as a potential location (2006).

### 4.4.3 Home Ports

Home-ports achieve the greatest country-based earnings from cruise tourism (Clancy, 2008; United Nations World Tourism Organization, 2010; Véronneau & Roy, 2009; Wood, 2002). The resupply is conducted at home-ports resulting in higher spend and more jobs. Passengers also start and end their journeys at homeports realising the multiplier effect of taxi rides, airport transfers, pre or post cruise hotel accommodation, restaurant meals, retail spend and day trips in the homeport location.

Complex city economies such as Barcelona, Sydney or Auckland are more able to realise these economic multiplier effects of cruise tourism, day-visit destinations do not fare so well, particularly in less-complex local economies (Ghosh, Siddique, & Gabbay, 2003; United Nations World Tourism Organization, 2010, p. 196). Remote, rural or beach destinations realise minimal, yet direct economic benefit. Ideally, greater linkages could be formed between the cruise ship and small businesses at the beach (Scheyvens & Russell, 2013).

### 4.4.4 Supply Chains, Food and Resupply

Food and eating are a fundamental characteristic of any cruise experience. Rankin and Collins established that food was the “most consistently mentioned theme within cruise accounts, taking precedence even over recollections of destinations, weather, other passengers and the ship itself" (2016, p. 12). Food and eating form a "constitutive element of the cruise ship assemblage" (p. 12) and the importance of food cannot be
underestimated. Therefore, ensuring attractive, recognisable, safe food is an indispensable factor of cruise supply chain management (Véronneau & Roy, 2009).

It is useful to understand that the supply of food, beverages and brand-name duty-free goods is not entirely cost-driven. Supply costs are negotiated through large-scale purchasing power, but a more important objective is the creation of value. Value is difficult to establish through 'no-name brand' or unfamiliar 'foreign' items. Passengers respond to familiarity, safety and value and often choose to return to the ship for meals, even if they are having a shore day. Ships often actively discourage passengers from eating ashore as part of risk-management.

As global corporations it may be surprising that certain sovereign policy is maintained around food and hygiene, most commonly the United States Food and Drug Administration's safety regulations (U.S. Food & Drug Administration, 1995). In the Caribbean a huge proportion of food and beverages are shipped from the United States to guarantee familiarity and consistency and to ensure tight "quality control over food safety, meeting United States public health agency standards" (Véronneau & Roy, 2009, p. 132). Resupply for Vanuatu is from Australia. As a global corporate, the logistics and centralised purchasing power is vast, dis-incentivising any potential for destination-specific resupply.

4.4.5 Globalisation

Cruise corporations are truly global with Wood describing them as an “extreme manifestation of/or how global economic restructuring both reflects and promotes new forms of the deterritorialization of capital, labor, and touristic place itself” (2000, p. 350). This refers to the ship/resort as the non-geographic destination. Gui calls cruise a "mass-industrialization’ in leisure activities" (2010, p. 262) drawing the parallel with
the common MNC practice of outsourcing manufacturing to the Global South to take advantage of reduced environmental regulations and cheaper labour. Cruise corporations take advantage of their global reach by locating their financial headquarters in tax havens, sourcing labour globally and avoid laws and marine legislation by operating under another country's flag (Gibson, 2008; Jaakson, 2004a; Klein, 2011; Macpherson, 2008; Rankin & Collins, 2016; Terry, 2011; United Nations World Tourism Organization, 2010; A. Weaver, 2005b; Wood, 2002). Flags of convenience are a unique feature of cruise and detailed under 3.5.7, however, labour needs to be discussed first.

4.4.6 Employment

Cruise tourism is assumed to generate employment opportunities for development (Wilkinson, 2017). However, this assumption has been challenged by numerous scholars (Juan Gabriel Brida et al., 2012; Juan Gabriel Brida & Zapata, 2009; Chase & Alon, 2002; Cheer, 2016; Clancy, 2008; Dwyer et al., 2004; Dwyer & Forsyth, 1998; Jaakson, 2004a; Jordan & Vogt, 2017; Larsen & Wolff, 2016; Larsen et al., 2013; Macpherson, 2008; Marcussen, 2016; Papathanassis & Mantel, 2016; A. Weaver, 2005a, 2005b; Wilkinson, 2017). Cruise ships are able to provide a 'luxury resort' experience through maintaining a high guest to staff ratio, but many of the staff do not interact with the passengers at all. Cruise ships are “centres of production” (Gibson, 2008, p. 43) employing a broad occupational spectrum, from cleaners to engineers (Wood, 2000).
Sailors, bakers, administrators, chefs, engineers, serving staff and managers are all required to maintain the dual-operation\(^{15}\) of the ship.

Crew are separated into three categories: officers, hospitality staff and below-decks; with separate living quarters, dining areas and different levels of pay. Studies further note an ethnic divide between these categories (Klein, 2011; Rankin & Collins, 2016; Wood, 2000, p. 353). Studies portray cruise employees as a microcosm of world inequalities; low paid citizens of the Global South fill the most menial below-decks positions while a highly-educated officer class from the Global North occupy the managerial and officer level\(^{16}\) (Dwyer et al., 2004; Gibson, 2008; Gui, 2010; Hritz & Cecil, 2008; Judd, 2006; Klein, 2011; Terry, 2009, 2011; United Nations World Tourism Organization, 2010; Wood, 2000).

Interestingly this divide is often emphasised cruise marketing; celebrating the intergenerational professionalism of the European officer class alongside the exceptional friendliness of the (largely) Southeast Asian hospitality staff (Terry, 2011; Wood, 2000, p. 356). No reference is made to those below decks who cook, clean and keep the ship running, they are obliquely referred to through the publication of modern-day slavery\(^{17}\) policy statements on cruise websites (Hill, 2015).

\(^{15}\) Dual-operation is conceptualised as the structure of a hospitality/resort entity combined with the mobility and operational requirements of an ocean-going ship.

\(^{16}\) For an 'entertaining' account of crew life the "Cruise Confidential" series details conditions below decks, breaking the unwritten rule of 'what happens at sea, stays at sea' (Bruns, 2008). Beyond the entertainment value this series describes significant inequalities and prompted media scrutiny into the employment conditions on cruise ships.

\(^{17}\) Cruise companies have been accused of modern day slavery by Tourism Concern stating "the average customer has no idea that their cruise is built on slave labor conditions, exploitation,
The flipside is that educated young people from SIDS or Global South, like Vanuatu, with few employment or career opportunities, take advantage of cruise employment, increasing development through remitting money to their communities, learning transferrable skills. They often return to start small businesses using their accumulated savings and skills (Terry, 2009; Wood, 2000). While most articles focus on a critique of cruise employment Weaver points out that Global South recruits choose between working on the ship, or being unemployed at home, so while ship wages are low, they may be better than in the home country (A. Weaver, 2005b). A study by Gibson "suggests that for many, work and life onboard a cruise ship is more attractive than may have been thought by the uninformed observer, providing the individual is prepared to assimilate herself or himself into the community" (Gibson, 2008, p. 51).

4.4.7 Flags of Convenience

Flags of Convenience (FOCs) take advantage of international marine legislation, allowing cruise lines to source employees globally and apply alternate labour laws to those of the corporation, staff, or passenger’s home countries. Wood explains that when sailing under a FOC employees are not subject to the labour laws of their passport country, or where the MNCs is registered; rather, contracts are subject to the law of the country under which the ship is flagged, most commonly Panama, Liberia, or the Bahamas. Labour law protecting the rights of workers are virtually non-existent in FOC countries (Wood, 2000, p. 351). FOCs help to sustain an “economic globalization in

and environmental degradation” (Hill, 2015). Policy statements by cruise companies are a response to these allegations, see: https://www.carnival.com.au/au-legal-notice/modern-slavery-act.aspx
which disadvantaged workers from poor countries are increasingly required to sustain the tourist landscapes that are enjoyed by advantaged people of the world” (Terry, 2009, p. 479). FOCs additionally provide scope to engage in environmental practices considered illegal in most passenger source countries (Juan Gabriel Brida & Zapata, 2009; C. M. Hall et al., 2017; Johnson, 2002).

4.4.8 Arbitrage

A way that cruise lines benefit from their global MNC status is through arbitrage, Gui considers four types arbitrage applicable to cruise: cultural, geographic, administrative and economic (2010, p. 267). Arbitrage is defined as "the simultaneous purchase and sale of an asset to profit from a difference in the price" (Investopedia, 2016).

Cultural arbitrage is the exploitation of cultural differences, or the country-of-origin differences. It rests upon the assumption that one nationality does something 'better' than another, therefore creating value, German cars or French wine for instance (Gui, 2010). In the cruise industry, cultural arbitrage often refers to employees or ships; for instance: 'professional' Norwegian officers or 'hospitable' Indonesian serving staff.

Geographic arbitrage is the advantage created by the physical distance and climate difference between counties. It includes seasonality - passengers 'escaping their winter's' (Gui, 2010). FOCs exploit geographic arbitrage allowing cruise companies to avoid certain sovereign regulatory measures and take advantage of others. The ship, as a destination, allows some people to escape their reality entirely.

Administrative arbitrage is the most applicable to cruise tourism. A combination of FOCs and corporate registration in tax havens facilitate economic, labour and regulatory advantages. Administrative arbitrage encourages competition between ports, so cruise
companies can obtain lower fees and better facilities (Gui, 2010, p. 267; Wood, 2002). This is a particular problem in the Caribbean where aggressive completion has led some ports to drop fees and taxes altogether, hoping the multiplier impact of increased shore spend by passengers will be enough (Clancy, 2008; Jaakson, 2004b; Wilkinson, 2017)

Economic arbitrage is particularly evident cruise where FOCs and global recruitment allow cruise companies to economically benefit from unequal labour regulations. This international labour force is often characterised by working for low pay, long-hours and months without any leave (Gui, 2010, p. 268).

4.5 Summary

This chapter has established the rapid economic, geographic and passenger expansion of the cruise industry. Numerous studies indicate that cruises operate within an economic model inherently at odds with community and sustainable development. This indicates that for development outcomes to be achieved they need to be intentional. Cruise companies operate firmly within the paradigm of neoliberal globalisation and operations flying flags of convenience are notoriously difficult to regulate.

The cautionary section on fantasyscapes not only sanitises and 'McDonaldises' the shore experience, but potentially 'determinitalizes' and undermines the sovereign identity, cultural distinctiveness and 'reality' of the host nation (A. Weaver, 2005a). This risks the relegation of SIDS to backdrops, strengthening the cruise company's power and ability to replace one beach with another. Interchangeability, as experienced in the Caribbean renders host-countries vulnerable and disadvantaged when negotiating terms.

In addition to providing an overview of the cruise business model this chapter has also referenced the difficulty of regulating the global cruise industry. Not only has the cruise
industry initiated strategic efforts towards deterritorialising destinations, but at a corporate level has deterritorialised itself, rendering taxation, regulation, labour and legal matters difficult to legislate. The last issue touched upon was communication, which becomes increasingly difficult when power is so profoundly unequal.
Chapter 5: Context: Vanuatu, Tourism and Development

This chapter positions Vanuatu both geographically, demographically and in relation to both tourism and development. Vanuatu's geographic location is important in relation to both tourism and cruise tourism, being ideally distanced from Australia. A short history provides some background context to Vanuatu's governance, economy and its identity as a small island developing state. An economic reliance on overseas development aid funding relates to Vanuatu's vulnerability to external influence and development intervention. Finally, a discussion of cruise tourism's current, and future, importance to Vanuatu is considered.

5.1 Vanuatu Geography and Demographics

Vanuatu is a culturally diverse, strikingly beautiful, group of tropical islands. The very name evokes sunsets, hammocks, and a lush natural environment. 'Tales of the South Pacific' a book by James A. Michener was inspired by his time posted in Luganville during WWII. The Broadway musical 'South Pacific' developed from this book of short stories and the imagination of a generation was captured; Vanuatu is ideal for marketing vacations (Wrecks to Rainforest, 2012).

Situated between the Coral Sea and the western rim of the Pacific, east of Australia and south of Papua New Guinea, Vanuatu is a Y-shaped group of eighty-three islands, many of which are geologically active (Department of Foreign Affairs and Trade, n.d.-b; United Nations, n.d.-a). Earthquakes are common and the active volcanoes of Ambae and Tana pose a risk but are also popular tourism attractions. In late 2017 tourists were taking scenic flights while Ambae's Mt Monaro erupted, and the entire island population was evacuated. In addition to regular Pacific Ring of Fire events, Vanuatu, like other SIDS, is highly vulnerable to climate change, particularly the increasing ferocity of
extreme weather events. In March 2015, the immense tropical cyclone Pam (TC Pam) ripped through Vanuatu causing extensive damage, displacement and trauma, yet Vanuatu tourism bounced back quickly (Garrett, 2015).

The real risk of natural disaster places additional strain on a nation increasingly dependent on tourism as a fundamental source of revenue and economic growth. In addition, tourism is vulnerable to global markets, fluctuating aviation fuel price, unreliable flight schedules, regional and international competition, domestic unrest and global economic downturn (Podhorodecka, 2017). The 2008 GFC significantly impacted tourism. These risk factors become more meaningful when tourism is relied upon as the main driver for economic growth, jobs, independence and infrastructure.

Espiritu Santo, commonly known as Santo, is the largest island by landmass, but with only 15% of the population. The map provided in Figure 7 is rather old and the French spelling is used for place names. It appears there are few new maps for Vanuatu available online. As figure 7 shows, the main town on Santo is Luganville, with a population of just under 14000 (VNSO, 2017). Vanuatu's capital is Port Vila, located on Efate, a smaller island in the south. Efate is home to approximately one-fifth of Vanuatu's approximately 272 500 people (VNSO, 2017, p. 1) (United Nations, n.d.-a). Around three quarters of Vanuatu's population live in villages of less than 200 people (United Nations, n.d.-a). According to the 2016 post Tropical Cyclone Pam Census, almost 40% of the population is under the age of 15-years and almost 65% of the population is aged under 30, a significant youth-bulge (VNSO, 2017, p. 1).
Figure 7 - Map of Vanuatu showing research locations. Luganville and Champagne Beach, Espiritu Santo. And Port Vila, Efate (Source: Nations Online Project, 2017).

The implications of this youth-bulge are explored in an Australian Aid, Pacific Leadership Program report from 2016:

The consequences of insufficient jobs for young people in the Pacific are significant and broad. Access to work is an important means through which young
people are included in, and participate in, society (UNICEF and SPC 2011). Given the means to do so, young people are well-positioned to enhance the economic production and social cohesion of their communities (UNICEF 2011: 7). Limited opportunities to engage in work have implications for direct welfare outcomes for young people and their families, and also for the broader economic performance and political stability of their communities (The World Bank 2014). Lack of employment opportunities has the potential to marginalise young people and to cause a range of negative consequences, including increased risk of conflict and violence (UNICEF and SPC 2011). (Barbara & McMahon, 2016)

The youth bulge is a motivational factor for both MFAT and DFAT in their strategic plans for Vanuatu, it underpins the issue of increased employment, education and economic development. Agricultural work programs like New Zealand's Recognised Seasonal Employer (RSE) scheme assists with employment (New Zealand Immigration, 2018), Australia has a similar scheme (Australian Government Department of Jobs and Small Business, 2018). In the MOU between Carnival and DFAT employment is an important objective.

5.2 History and Governance

In 1980 the Republic of Vanuatu was established through an independence movement that liberated the island nation from colonial rule; for 74-years prior the New Hebrides were jointly administered through an Anglo-French condominium of the United Kingdom and France (United Nations, n.d.-a). Although the Republic of Vanuatu was established without great violence there was not universal agreement. Espiritu Santo's attempt at secession and the "proclamation of a Government of the Republic of Vemarana" (Tabani, 2008, p. 342), towards the end of January, 1980 occurred just six-months prior to Vanuatu's official independence. This Nagriamel movement was an anti-Anglophone kastom [custom] inspired independence movement led by charismatic leader Jimmy Stevens, and funded by the U.S. based Phoenix Foundation, which was a "neo-colonial hyper-liberal and radically anti-customary"(Tabani, 2008, p. 335) This
secessionist history remains a cultural undercurrent on Santo. Troops from Papua New Guinea were sent to restore Santo to Vanuatu and put an end to the Nagriamel movement and Jimmy Stevens was imprisoned.

Today, Vanuatu is a republic with a non-executive presidency. The President is elected by Parliament together with the Presidents of the regional councils and serves a five-year term. The single-chamber Parliament has 52 members, directly elected every four years by universal adult suffrage with an element of proportional representation. Parliament appoints the Prime Minister from among its members, and the Prime Minister appoints a council of ministers from among the MPs (The Commonwealth, 2015). Vanuatu's tax-haven status has successfully attracted foreign capital but may have helped encourage endemic state-level corruption, to the point that Vanuatu's governance reputation is very poor (Forsyth & Batley, 2016; McDonnell, 2015; Slatter, 2006; Transparency International Vanuatu, 2014).

2015 was a dramatic year in Vanuatu. Fourteen politicians – over a quarter of the parliament – were imprisoned for corruption; the speaker of parliament purported to use his interim executive powers as acting president to pardon himself and the other convicted members of parliament; and finally, the president decided to dissolve the parliament following a Council of Ministers’ decision made weeks earlier, sparking a snap election. These events have widely been claimed to have been unprecedented and exceptional. (Forsyth & Batley, 2016, pp. 255-256).

While conducting fieldwork in July 2017, President Tallis Obed Moses came to power following the sudden death of President Baldwin Lonsdale in June 2017. While the office of President is largely ceremonial President Lonsdale had taken a strong and active stance against corruption. It is too early to make any inferences about the new President Moses, news articles report his main objective appears to be constitutionally declaring Christianity the only religion in Vanuatu (Radio New Zealand, 2017).
Corruption is of real concern in Vanuatu and the recent 'Paradise Papers' leak (International Consortium of Investigative Journalists, 2017) has exposed Vanuatu's locus in global money-laundering and tax-evasion. In 2017 Vanuatu was grey-listed by the Financial Action Task Force (FATF), "an intergovernmental body created by the Group of Seven leading industrial countries" and this "action effectively turned Vanuatu banks into financial pariahs" (Bremner, 2017). This, combined with the present scandals involving the paradise-papers, and the sale of citizenships for Bitcoin\(^\text{18}\) has not been kind to Vanuatu's reputation or investor confidence. Transparency International defines corruption as "the abuse of entrusted power for private gain" (Transparency International Vanuatu, 2014, p. 8).

...corruption manifests itself in many ways including: hiring and dismissing public officials based on political cronyism, “islandism” and nepotism; fabricating costly “deeds of release” to settle invented law suits against the government; passport sales; by-passing proper procedures; and the widespread illegal acquisition and sale, for personal benefit, of state assets, especially public land, by certain leaders (Transparency International Vanuatu, 2014, p. 5).

Vanuatu's corruption profile with Transparency International was last conducted in 2013, predating the bulk arrest of corrupt politicians. At that point there was public assumption of a corrupt government with 79% reporting that they felt corruption was increasing (Transparency International Vanuatu, 2014).

In response to longstanding corruption, good governance is a key objective for both the New Zealand and Australian bi-lateral development assistance programs to Vanuatu. As both nations are significant economic partners they are able to leverage their

\(^{18}\) In 2017 media reported that Vanuatu was selling citizenship for 44 Bitcoin (Bach, 2017). Vanuatu citizenship is a recognized stepping stone for investors seeking Hong Kong residency (China Offshore, n.d.).
development aid budgets to promote a cultural shift away from corrupt practices (Department of Foreign Affairs and Trade, n.d.-b; Ministry of Foreign Affairs & Trade, 2011). Australia and New Zealand combined provide Vanuatu with the majority of aid funding, foreign direct investment and tourists. Both nations maintain High Commissions in the capital of Port Vila. Vanuatu's largest contributor of bi-lateral aid is Australia with an estimated budget of AUD69.8 million for 2017-18 (Department of Foreign Affairs and Trade, n.d.-b). The Vanuatu-Australia Aid Partnership focuses on "improving economic governance, infrastructure, education, health and law and justice" and works with the private sector, community organisations as well as Vanuatu Government (para.6). New Zealand's MFAT supports "strengthening governance" as one of its objectives of the 2016-17, NZD25.7 million, development assistance budget. As Vanuatu is heavily reliant on aid funding, Australia and New Zealand's contribution forms a powerful incentive towards a more transparent, and less corrupt, culture of governance.

5.3 Vanuatu as a Small Island Developing State (SIDS)

Although a Melanesian Pacific Island nation Vanuatu is also a Small Island Developing State (SIDS). The following UN description of a SIDS is very appropriate to Vanuatu, who also a member of the Pacific grouping of SIDS; the Pacific Islands Forum Secretariat (PIFS).

...although they are afflicted by economic difficulties and confronted by development imperatives similar to those of developing countries generally, small island developing States (SIDS) have their own peculiar vulnerabilities and characteristics. ...their small size, remoteness, narrow resource and export base, and exposure to global environmental challenges and external economic shocks, including to a large range of impacts from climate change and potentially more frequent and intense natural disasters (United Nations, n.d.-c).
Vanuatu is also a member of the Alliance of Small Island States (AOSIS), an ad hoc network of 38-SIDS established at the United Nations (United Nations, 2017). SIDS group together to learn and share similar difficulties in achieving sustainable development. They share challenges related to the "high costs for energy, infrastructure, transportation, communication and servicing" (United Nations, 2017, para. 3). There is additionally an over reliance on the public sector and a growing population, in Vanuatu; the public sector is the nation's largest employer and services that are normally privatised in the developed world cannot be privatised as they are not viable as stand-alone entities (Department of Foreign Affairs and Trade, n.d.-b; Ministry of Foreign Affairs & Trade, 2011). Subsidies for transport of goods or people is an example of this.

Tourism is considered a particularly beneficial development opportunity for SIDS as illustrated in figure 8 (above). SIDS status can prove advantageous for tourism as tropical islands are especially valued in the collective imagination as liminal spaces dominated by the "[f]ive S's of sea, sun, sand, sex and spirit (alcohol)" (Savelli & Manella, 2017, p. 55). Although this might sound like a recipe for economic success

Figure 8 - Infographic showing the key benefits of tourism to Small Island Developing States (Source: United Nations World Tourism Organization, n.d.-b)
there are numerous challenges and vulnerabilities for SIDS in relation to tourism. SIDS can become dependent on tourism, especially in relation to GDP, this is already apparent in Vanuatu with exports totalling 69% in 2013 (United Nations World Tourism Organization, n.d.-b; World Travel & Tourism Council, 2015).

Many advantages, such as cultural richness and unique biodiversity and maritime attractions, tend to go hand-in-hand with vulnerabilities, such as climate change (United Nations World Tourism Organization, n.d.-b). The Rio+20 conference reiterated these vulnerabilities;

...climate change, which is a great threat to many islands and requires a response from the tourism sector; air connectivity, requiring a strong link between tourism and air transport policies; and market positioning, including tourism products diversification and establishment of niche markets...

The importance of tourism for SIDS has been established as a key opportunity (Department of Foreign Affairs and Trade, 2016; New Zealand Ministry of Foreign Affairs and Trade, 2015; Podhorodecka, 2017; Scheyvens & Hughes, 2015; World Bank, 2016a) and further consolidated by the World Tourism Organization in various supporting documents (United Nations, 2017, n.d.-c; United Nations World Tourism Organization, 2013) and a specific publication; 'Challenges and Opportunities for Tourism in Small Island Developing States'. Launched at Rio+20, this book "presents an overview of the status of tourism in SIDS, while providing evidence of the key importance tourism has for the sustainable development" (United Nations World Tourism Organization, n.d.-b). Although Vanuatu is unique, it is important to recognise that it also shares challenges and vulnerabilities amongst other SIDS as well as existing within tailored support networks that recognise these challenges. Issues such as air
transport, distance to market, cost of transport and infrastructure all further support the importance of cruise tourism to a SIDS like Vanuatu.

5.4 Economic Reliance on Aid

Vanuatu is also heavily reliant on economic input from other countries and would not be able to run its government without it. Tax uptake in Vanuatu is very low with most of the islands operating outside of the formal economy with cash and barter transactions. In addition to the aid from New Zealand and Australia it also receives aid from other OECD Development Assistance Committee (DAC) countries, China, the Asian Development Bank (ADB), and International Finance Corporation (IFC); the Pacific division of the World Bank (WB) and a range of other bilateral donors and smaller loan-partners. In 2015 the Lowy Institute for International Policy investigated comparative net development aid transfers between 2006 and 2014 (Lowy Institute for International Policy, 2015). Table 3 reveals China's increasing importance as Vanuatu's second most significant contributor.

Table 3 - Comparison of net development aid to Vanuatu 2006-2014 (Source: Lowy Institute for International Policy, 2015).

<table>
<thead>
<tr>
<th>Source</th>
<th>USD$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU Institutions</td>
<td>31.39</td>
</tr>
<tr>
<td>France</td>
<td>48.75</td>
</tr>
<tr>
<td>United States</td>
<td>84.24</td>
</tr>
<tr>
<td>Japan</td>
<td>95.82</td>
</tr>
<tr>
<td>New Zealand</td>
<td>122.29</td>
</tr>
<tr>
<td>China</td>
<td>243.48</td>
</tr>
<tr>
<td>Australia</td>
<td>402.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1028.9</strong></td>
</tr>
</tbody>
</table>
Vanuatu has received over a billion USD in the nine-years this table covers. But, as the Lowy Institute states "China does not publish official data on its aid program at a country level" or publish a public aid budget, "Finding accurate information is therefore more challenging than for other donors" (2015). According to this same source Vanuatu is attracting increased interest from Chinese companies – although there are concerns about the deals and promises some are offering when lobbying for projects. It is a pertinent example of Chinese aid being driven by individual Chinese actors rather than simply being a top down policy (Lowy Institute for International Policy, 2015).

An attempt was made to verify the net-figures in table 3 with table 4, a list compiled using numbers from the World Bank Data Catalog (see below). These provide the total figure for aid to Vanuatu on a year by year basis but include non-state sources of development funding such as the World Bank Group, represented but the IFC, the ADB, and the International Monetary Fund (IMF). This means the two tables are not comparable. However, these tables both provide evidence of Vanuatu significant receipt of aid funding.

### Table 4 - US$ Net official development assistance and official aid received by Vanuatu (Source: World Bank, 2017).

<table>
<thead>
<tr>
<th>Year</th>
<th>USD$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>186.56¹⁹</td>
</tr>
<tr>
<td>2014</td>
<td>100,410</td>
</tr>
<tr>
<td>2013</td>
<td>91.34</td>
</tr>
</tbody>
</table>

¹⁹ The huge leap in aid transfers in 2015 is due to TC Pam occurring that year (VNSO, 2017). Emergency and humanitarian transfers were increased accordingly. Carnival transferred additional funding as well as assisting with the transport of humanitarian goods.
As Vanuatu's second largest source of aid funding, it is interesting to note that in addition to bilateral assistance, China provides significant private investment and concessional loans (Dornan & Pryke, 2017). Individual investment is encouraged through Vanuatu's tax-haven status and ease of obtaining citizenship:

Vanuatu has an attractive residency and citizenship program especially designed for Chinese nationals. The program requires investing in Vanuatu and for that a company is normally needed. Vanuatu is a recognized stepping stone for investors seeking Hong Kong residency (China Offshore, n.d.).

Many of the organisations doing development in Vanuatu have agendas promoting economic growth as an important factor for sustainable development. However, considering the scale of aid reliance, it is unlikely that Vanuatu will achieve self-sufficiency in the short-term.

### 5.5 Importance of Tourism for Vanuatu

The importance of tourism to Vanuatu is well established with the total contribution of travel and tourism to Vanuatu being almost 50% of GDP (World Travel & Tourism Council, 2015). Vanuatu is the ninth most tourism dependant country in the world, with tourism providing around one third of all jobs (World Travel & Tourism Council, 2015). There are two ways to assess the contribution to tourism for an economy, the direct
contribution and the total contribution. A 2015 report by the World Travel & Tourism Council on Vanuatu defines the direct contribution as reflective of;

...the ‘internal’ spending on Travel & Tourism (total spending within a particular country on Travel & Tourism by residents and non-residents for business and leisure purposes) as well as government 'individual' spending - spending by government on Travel & Tourism services directly linked to visitors, such as cultural (e.g. museums) or recreational (e.g. national parks) (World Travel & Tourism Council, 2015, p. 2).

According to this same report the "direct contribution of Travel & Tourism to GDP in 2014 was VUV15,152.1mn (18.6% of GDP)" and reflective of hotels, airlines, travel agents, restaurants and transportation services (2015, p. 3). The wider indirect impact, or the induced effect, on the economy was VUV39,774.3mn in 2014 (48.8% of GDP), and the definition of this total contribution refers to the jobs and GDP that are supported through:

- Travel & Tourism investment spending – an important aspect of both current and future activity that includes investment activity such as the purchase of new aircraft and construction of new hotels;
- Government 'collective' spending, which helps Travel & Tourism activity in many different ways as it is made on behalf of the ‘community at large’ – e.g. tourism marketing and promotion, aviation, administration, security services, resort area security services, resort area sanitation services, etc.;
- Domestic purchases of goods and services by the sectors dealing directly with tourists - including, for example, purchases of food and cleaning services by hotels, of fuel and catering services by airlines, and IT services by travel agents.
- The ‘induced’ contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel & Tourism sector (World Travel & Tourism Council, 2015, p. 3)

Cruise tourism is an increasingly important part of the tourism sector. Vanuatu’s tourism arrival data identify cruise and air arrivals for the last twelve years (VNSO, 2015) compared with cruise passenger arrival numbers. Figure 2, below illustrates flattening air passenger arrivals, but steadily increasing cruise numbers. It is difficult to
be certain of a direct correlation, but these figures reflect the increased arrivals as reported at the end of the Enterprise Challenge Fund (ECF) partnership between Carnival and Australian Aid (Coffey International Development, 2013).

Figure 9 - Graph of Vanuatu’s tourism arrivals by air and cruise, 2003-2017, created by author using information from Vanuatu National Statistics Office (VNSO, 2015).

Graph created from Vanuatu's September tourism arrival figures showing the difference between air and cruise passenger arrivals. This clearly shows cruise arrivals (orange) surpassing air arrivals (blue) by more than 5000 passengers per month since 2010. In 2015 TC Pam struck Vanuatu in March, but September arrivals do not appear meaningfully affected. Cruise appeared more impacted in 2008 and this may have been the global financial crisis as this hit tourism by the third quarter. This data shows the stagnation of air-arrivals in comparison to cruise. This may be a response to the declining state of repair of the international airport in Port Vila. In contrast, cruise arrivals continue to grow, unaffected by the infrastructure problem.
To grow tourism, Pacific island nations need to increase their host capacity (i.e.: build more hotels, roads and facilities), and improve accessibility. In Vanuatu, the main international airport's runway is in such a poor state of repair that both New Zealand and Australia's national carriers refuse to land there (Air New Zealand, n.d.; Pacific Beat, 2016). Both Qantas and Air New Zealand cancelled their service to Vanuatu, resulting in far fewer flights arrivals. Reduced competition may have driven up the prices of the remaining flights. In comparison with Fiji, Tonga, Cook Islands and Samoa the price of flights to Vanuatu is doubled. For New Zealand residents, loyalty to Air New Zealand is a possible factor with New Zealanders preferring to travel somewhere on their network, with a direct connection, and where they can use accumulated airpoints or discounts.

The lack of direct flights from NZ is a serious problem for Vanuatu, and a 'bottleneck' of flights from Australia is caused by Qantas not operating their own planes to Vanuatu. A code-share arrangement with Air Vanuatu means that it is once again possible to book Air Vanuatu flights on the Qantas website, and take advantage of regional connections, frequent flyer deals and discounts. Growing land-based tourism requires large infrastructure investment in hotels, resorts, runways, roads and facilities. Construction on the upgrade to the main international Airport on Efate has begun (at November 2017), but it will still be some time before there is a return to capacity. In the meantime, it is hoped that other infrastructure projects will be completed.

A major attraction of cruise tourism is that almost all the infrastructure needed to operate holidays is contained on the ship. The only non-negotiable requirement for cruise tourism to operate is reliable hydrological survey, or marine charts and these were updated recently (Coffey International Development, 2013). A wharf or jetty is preferred when choosing cruise destinations. The ability to conduct land-tours for the
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passengers is a bonus, but the popularity of places like Champagne Beach, which mainly offers a remote beach experience, is testament to this not being necessary everywhere. Thus, cruise tourism can often start frequenting destinations well before mainstream tourism can catch up. Another attraction of cruise tourism is that there is little requirement for public-sector investment - cruise does not require airport runways, hotels or roads. Cruise companies prefer ports with clean public toilets and reliable day trip operators.

In 2012 Vanuatu published the ‘National Cruise Tourism Action Plan’ (Vanuatu Department of Tourism, 2012). This plan was written with “technical assistance and funding support” (p. 1) by P&O, or Carnival, a division of “the world’s largest leisure travel company” (Carnival Corporation, 2016a). This report was strongly biased towards the cruise operator and tourist experience and did not detail the host/local experience. In 2013, another report was released, the ‘Vanuatu Strategic Tourism Action Plan’ (Ministry of Tourism Industry Commerce & Ni-Vanuatu Business, 2013), a collaboration between Vanuatu tourism and New Zealand Aid. This report, in contrast to the industry funded report, explicitly seeks to “improve the distribution of benefits to the different community groups throughout the islands in Vanuatu” (p. vii). This document acknowledges that tourism’s negative impacts and demonstrates harmonisation with New Zealand’s strategic action plan (New Zealand Ministry of Foreign Affairs and Trade, 2015).

5.6 Cruise Tourism: Vital to Vanuatu

Based on Vanuatu's geography, natural environment, abundance of 'tropical paradise' and enthusiastic inhabitants cruise tourism is an excellent economic fit for Vanuatu. Not only can cruises overcome many of the drawbacks of economic growth in SIDS, but
they are a global, growth industry and the economic reliability appears solid. Cruise tourism has genuine fast growth potential and little required infrastructure. As capacity-building is mainly people-based, training can quickly transform communities into hosts and entrepreneurs. In comparison Vanuatu's more traditional industries like copra, coconut oil, coffee, fish and beef are all expensive to bring to market. Cruise also has great potential as an employer, both on the ships themselves as well as ashore, this is particularly important in addressing the risks associated with Vanuatu's youth bulge. The entrepreneurial nature of cruise business opportunities also harmonises nicely with Ni-Vanuatu autonomy and flexible attitude towards employment. Of course, nothing is perfect, and the next paragraph will examine the risks of cruise tourism.

The benefits to Vanuatu of balancing tourism growth and sustainability could be immense, not just in terms of the economy, but also in relation to employment and enrichment of the population’s skills base while helping to preserve and promote its culture to a willing and interested international audience (Ministry of Tourism Industry Commerce & Ni-Vanuatu Business, 2013).

In a master’s thesis examining Vanuatu’s experience with cruise tourism, Niatu (2007) cruise tourism’s positive impact was understood to be; upgrading social skills, socioeconomic improvement in income and employment; and revitalisation of traditional crafts, or kastom (p. 71). Negative perceptions included the “bastardisation of some of these traditions” (p. 77) with “changes and commodification of cultures, contributing to prostitution, the demonstration effect, crowding, interruptions of public transportation services, crowding and feelings of marginalisation over unequal distribution of tourism benefits” (p. 83). In a study by Scheyvens and Russell they noted the imbalance of power between small developing countries and large, multinational shipping companies” (2013, p. 42) and noted a need to develop clear policy around the regulation of cruise. Cheer advocates for the prioritisation of a study into the medium
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to long-term impacts (both economic and non-economic) and warning that there is risk
of the "interests of islanders [being] surpassed by the commercial priorities of dual
actors; multi-national cruise operators like [Carnival] and local elites who have
managed to become the key contact points" (Cheer, 2016, p. 409). All three studies
demonstrated concern that Vanuatu's interests were being overlooked in the enthusiasm
for economic development.

5.7 Development Sought by Vanuatu

What does Vanuatu want from external development assistance? On the first page of
Vanuatu's National Sustainable Development Plan 2016 to 2030, "Ni-Vanuatu
resoundingly called for a balance between the social, environmental and economic
pillars of sustainable development, with our cultural heritage as the foundation of an
inclusive society (Government of the Republic of Vanuatu, 2016, p. 1). On page 3 this
vision is explained further:

In setting our national vision for a stable, sustainable, and prosperous Vanuatu by
2030, people have asked for new ways of thinking about, and implementing,
development strategies. This calls on our elected and community leaders to focus
on stability in politics, policy and the economy so that development serves the
wider population and national interest, and not just a select few. It requires
safeguarding the remarkable natural assets we have been blessed to inherit, and
which serve as the bedrock of our identity. With steady political guidance and
deep respect for our environment we can positively transform our country, solve
current problems, and come up with new ways of working to improve the lives
and livelihoods of our people. The indivisible connections between culture and the
social, environmental and economic pillars of development are reflected in our
aspirations, and how we will deliver our national vision. (Government of the
Republic of Vanuatu, 2016, p. 3)

Vanuatu has a clear vision for its own development. and prioritises social and
environmental development as well as economic growth, calling for a balance.

Focussing equally on the social and environmental impact assessment of tourism would
help create data to support Vanuatu's own development goals.
Vanuatu's own development goals would be well supported through the Development First approach as explained in section 2.7. This approach supports and enhances tourism's potential to "contribute more broadly towards sustainable development, through mass tourism in particular" (Hughes & Scheyvens, 2016, p.470) and provides explicit support for local destination development, prioritised human development, reduces vulnerabilities and enhances community well-being and capacity. As a framework for ensuring that tourism's benefits are fairly distributed and for addressing inequalities Development First is a useful approach, clearly reflecting and providing a method for achieving Vanuatu's expressed development goals.
Chapter 6: Methodology

This chapter will explain the approach to the research including: research design, site selection, participant selection, research methods, ethics approval, positionality and limitations. It also reflects upon unexpected adoptions that had to be considered. A qualitative approach and flexible research design was employed as a way to embrace the exploratory nature of the study. The research draws on primary and secondary qualitative data to achieve data triangulation in understanding how cruise tourism's CSR and PPP intentional development initiatives impact Vanuatu.

6.1 Research Design / Approach

The aim of this research was to establish the extent that cruise ship tourism CSR and PPP initiatives can enhance the development outlook for Vanuatu communities. Three objectives were employed to achieve this

1. Establish the scope and approach of Carnival's CSR and PPP development initiatives in Vanuatu. This was achieved through examining the P&O Pacific Partnership and the MOU between Carnival and DFAT.

2. Explore the impacts of Carnival's initiatives for Vanuatu. This was more difficult, while economic data is available to a limited degree, there is no social research being conducted to examine the broader community outcomes of increasing economic activity.

3. Report the lessons drawn from the unique approach to CSR and PPP that Carnival has engaged with in Vanuatu. This is covered in the final chapter of this research.

From the outset the qualitative approach was considered most appropriate. Qualitative research is often conducted in the field, where the researcher seeks to understand the social context and human experience of what is being studied (Roulston & Choi, 2017; Stewart-Withers, Banks, McGregor, & Meo-Sewabu, 2014). Stewart-Withers et al.
recommend a qualitative approach for development research to reach beyond statistics, to explore and record people's attitudes, interpretations and perceptions of intentional change (2014, p. 60). In this way qualitative data can achieve depth, particularly in complex social environments. Additionally, the qualitative approach provides "a critique of positivism as the reigning epistemology, and a recognition of the need for alternative ways to produce knowledge" (O'Leary, 2014, p. 130). O'Leary is referring to the limitations of the quantitative approach, advocating for the ability of qualitative research to provide a holistic overview, through an immersive research process and subjective positioning of the researcher (O'Leary, 2014). A month in Vanuatu cannot be construed as immersive, but it was highly informative and provided valuable contextual grounding. Without having experienced Santo, it would be difficult to understand the complexity of the issues and the myriad circumstantial reasons why they are difficult to address. The qualitative approach grounded and contextualised this exploratory, small-scale, examination of cruise tourism CSR and PPP in Vanuatu.

6.2 Site Selection

A general introduction to Vanuatu has already been presented in Chapter 5. Figure 10 is a map of Espiritu Santo (referred to as Santo by all). The country of Vanuatu was selected as most appropriate to explore Pacific-based cruise tourism having hosted cruise ships since the 1980s.20 Vanuatu also receives some of the highest numbers of SIDS destination cruises in the Pacific. Based on an article by Cheer and an Oxfam

20 It has not been possible to establish exactly what year cruise ships started visiting Vanuatu, but a local politician reported being president of the Santo Cruise Committee in 1985. The 1980s was mentioned as the period cruises started visiting by informants.
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report, Aneityum, or 'Mystery' Island was my first choice for a research site, as it receives a significant number of ships (Cheer, 2016; Slatter, 2006). Mystery Island, however, proved logistically impossible as Aneityum flights were irregular and expensive, and accommodation/facilities very limited. Mystery proved both impractical and expensive.

Figure 10 - Map of Espiritu Santo showing Luganville, Champagne Beach, key tourist attractions and main tourist accommodations (Source: Wrecks to Rainforest, 2012).

Port Vila was not selected as it only offered one kind of cruise experience. Luganville, on Espiritu Santo, was chosen as it provided access to two very different shore experiences. Santo was relatively easy to reach and two of Carnival's brands, P&O and Princess, were scheduled during June 2017. In addition to hosting two different shore experiences, the P&O and Princess cater to different market segments. This diversity of
experience was considered a potential advantage to the research. It is one-hour's drive between the town of Luganville and Champagne Beach and the ships visiting Santo spend a shore day at each. The reason Carnival visits two ports so close together is that they are very different locations. An additional consideration was the accessibility of Kalo Village, a community known to have received one of the P&O Pacific Partnership kindergarten builds. This visit was facilitated by a Luganville representative from Save the Children.

Luganville is a port where the ship moors alongside the wharf, passengers disembark using the gangway, and many go on the organised pre-sold activities, or ships tours. Champagne Beach is tender-port, where passengers travel from ship to shore in groups of 50-100 using tender-boats21. At Champagne Beach all activities are booked by the passengers themselves on arrival.

Finally, the practical considerations of living in Luganville were important; affordable accommodation was available and there was a large development aid-worker community in residence. Additionally, comparatively little has been published on Luganville from a cruise, or tourism perspective.

Research Dates: 12 June 2017 to 12 July 2017

The research dates were important as they had to fit into the University break between Semester 1 and 2, and there were no cruise ships scheduled to visit Santo during July.

21 Tender is the name given to the smaller boats that provide transport from land to ship. A 'tender port' is one where the cruise ship moors some distance offshore and passengers are transported to a jetty via the tender boats.
The mid-June arrival allowed some cruise ship observation days, while adhering to the University calendar. A big advantage to the Luganville site selection was that a very experienced Volunteer Service Abroad\textsuperscript{22} (VSA) volunteer had been posted there to increase and improve cruise tourism capacity. This volunteer was a New Zealand cruise industry expert and, at the end of a two-year posting. This person had gained a wealth of Vanuatu-specific cruise industry experience in addition to their vast general knowledge of Australasian and Pacific based cruise tourism. The presence of this volunteer influenced the decision to select Santo as the best possible site for this study.

Once the field-research was completed in Luganville, I moved to Port Vila to speak with government officials. The order of interviews was deliberately designed to ensure the researcher had absorbed as much contextual knowledge as possible in preparation for interviewing people more likely to be very knowledgeable, such as Vanuatu tourism or government representatives. The final interview, with Carnival Australia, was deliberately arranged for August after the field research and initial data analysis. This was to ensure I had a good basic understanding of Carnival's CSR and PPP activities in Vanuatu before speaking with them about it.

6.3 Participant Selection for Interviews

The initial interview criteria stipulated participants who were involved with the cruise tourism industry, with knowledge of Carnival's CSR and PPP initiatives. A limited number of key informants associated with the cruise business were identified prior to

\textsuperscript{22} Volunteer Service Abroad, or VSA as it is commonly known, is the largest volunteer program working in international development and receives its funding and project support from MFAT.
fieldwork. Identification took place via websites, LinkedIn and Facebook. Unfortunately, many of them were not in Vanuatu in June-July 2017, having been invited to visit China on some form of cultural exchange program. This limited the number of indigenous Ni-Vanuatu participants most significantly. Alternative participants were identified, and Purposive Snowballing (O'Leary, 2014) was therefore applied to identify and contact new people to speak with. It was quickly established that very few participants knew anything about Carnival's CSR or PPP in Vanuatu.

Only 14000 people live in Luganville so once on location it did not take long to work out who was who within the small proportion of the, mostly expatriate, population who run tourism businesses. Visiting family members found it highly amusing (and endearing) that, after 2-weeks, we were already at the 'chatting to people in the supermarket' stage. Since many tourism companies were owned by ex-pat Australian or New Zealanders we shared a natural affinity and spoke freely.

Certain key contacts were formed prior to the field research, such as those from Vanuatu's Department of Tourism and Carnival. The key contact at Carnival was located via LinkedIn, where my tourism-strong profile may have proven helpful, other contacts were found via Facebook through the 'Luganville Santo Cruise Ship Destination Vanuatu Facebook' page (Luganville Cruise Committee, 2017). This page publishes the most reliable and up to date cruise ship schedule for Santo, including Luganville and

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23 Snowball sampling uses the analogy of a snowball rolling down a hill to describe how one person can recommend another and so on (Abercrombie, Hill, & Turner, 2004, p. 351). Purposive Snowballing was used in requesting recommendations from numerous contacts. When enough people recommended the same person, an introduction was requested. Snowball sampling is flexible, but not random, therefore ideal when seeking out key informants, or experts (O'Leary, 2014).
Champagne Beach. Facebook is a very popular way to connect in Vanuatu and there are numerous information sharing groups on Facebook, actively used by locals and ex-pats alike. Additional contacts were recommended through the owner of the motel I stayed at, a dynamic Ni-Vanuatu member of Santo's tourism community. A fellow Massey postgraduate student, working in the Aid/Development sector, had recommended this accommodation. It turned out to be an excellent suggestion. Not only was it affordable and centrally located, but it catered to the missionary/aid-worker/volunteer/medical-worker crowd, adding another dimension of observation and reflection.

I chose to interview people who had direct contact with Carnival such as the chair of the Espiritu Santo Tourism Association, and a representative of Carnival's preferred tour-operator for Vanuatu. The head of the Espiritu Santo Tourism Association, members of the Luganville Cruise Committee and the Vanuatu Department of Tourism's Cruise Officer for Sanma were all contacted. South Seas Shipping is Carnival's main point of contact in Vanuatu, they handle provisioning, port fees and logistics, but their owner was in China in June and declined to participate via email or telephone. Many of the participants chose not to be identified in this work and so the decision was made to anonymise everyone to protect privacy.

6.4 Data Collection Procedures

This section details the data collection procedures used to inform this research. Primary data was obtained through participant and non-participant observation during field work. Semi-structured interviews were also conducted to provide primary qualitative data, these interviews were transcribed, and a thematic analysis conducted. While there was a focus on primary qualitative methods for the field work, this thesis has incorporated data from numerous secondary sources to provide quantitative figures from reliable
surveys, census, economic data and reports. These secondary sources were valuable as there is a notable lack of academic literature on cruise tourism in the Pacific.

Basic triangulation compares observational, interview and secondary data to approach the research question (Flick, 2017a, 2017b). The comparison of two or more qualitative data collection techniques ensures the "rigour and credibility, transferability, dependability and confirmability" (Stewart-Withers et al., 2014, p. 78) of the data. This study compares the field findings from observations and interviews with academic and non-academic literature to answer the research question.

### 6.4.1 Observation

During field research both participant and non-participant observation techniques were employed (Mills, Durepos, & Wiebe, 2010; Mustante, 2014). Participant observation is an ethnographic method often employed by anthropologists, it usually involves long-term immersion in the culture or community being observed (Stewart-Withers et al., 2014). Participant observation was only used in this study when participating as a tourist on excursions as an authentic, paid member of that group. The rest of the study used non-participant observation, or structured observation. This form of observation is more purposeful as the phenomena being observed (i.e. a cruise ship arriving at port and behaviours of the passengers) must be known in advance (Stewart-Withers et al., 2014, p. 64). Non-participant observation is more appropriate where the researcher has a limited time frame, or is not able participate as of one the group being observed, the downside of this approach is that it can be less flexible and could be considered extractive (2014).

Observational discipline was maintained through a daily field diary, where I reflected on the events and information gathered each day and examined my reactions and
assumptions. These notes inform this research but are not directly quoted. On cruise
days, non-participant methods were used to observe the assemblage of events
constituting a cruise ship arriving in port. Before observing the passengers disembark, I
assisted Sanma tourism staff setting up their information tents. The Sanma tourism team
were very supportive of my research and invited me to accompany them on cruise days.
This also included them inviting me to join their transport between Luganville and
Champagne Beach. While helping with the tourism tent I could also observe the market
mamas setting up their stalls. The remainder of the day was spent consciously watching
cruise passengers negotiate private tours, purchase souvenirs from the mama's market,
sample kava, buy beer, walk around the town and return to the ship. Some cruise
passengers were curious about why I was there, I informed them clearly of my research
and a few spoke with me about their cruise experiences.

Non-participant observation grounded the literature into reality and was carried out on
cruise-ship dates on two occasions at Luganville, Champagne Beach. There was a single
cruise-ship observation day at Port Vila, on Efate, for comparison.

Table 5 - Schedule of Cruise ship observation days June and July 2017.

<table>
<thead>
<tr>
<th>Date</th>
<th>Day</th>
<th>Location</th>
<th>Cruise Ship</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-Jun</td>
<td>Friday</td>
<td>Luganville</td>
<td>P&amp;O Pacific Dawn</td>
</tr>
<tr>
<td>17-Jun</td>
<td>Saturday</td>
<td>Champagne Bay</td>
<td>P&amp;O Pacific Dawn</td>
</tr>
<tr>
<td>21-Jun</td>
<td>Wednesday</td>
<td>Luganville</td>
<td>MS Paul Gauguin</td>
</tr>
<tr>
<td>24-Jun</td>
<td>Saturday</td>
<td>Champagne Bay</td>
<td>Sun Princess</td>
</tr>
<tr>
<td>25-Jun</td>
<td>Sunday</td>
<td>Luganville</td>
<td>Sun Princess</td>
</tr>
<tr>
<td>12-Jul</td>
<td>Wednesday</td>
<td>Port Vila</td>
<td>P&amp;O Pacific Dawn</td>
</tr>
</tbody>
</table>

Table 5 records which ships were observed, at which port and on what days. The
research dates were carefully chosen to ensure as many cruise observation days as
possible. No ships were scheduled to visit Santo for the month of July.
On non-cruise days, I participated in Vanuatu daily life as a temporary resident; shopping at the supermarket and fresh vegetable market, taking road and sea taxis from place to place, and talking to people in cafes, bars and elsewhere.

6.4.2 Interviews

A semi-structured interview technique was considered the most appropriate for this research. Semi-structured interviews can accommodate a range of research goals, but their inherent flexibility made them most appropriate for this task. Semi-structured interviews allow for open ended questions and a versatile approach that incorporates the grounded experience of the participant and researcher (Galletta & Cross, 2013, pp. 45-46). The semi-structured interview allows for a conversational approach where set questions are employed, but the interviewee can actively participate in the process, through suggestions and anecdotes. Due to the general lack of familiarity with Carnival's CSR and PPP activities, the interviews developed a hermeneutic aspect, where "researchers and participants as co-inquirers engage in a shared dialog that evolves through questions and responses" (Roulston & Choi, 2017, p. 351).

The interviews were designed to allow interviewees to express their own understanding of Carnival's approach to CSR (Scheyvens, 2014). From the first interview it was established that the terms PPP or CSR were unhelpful, these concepts being unfamiliar to almost all. Instead, the questions evolved around requesting an opinion on what participants thought Carnival should give back to Vanuatu in exchange for benefitting from being there. The flexibility of the semi-structured interview was fundamental in responding to local knowledge and reframing questions informants could to respond to.

Table 6 is a record of who I spoke to and what method was used to capture data, a total of 36 interactions were officially recorded, but there were many more informal
conversations and emails. Local business owners who were involved with cruise tourism either directly, or indirectly were happy to talk, although not all on the record. Everyone had an opinion to share, so finding people to speak to was not difficult. Identifying who to listen to was more challenging. Certain interviews were not recorded as they were spontaneous, or because the interviewee denied permission to record. In these instances, detailed notes were recorded in the field diary.

### Table 6 - Record of Semi-Structured Interviews and Informants

<table>
<thead>
<tr>
<th>Type of Participant</th>
<th>No.</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Stakeholder (including Ni-Vanuatu)</td>
<td>3</td>
<td>Unrecorded semi-structured interviews, notes only (3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recorded and Transcribed semi-structured interviews (2)</td>
</tr>
<tr>
<td>Tourism Stakeholder</td>
<td>2</td>
<td>Recorded and Transcribed semi-structured interviews (2)</td>
</tr>
<tr>
<td>Tourism Stakeholder (including Ni-Vanuatu)</td>
<td>4</td>
<td>Informal, unrecorded conversations (notes only)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recorded and Transcribed semi-structured interviews (2) and follow up emails (10)</td>
</tr>
<tr>
<td>Carnival Australia</td>
<td>1</td>
<td>Informal, unrecorded conversations (2, notes only) and follow up emails (8)</td>
</tr>
<tr>
<td>NGO Representatives</td>
<td>4</td>
<td>Recorded and Transcribed semi-structured interviews (2) and emails (4)</td>
</tr>
<tr>
<td>Vanuatu Government / Tourism Employee</td>
<td>3</td>
<td>Unrecorded semi-structured interviews (3) and emails (7)</td>
</tr>
<tr>
<td>MFAT Employee</td>
<td>3</td>
<td>Recorded and Transcribed semi-structured interviews (2) and follow up emails (6).</td>
</tr>
<tr>
<td>VSA Volunteer</td>
<td>1</td>
<td>Informal conversations (1) and email (2)</td>
</tr>
<tr>
<td>Australian Aid / TVET</td>
<td>2</td>
<td>Recorded and Transcribed semi-structured interviews (1)</td>
</tr>
<tr>
<td>TVET</td>
<td>2</td>
<td>LinkedIn Messenger</td>
</tr>
<tr>
<td>DFAT Employee</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Cruise Passengers</td>
<td>10</td>
<td>Informal conversations (10)</td>
</tr>
</tbody>
</table>

36
Before arriving in Santo some key contacts had been established. The most important contact was with Michael Mihajlov, the Destination Director of Carnival Australia, providing access to the partnership MOU between DFAT and Carnival (Appendix 1). Without the willing participation of Carnival this research would have been more challenging as most of the Carnival's CSR and PPP activities are unpublished.

6.4.3 Secondary Data Sources

Secondary data can consist of academic, and non-academic sources. A detailed literature review of current academic literature concerning cruise tourism was conducted prior to the field work. This review established the extent of the existing body of knowledge and it quickly became clear that cruise tourism in the Pacific has received limited attention from academics. To establish a more complete picture a number of secondary non-academic sources have been incorporated into this research. It is important to acknowledge that some of this non-academic literature may have an underlying agenda, e.g. corporate reporting by Carnival. McLennan and Prinsen advise acknowledging the potential bias of textual and non-academic written sources (McLennan & Prinsen, 2014). Furthermore, they recommend a consideration of what is not written about or studied, there may have been a "political purpose of the repository and of the values, etiquette and choice of words at the time in which the records were created" (2014, p. 83).

A number of non-academic documents were obtained during interviews, or in communication with the participants. The MOU between Carnival and DFAT is not a public document and was provided by Carnival. Other secondary data sources are available online, including the data from the IMF, UNWTO, World Bank, MFAT, DFAT, CLIA and Carnival. Combining the official reporting from the Vanuatu Government and the New Zealand Tourism Research Institute helped establish passenger statistics for the
cruise industry in Vanuatu. Secondary data has been an important resource for this study and I have attempted to cross-check this information between sources to ensure reliability (Mclennan & Prinsen, 2014).

### 6.4.4 Data Analysis

All recorded interviews were transcribed word for word by the researcher and a manual thematic analysis was used to identify the emerging topics (O'Leary, 2014). Thematic analysis is a general-purpose approach that helps the researcher to understand what the participants said. According to Morgan and Hoffman thematic analysis "is such a flexible strategy that it can be paired with almost any approach to data collection" (2017, p. 387). This research made use of the six-step approach developed by Braun and Clarke, which includes:

1. Immersion in the data through repeated reading and creation of the transcripts
2. Systematic coding of the data
3. Development of preliminary themes
4. Revision of the themes
5. Selection of a final set of themes
6. Organisation of the final written product around those themes.

(Braun & Clarke, 2006)

Immersion was achieved through the transcription of the interviews, a process that involved listening to the interview many times over, basic coding was conducted ont he printed narratives to inductively identify themes. The field diary was also analysed and coded. To cross check emerging themes and identify prevalent key words the interviews were pasted into an online word cloud tool. This tool was useful for visually identifying
key themes of each interview as well as the cross checking of the key issues identified in the thematic analysis. The themes from this analysis are reported in the findings and discussion chapters 8, 9 and 10.

6.5 Ethics, Reciprocity and Positionality

The ethics section describes the procedures required to for conducting research that includes human subjects, particularly the Massey in-house ethics review, and the disclosure and permission process from the field. Section 7.5.2 covers the concept of reciprocity, an important element of social research, and of particular importance in the Pacific. Another important ethical consideration in qualitative research is the positionality of the researcher, to be explored in section 7.5.3.

6.5.1 Ethics

This research complied with Massey University’s Human Ethics Committee (MUHEC) requirements. (Massey University, 2015). The approval process included an in-house ethics review with three academics from the development studies programme, who asked detailed questions to establish my understanding of the local context and my Pacific cultural awareness and preparedness This also included a discussion of the ethical issues that must be considered when doing research with human subjects, and concerns related to the general well-being and privacy of the participants. As a result, the research was considered to be low-risk, and a low risk notification went forward to MUHEC.

When in the field all interviewed participants were provided with an information sheet, in English, describing the research (Appendix 2) and a consent form to complete (Appendix 3). An attempt was made to have these documents translated into Bislama,
but it quickly became apparent that this would not be necessary, so I used the English copy.

6.5.2 Reciprocity

An essential element of ethical research is reciprocity, or the sharing of the research with those involved. Not only is this important ethically, it is also important culturally. Massey's recent publication of 'Pacific research guidelines and protocols' was extremely helpful in this regard as it describes best-practice Pacific based research protocols for researchers (Meo-Sewabu, Hughes, & Stewart-Withers, 2016).

The granting of a research visa in Vanuatu constitutes both permission and obligation. A copy of the research visa is contained in Appendix 4. As a moratorium on research visas had been in place for more than one year prior to this application in 2017, some doubt existed around the granting of this visa. The research visa was granted on arrival and constitutes an agreement between Vanuatu's Cultural Council and the researcher to conduct research ethically and with consideration to Vanuatu kastom. Kastom is a Bislama term derived from the English 'custom' that refers to traditional Melanesian religion, economics, art, culture and law (Lindstrom & White, 1994). This agreement requires that the results of the research are of benefit to the people of Vanuatu and requires that the researcher produce a document explaining the research results in clear 'layman’s' language that can be of beneficial use to the community. As I received research funding from MFAT I have a similar obligation to share my findings in a policy report.

One element of reciprocity was providing gifts for my informants as a small gesture of thanks. Before departing for Vanuatu, a quantity of NZ chocolate, some soccer balls and NZ themed reusable shopping bags were purchased as thankyou gifts. A Vanuatu based
contact advised me that soccer balls made an appropriate community gift, able to be shared equally amongst children. Four were purchased, but only three were gifted as intended. The last soccer ball was intended for Port Vila but ended up donated to the hotel staff when departing earlier than scheduled. Chocolate was used for brief interviews and to thank those who had been very helpful. Shopping bags were combined with chocolate, to those who gave more of their time. In addition, personalised thank you cards with contact details were given. When my partner was visiting he cooked 'thankyou dinners' for two key informants.

**6.5.3 Positionality**

In qualitative research the subjective positionality of the researcher is acknowledged as the prime 'instrument' of the data collection (Stewart-Withers et al., 2014, p. 60). As the interviews took a hermeneutic aspect my positionality was central to the research and was a significant influence on the research, therefore it is important to reflect on that position. As a tourism 'insider' from the developing world context I was able to form an immediate rapport with those working in Vanuatu's tourism industry (Bengry, 2017). 'Insider' or 'outsider' status is highly contextual, dependant on time and place in the field and "constructed and positioned by field participants" (2017, p. 166).

Reflections from my field diary record how challenging I found it to simply observe, when my natural response is to 'fix'. In development, and especially in development research, 'fixing' is highly problematic, and comes with colonial baggage (Mura & Pahlewan Sharif, 2015). In this research my greatest personal challenge has been to set aside my tourism background to focus on development theory. Although posing a personal challenge, my tourism history was an advantage, drawing me towards tourism
informants. However, there are also particular issues in relation to my professional background and outsider status…

Although a tourism insider, I am a Pacific 'outsider', new to both the Pacific culture and cruise tourism. Before departing for Vanuatu, I read extensively on both topics, combining novels, tourism websites and published academic texts. But, reading is no substitute for reality and the lived Vanuatu experience has been critical to this study.

Another 'outsider' positionality is as a white, female, foreign researcher with no ties to the local community. From this position it was more challenging to initiate relationships with the Luganville Ni-Vanuatu community as I had limited time and no personal connections. Through the Sanma tourism department I did meet Ni-Vanuatu people who were directly involved in the tourism industry and spent time, particularly on cruise arrival days, speaking with them. However, I acknowledge that its likely they viewed me as a transient outsider, one of the many white women who travel to Vanuatu to 'do development' or research.

Overall it was the experience of being able to observe daily life on Santo both with, and without cruise ships, that proved to be most informative. It was valuable to understand that Santo is not dependant on the ships, but their presence is highly valued. Local informants knew very little of Carnival's CSR or PPP initiatives, but this formed a finding and the first-hand observations of the preparations, arrival and aftereffects of a cruise ship visit informs my understanding of how cruise CSR and PPP initiatives influence development for Vanuatu.
6.7 Limitations and Issues

Certain limitations need to be mentioned in regard to this research, the first being the omission of the topic that everyone wanted to speak on. The absence of key members of Santo's tourism community, my early-departure from Vanuatu and Save the Children Australia declining involvement in this research.

The 'hot topic' issue to the people interviewed in this research was not directly CSR or PPP related. The Luganville wharf redevelopment was nearing completion when this research was being conducted. The wharf had been unexpectedly closed when redevelopment began, and this seriously impacted Carnival's cruise arrival schedule for Santo. This wharf issue was discussed at length, especially as it resulted in cancellations to the cruise schedule for 2018 and beyond. While this topic was significant, it was not appropriate to include it in this thesis on cruise tourism CSR and PPP. I hope to publish my findings about the wharf in an appropriate online forum in the spirit of reciprocity and to ensure this important story finds a wider audience.

On arrival in Santo I discovered that a large number (19) of Santo's tourism and business community were being hosted in China for almost my exact research dates. Several of these people had previously been identified as being potentially very knowledgeable.

The unexpected death of my grandmother necessitated an early return to New Zealand, and the cancellation of four scheduled interviews in Port Vila. Although an attempt was made to contact them after returning to New Zealand it was not possible to speak with them remotely.
The final limitation concerns Save the Children Australia. At the time of this research, the partnership between Carnival and Save the Children was under renegotiation. Much effort was made to locate someone who would be willing to comment on the partnership, but in the end Save the Children's head of corporate partnerships declined any formal involvement. While Carnival were extremely open and happy to speak about their partnership with DFAT, the Carnival Corporate Affairs department who handle the Save the Children contract also declined to speak formally about this relationship. The formal withdrawal of Save the Children from this research meant that many of the findings and interviews concerning the P&O Pacific Partnership cannot be included.

6.7.1 Family in the Field

A consequence of doing field research in an attractive tropical island setting is that family want to visit (Scheyvens, 2014, pp. 133-135). I was visited by my sister, and later, by my partner. I clearly explained I was working and my visitors occupied themselves during the day. I discovered that their presence was an advantage when engaging with Santo as a tourist, deepening my understanding of its unique attractions through their experiences. Other tourists we met shared their adventures. These observations increased my understanding of the many ways Santo was experienced by tourists. It also helped me to identify and contact key players in Santo's cruise tourism space as certain tour operators were easier to meet as a paying customer.

6.8 Summary

This qualitative research used literature reviews as an initial method to understand cruise tourism, sustainable development for tourism, public private partnerships, corporate social responsibility and the concept of intentional and immanent development to establish a body of knowledge prior to field research. Before the field
research took place, the site was carefully selected, investigated and approved. Key informants were identified prior to the field research, but there were some limitations around meeting a number of them. Once in the field, semi-structured interviews took place and purposive snowball sampling was carried out to recruit additional participants. Much knowledge was gained through participant and non-participant observation. Secondary non-academic literature was also an important element of this study. On return to New Zealand the interviews were transcribed, and thematic analysis used to investigate how cruise tourism CSR initiatives can enhance the development outlook for Vanuatu. The field research and interviews were conducted in Luganville, Champagne Beach and Port Vila in Vanuatu. One interview with Carnival took place at their head offices in Sydney, Australia. The qualitative nature of this study was key to gaining a broad and context-rich understanding of Carnival Australia's CSR and PPP in Vanuatu.
Chapter 7: Findings - Carnival, CSR and PPP

The purpose of the first section of this chapter is to situate and differentiate Carnival Australia in relation to its global corporate structure, development goals and its relationship with DFAT. This section constitutes a summary of findings from secondary data and non-academic sources.

The second section of this findings chapter describes the findings that relating directly to Carnival's CSR and PPP activity in Vanuatu. This is achieved through an examination of the CSR driven P&O Pacific Partnership and then via a description of the public private partnership between Carnival and DFAT.

The following chapter breaks the findings into intentional and immanent development, examining the issues of government inefficiency, handicrafts, shore-based opportunities for Ni-Vanuatu, land issues, the social impact of cruises and power inequality.

7.1 Carnival's Global Corporate Structure

Carnival has become the world's largest leisure company by buying other cruise brands and consolidating operations. Retaining these brand identities acts to take advantage of market segmentation and shield the corporate size from view. Passengers on P&O, Princess or Cunard are not often aware that they are owned by Carnival. Listed as CCL, Carnival claims to be the only group in the world to be listed on both the FTSE24 and

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24 “FTSE is a company, similar to Standard & Poor’s, that specializes in index calculation. While the FTSE is not part of any stock exchange, one co-owner is the London Stock Exchange (LSE). The Financial Times is the other owner and the partial namesake of the company” (Investopedia, 2018a).
S&P500\textsuperscript{25} indices with revenue of over US$16.4 billion in 2016 (Carnival Corporation, 2016a). Carnival Corporation (listed in the UK) and Carnival Plc. (listed in the U.S.) operate under a dual listed company structure with primary stock listings in the United States and the United Kingdom. Together they operate ten cruise brands globally: Carnival Cruise Line, Fathom, Holland America Line, Princess Cruises and Seabourn in North America; P&O Cruises (UK) and Cunard in Southampton, England; AIDA Cruises in Rostock, Germany; Costa Cruises in Genoa, Italy; and P&O Cruises (Australia) in Sydney (Carnival Corporation, 2016a). Figure 11 is an illustration of the 10 brand logos.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{carnival_logos.png}
\caption{Brand logos of the ten cruise tourism brands forming the global Carnival Plc & Corporation (Source: Carnival Corporation, 2017a).}
\end{figure}

At January 2018 Carnival operates a fleet of 102 ships and an additional 19 ships will join the fleet by 2022 (Carnival Corporation, 2016a). Carnival Corporation has around 40% market share of the global cruise industry and just over 80% of the Pacific cruise market (Carnival Corporation, 2016). According to the corporate website, Carnival

\textsuperscript{25} “Standard & Poor's 500 Index (S&P 500) is an index of 505 stocks issued by 500 large companies with market capitalizations of at least $6.1 billion. It is seen as a leading indicator of U.S. equities and a reflection of the performance of the large-cap universe” (Investopedia, 2018b)
employ 120,000 people worldwide and carry 11.5 million guests, or around 50% of the global cruise market (Carnival Corporation, 2016a). This study examines the PPP and CSR activities of Carnival Australia which operates three cruise brands in the Pacific; Carnival, Princess and P&O. For simplicity, 'Carnival' has been used to refer to the entire Carnival Australia group throughout this thesis.

7.2 Carnival Australia

As a semi-independent division of the global business, Carnival Australia's division consists of 7 brands: Carnival Cruise Line, Cunard Line, Holland America Line, P&O Cruises Australia, P&O Cruises World Cruising, Princess Cruises and Seabourn. CA's headquarters and home port is Sydney. Carnival does not have a published CSR strategy, instead it engages in partnerships, the motivation for which can be considered CSR. Carnival's website alludes to these partnerships, but does not detail them:

Carnival continually engages in discussions at the local and federal government level on issues that matter for our guests. We also advocate for improved infrastructure and better passenger services in ports where cruise ships visit.

... We also work hard to partner with the communities which we visit to ensure the benefits of a successful cruise industry are felt right across the Pacific. (Carnival Australia, 2017a)

Carnival has two key initiatives in Vanuatu. The first is the P&O Pacific Partnership between Carnival's P&O brand and Save the Children Australia. The second is the PPP between Carnival and DFAT. Both these partnerships extend beyond Vanuatu to include Papua New Guinea (PNG) and Solomon Islands. Limited information on the P&O Pacific Partnership is available on the P&O Cruises Australian website. Even less information is publically available on the Carnival-DFAT partnership.
7.3 PPP: DFAT MOU

Carnival signed a memorandum of understanding (MOU) with DFAT in 2013, which details the joint development initiatives of their PPP. Prior to the official MOU, Carnival and DFAT were involved together through the Enterprise Challenge Fund (ECF) (Coffey International Development, 2013). This previous working relationship paved the way towards the more formal arrangement they have now (Department of Foreign Affairs and Trade, 2013a). The 2013 3-year MOU has recently been renewed for another 3-years, although, no details of this agreement are publically available (Michael Mihajlov, Carnival Destination Director, Interview 09 August, 2017). Figure 12 is a photo taken on the signing of this agreement.

*Figure 12* - Peter Baxter, Director General of AusAID; Ann Sherry, CEO of Carnival Australia; and Prime Minister of Vanuatu, the Hon Moana Carcasses Kalosil following, their MoU signing ceremony in Sydney, Australia, July 2013 (Source: Department of Foreign Affairs and Trade, 2013b).
In alignment with SDG Goal 17, the Carnival-DFAT MOU identifies opportunities to provide an integrated development spend that will simultaneously support Carnival to increase their business, provide opportunities for Ni-Vanuatu, and improve infrastructure, covering finance and trade. Capacity building is addressed through a joint initiative with Australian Technical and Vocational Education Training (TVET), to small businesses, taxi-drivers and tour-guides. Another initiative facilitates the employment of Ni-Vanuatu aboard Carnival Ships through a cruise-readiness training program. Data measurement is important and to evaluate the success of these projects, the IFC division of the World Bank was included as a third partner in 2013 to establish the base-line economic impact. This baseline study will be updated in 2019 to assess the economic growth effect of cruise (Australian Aid, Carnival, & IFC, 2014).

7.4 CSR: P&O Pacific Partnership

The P&O Pacific Partnership began in 2013 and is the more publicised CSR initiative that Carnival is involved in. P&O Australia's website states that they "looked to partner with an organisation already working in the regions our ships visit. We wanted to give back to the communities which have been so warmly welcoming us" (P&O Cruises, n.d.). Save the Children Australia list P&O as an impact partner, providing "vital financial support and also initiatives such as Workplace Giving and fundraising and advocacy campaigns", in addition they help to "raise awareness of our life-saving work by helping us reach out to their customers and clients" (Save the Children Australia, n.d.). P&O ensures their partnership with Save the Children is highly visible through the auction of the nautical chart from each cruise being used to raise funds as well as a AUD$1 donation being added to every adult (over 18) passenger travelling to Vanuatu (P&O Cruises, n.d.).
Save the Children Australia is part of a global organisation headquartered in London. The organisation was formed in the aftermath of WWI and is one of the largest, oldest and most recognisable international non-governmental organisations. Save the Children has been working in Vanuatu for over 25-years and is the largest non-governmental organisation based there. As mentioned in the quote below, Save the Children focus on health, education, family violence prevention and justice.

Although Vanuatu is a popular tourist destination, a lot of the country remains underdeveloped due to the remote locations of many communities. Rural populations have little access to essential services such as health, education, justice and protection. (Save the Children Australia, 2018)

This section has provided the contextual information on Carnival Australia and the global organisation. It has helped explain the motivation for the CSR activities, and introduce the influence of Ann Sherry on Carnival Australia. The PPP between DFAT and Carnival is positioned in relation to the initial joint work through the Enterprise Challenge Fund and the P&O Pacific Partnership with Save the Children is introduced. This section reiterates the voluntary nature of CSR motivated development as well as providing some possible motivations, such as reputation.

7.5 Carnival CSR - Local and Global

Globally Carnival Corporation & Plc. engages in environmentally focussed CSR (Carnival Corporation, 2016a) with annual sustainability reports available online. The global CSR examines environmental issues such as decreased emissions through increased ship efficiency. As the environmental impact relation to cruise has been extensively studied and publicised this might be a driver for Carnival's global efforts to
be a good corporate citizen. It may also have the added benefit of saving the global Carnival MNC money through the transition from using bunker-fuel\textsuperscript{26} to LPG to fuel the ships. Another response by the global Carnival MNC has been to offer products that appeal to the passenger's social conscience. Carnival's global Fathom brand was originally conceived as a stand-alone voluntourism\textsuperscript{27} product, with dedicated cruises. Fathom ceased sailing after 15-months but the brand was reconceptualised as a shore-tour experience sold on all the Carnival brands (Cruise Critic, 2017). Selected shore excursions can become Fathom-themed if the excursion supports or explores a social initiative. The first quote below is from the Fathom website, the second is from Mihajlov of Carnival Australia, who spoke about Fathom, reiterating a global support for partnerships.

We are responding to a macro trend around the hunger for greater meaning and purpose in our everyday lives – people want to live their best story and long to go deeper. These are people who work to combine their purchases and experiences with their values and long to connect deeply, in community (Fathom, n.d)

..the idea is that we partner with NGOs and with donors where possible and we do look to progress our commercial interests, but also act in this facilitation role to achieve these development outcomes that ultimately do benefit our business, but with this secondary goal of... Reducing poverty, improving health, and improving education (Michael Mihajlov, Carnival Destination Director, Interview 09 August, 2017).

\textsuperscript{26}Bunker-fuel is the unrefined crude oil used for marine engines. It is emission-heavy and most countries do not allow it to be burned within their territorial waters. Many European countries have legislated against the use of bunker-fuel which has pushed cruise ships to convert to LPG. There is a risk that old-technology ships will be relocated to countries like Vanuatu or New Zealand which have not legislated against its use in their territorial waters.

\textsuperscript{27}Voluntourism is broadly defined "as assistance rendered to local people by tourists who stay in local communities for less than one year" (Banki & Schonell, 2017, p. 2). Carnival, through Fathom, were attempting to tap into this growing trend in tourism with the stand-alone cruise.
According to Carnival Australia, Fathom has been "anointed by our global CEO, so, he is very supportive. And here [in Australia] Ann Sherry... she is a big advocate of this type of partnership, and she has been driving it (Michael Mihajlov, Carnival Destination Director, Interview 09 August, 2017). The initial Fathom launch was heavily criticised (Una Vana Bien Spanish, 2016), but as an evolving form of voluntourism the Fathom concept could be a very interesting for further academic study.

In Australia Carnival's CSR efforts have been driven by the influential leadership of Ann Sherry. Sherry is well known in Australia as a passionate advocate of social responsibility. Although in January 2016 Sture Myrmell took over as President of Carnival, Sherry remains a hugely influential driver of Carnival's CSR in her role as Executive Chair. In addition to her role at Carnival, she is also the "[c]hair of UNICEF Australia and currently holds non-executive roles with National Australia Bank, Sydney Airport, Palladium Group, Rugby Australia, Cape York Partnerships, Museum of Contemporary Art Australia, Infrastructure Victoria and Philanthropy Australia" (Carnival Australia, 2017b). During an interview with Mihajlov he made it clear that Sherry is a hands-on leader and had visited a number of Carnival's projects in Vanuatu. Mihajlov reported that Sherry's skilled leadership drove many of Carnival's earlier CSR initiatives (Michael Mihajlov, Carnival Destination Director, Interview 09 August, 2017). Australia has recognised Sherry's deep commitment to social justice and gender equality; Sherry received Centenary Medal in 2001 and an Order of Australia in 2004. Sherry was 2015's overall winner of the Australian Financial Review's 100 Women of Influence Award (Carnival Australia, 2017b).

Carnival does not have any published, or official internal, CSR policy. Without published CSR parameters it was difficult to begin the search for Carnival's
development initiatives. Publically, Carnival articulates a strong overall corporate commitment to sustainability. They also indicate a concern for the continued wellbeing of the countries and communities that provide their customers with the experiences that ensure they keep coming back. Carnival's Destination Director, Michael Mihajlov referred to their CSR approach as a form of "futureproofing" (Michael Mihajlov, Carnival Destination Director, Telephonic Interview, May, 2017. It may also be a form of self-interest as Carnival has a vested interest in their destinations hosts remaining happy and welcoming. Carnival are aware of the problems of overtourism and destination-fatigue that have occurred in other destinations (Goodwin, 2017).

...there is a commercial sustainability piece, but there is CSR piece which gives us credibility and reputation, positions us as the expert and the owner of the South Pacific in this industry. So, a lot of these things that we do, we do with a commercial outcome in mind... development is not our primary goal, but it's a very real outcome... (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).

Mihajlov describes the CSR activities with Save the Children and DFAT as "almost a labour of love" and is very enthusiastic about Carnival's positive impact in the Pacific (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017). In the same interview, Mihajlov alluded to lessons learned by Carnival Plc in the Caribbean and mentioned that Carnival do not wish to allow those same failings to occur in the Pacific. Carnival's CSR appears motivated by their goal to effectively sustain and care for their destinations to ensure a long-term welcome. The main expression of Carnival's CSR initiatives in Vanuatu is the P&O Pacific Partnership.

While strategic joint ventures in the private sector are commonplace there are some industry specific challenges to working with the public and NGO sectors. When questioned about the partnership Carnival made the point that even corporate-level partnerships are subject to human personalities:
We had a really good first year where we built a bunch of aid posts and those early education centres and then, after that, a change of management, and you know... unfortunately the systems are not robust enough to be personality proof, and if you don't have the right people...on the ground. Unfortunately, the whole things can fall into stasis (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).

This appears to be a particular challenge of the aid and foreign-affairs sectors. Staff churn is the constant rotation of staff between postings. This practice ensures staff do not get fatigued, too personally involved, and gain global experience, but can be difficult for those who remain constant. The next quote emphasises how constant staff churn can impact the progress and achievement of development projects...

...what I can tell you, from being a very engaged stakeholder in this whole process, is that when we had an individual in place... Things got done, and things got done really, really well... Then, that person got posted somewhere else, and the whole thing stopped (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).

Much could be said about the complex dynamics of two large organisations whose measures for success differ. However, as only one party spoke on the record it would be unfair to delve deeply into this matter. The same issue was reported with DFAT, that just as a relationship was formed and communication was flowing, the DFAT contact was redeployed. Even large organisations with huge budgets are subject to the working relationships formed between individuals. There was agreement that when the right people were in place the relationship between them went very smoothly. Mihajlov admitted this issue was frustrating, saying "I'm a constant, I've been here for 10-years, but none of the other players have been, none of them" (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017). The practice of moving key contacts every 2-3 years is an obstacle to forming successful long-term partnerships with the private-sector.
7.5.1 P&O Pacific Partnership

The 'P&O Pacific Partnership' is a brand identity that markets the relationship between Carnival and Save the Children. This partnership is limited to Carnival Australia's P&O Branded ships, not the collective entity.

![Photo of the P&O Pacific Partnership Truck donated to Save the Children in Luganville, Vanuatu, June, 2017](image)

*Figure 13 - Photo of the P&O Pacific Partnership Truck donated to Save the Children in Luganville, Vanuatu, June, 2017*

The best donation has been the vehicle as this has really helped to improve capacity and help us to do our jobs - please say thank you to P&O, the truck also helps us to feel good about tourism and the cruise ships.

Pictured above is a vehicle, donated by the P&O Pacific Partnership for Save the Children to use. There are two trucks, the other is in Port Vila, and these vehicles came to Vanuatu through emergency response donations made during the aftermath of TC Pam. Carnival assisted by transporting the vehicles.

As a CSR driven intentional development partnership, the P&O Pacific Partnership takes the form of a donor-charity arrangement. While there were indications that a more active relationship was intended, it is not possible to report on this aspect without the
participation of Save the Children. Carnival report making a deliberate decision to partner with development experts, acknowledging that the key strength they bring to the partnership involves raising awareness and funding. By asking their passengers for AUD$1 per person, per cruise, Carnival have contributed over AUD$1 million to Save the Children to date. Additional disaster-relief funding was donated as one-off contributions during TC Pam, with the Carnival ships providing logistical in-kind assistance by transporting emergency goods (Mihajlov, 2017). An ex-pat NGO worker questioned why Carnival only asks for AUD$1, when they could ask for AUD$10 with the same administration, reasoning it would better for the tourist to give a decent donation.

While some discussion took place with Save the Children, it is not possible to quote them in this thesis. Attempts to speak to people in Vanuatu and Australia were pursued. However, all requests for an official interview were denied. During this research the partnership between Save the Children and Carnival was under negotiation. There may have been multiple sensitivities with the relationship that were not revealed to this researcher. Literature indicates that being unable to speak freely may be indicative of power imbalance (Elbers & Schulpen, 2013; Eyben & Savage, 2013; S. Hall, 2006).

7.5.2 Weak Local Relationships: Kalo Kindergarten

One of the P&O Pacific Partnership's objectives was to build Aid Posts and Kindergartens. It was not logistically possible to visit any of the Aid Posts built through the P&O Pacific Partnership, but reports indicate they conform precisely to the plans provided by Vanuatu's Ministry of Health. The responsibility for building new aid-posts has since returned to the Vanuatu Ministry of Health.
In Vanuatu the P&O Pacific Partnership has "funded the construction of two new Kindergartens and six new health clinics in Vanuatu, significantly enhancing the educational and health outcomes for thousands of children and families across Vanuatu" (Save the Children Australia, n.d.). A visit was arranged to view Kalo Village Kindergarten near Champagne Beach, Sanma Province, Espiritu Santo. The P&O branded truck was used to transport us, and I provided the petrol money. There, the head mistress, kindergarten teacher and another teacher were interviewed, without audio recording. They reported being very grateful for the building, uncertain as to who built it and a little frustrated that they were not consulted on the design.

The P&O Pacific Partnership originally recommended building a kindergarten in Luganville, but the local school principal required design changes. A feature of the P&O Pacific Partnership was adherence to exact design specifications as approved by the Vanuatu Government. Figure 14 shows the open-walled kindergarten design. When visiting Kalo the school principal and kindergarten teacher both expressed their disappointment with the design of the building, stating that "the building is good, but the rain comes in with the wind. If someone had asked us how to make a building, we would have put shutters" (Kalo kindergarten teacher, Interview, June 2017).

A concern raised at Kalo village was the lack of connection between Carnival and themselves with one Santo resident commenting "there has to be a partnership - in Vanuatu culture who you know is important, your family etc. You need to work with this structure and not remain distant" (Kalo primary teacher, Interview, June 2017).

Another comment was that "participation is a two-way program, reciprocal protocols are important - attending events, even if unrelated is important to maintaining relationships" (NGO worker, Kalo, June 2017). This was in reference to the official handover of the kindergarten. This issue extends beyond Carnival and Kalo as NGO-
Donor relationships are known to have difficulties in this area; 'doing' the development often taking priority over the formation of meaningful relationships (Batti, 2015; Reith, 2010).

*Figure 14* - Kalo Kindergarten has open sides as per government approved design. Kalo Village, Santo, Vanuatu, June 2017.

They also mentioned that they did not understand why their village received the kindergarten and that it would have been nice to have someone to thank. Representatives joked that "it fell out of the sky" (Kalo kindergarten teacher, Interview, June 2017), and have thanked God. In Vanuatu *kastom* [culture] it is important to correctly mark occasions such as the gifting of a kindergarten. The school staff were unsure if any representative from Carnival was at the opening ceremony. They knew the local Save the Children representative but did not appear to have a clear understanding of the link between their role as a host village for cruise ships, and the building of the kindergarten building. *Figure 15* shows this building at Kalo.
Kalo village was chosen as it was one of the Champagne Beach community villages, however the communication and relationships between Carnival and the communities is not maintained in the way the village expects. Communication with the village appeared to be predominantly one way, with one village informant saying:

"P&O was so strict with very strong timeframes and expectations, they provided money but was no help with logistics... there were still struggles with P&O expectations (NGO worker, Kalo, June 2017)."

It is not clear who should be doing the communicating here, Carnival is a large corporate, and it may be difficult to justify sending senior management to remote parts of Vanuatu to simply receive thanks. From a community perspective, more communication with Carnival would be welcomed, but considering the gulf separating corporate-culture and Ni-Vanuatu *kastom* expectations, this proved unsatisfactory for
both parties. Weak local relationships can a particular challenge for the private sector doing development work.

7.5.3 Summary of Carnival CSR

Despite not having any published CSR policy Carnival Australia demonstrates a robust, practical implementation approach. This is illustrated through Carnival's ongoing relationship with Save the Children and the P&O Pacific Partnership. Leadership emerged as an important aspect of Carnival's CSR activities, with Ann Sherry driving increased development engagement. Challenges to successful CSR include staff turnover in the NGO and Public sectors and managing the expectations and cultural requirements of communities. Without the involvement of Save the Children it is not possible to provide comment on any aspects of the working relationship between the NGO and private sector entities.

7.6 PPP between Carnival and DFAT

The partnership between Carnival and the Department of Foreign Affairs and Trade has a longer history than the relationship with Save the Children. The MOU with DFAT forms the backbone of an under-publicised working partnership with far-reaching development objectives. As both parties are satisfied with progress this MOU has recently been renewed. The working relationship began with a joint involvement in the ECF (Coffey International Development, 2013). The ECF was an Australian Government pilot project managed by Coffey International Development and providing funds to Asia and Pacific based private sector initiatives. In alignment with the general push towards leveraging the dynamism and capital of the private sector for development, the ECF as a way to provide "innovative solutions to address market failures and stimulate long-term inclusive pro-poor economic growth" (Coffey International
Development, 2013). Businesses were expected to provide 50% of the project costs and the fund was awarded through a competitive application process. It ran between 2007-2013. One of the ECF projects was the rejuvenation of the Champagne Beach jetty, pictured below.

![Image of Champagne Beach jetty](image)

*Figure 16 - Photo of the improved jetty at Champagne Beach, Vanuatu, June 2017.*

The jetty pictured in figure 16 provides safe mooring and the ability for passengers to securely disembark from the tenders to reach land. Until the Carnival refurbishment the jetty at Champagne Beach was in poor repair, downgrading the internal rating and safety of this port. The ECF awarded AUD$805,000, with Carnival contributing the same amount, and this was used to improve the jetty landings, water and ablution facilities at Champagne Beach, Wala and Mystery Islands. At locations without a wharf the quality of the jetty is vital. The implications of a low port rating are serious. A destination with a poor port rating can be deemed "unsuitable and removed from the cruise itinerary."
ECP joint project funding was also used to build toilet blocks and provide fresh water supplies at the cruise destinations of Champagne Beach, Mystery Island and Wala Island. Figure 17, below, is a photo of the ECF built ablation block at Champagne Beach. Passenger satisfaction, and hygiene, is of critical importance to cruise companies, so provision of western-style flush toilets was a high priority. This toilet block, pictured below, is maintained by the landowning community and is only unlocked on cruise days.

*Figure 17 - The ablution block built by the ECF development project. The 'Carnival Toilets' at Champagne Beach, Vanuatu, June 2017.*

Another ECF endeavour was the provision of tourism and financial training for local vendors and tourism entrepreneurs. The ECF partnership was considered a success and in 2013 a MOU was signed between Carnival and DFAT. Carnival reports their partnership with DFAT is one of the very first private-sector partnerships with the Australian Government, making an examination of this partnership particularly important.

In terms of motivation, Sherry was also actively involved with negotiating the partnership with DFAT. Carnival indicated their intention was to 'open up' their business
to examination by DFAT, with the understanding that DFAT would identify paths to achieving development by utilising Carnival's existing Pacific footprint. Mihajlov refers to Carnival as a 'facilitator of development' in relation to the intentional development work they are involved with (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).

...facilitator, is pretty appropriate. We see opportunities that we can't [pursue] on our own... It’s not that we're capturing opportunities for our commercial interest, but we see opportunities for development that will improve capacity and capability of people we rely on to deliver a commercial product (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).

This contrasts with the development, CSR and PPP literature that uses the term 'development actor'. Carnival describe their relationship with DFAT as follows:

...one of the principles of that MOU is that we will collaborate and look for common goals and how we can leverage each other's resources to reach those common goals. We are not a development agency, that’s for sure! We're a commercial operator, but we operate in these places that other commercial entities just can't reach, so we have reach that’s unparalleled. We have scale, being the biggest cruise operator in the world, actually [Carnival is] the largest vacation industry operator in the world with 104 ships and counting. We have a global presence, well over 1000 ports that we call at. So, there are some obvious synergies there... (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).

7.6.1 Examination of the MOU between Carnival and DFAT

The MOU is included as Appendix 1 to this thesis. This document identifies the priority areas for the DFAT-Carnival Partnership in Vanuatu. The MOU is not publically available and Appendix 1 is a single page of the MOU, provided via email by Michael Mihajlov on 03 April 2017. The MOU is described by Carnival as the "first iteration of any evolving agreement to collaborate together on mutually beneficial projects between the two parties" (Michael Mihajlov, email, 06 April 2018). The document guided the Vanuatu research, directing which development projects were sought out and observed.
This section will examine each point of the MOU and describe the findings associated with these priority areas.

**MOU, Section 1 - Promoting economic opportunities, skills development and employment for Ni-Vanuatu.**

1a - The first objective was to partner with the Australia Pacific Technical College to improve training to assist Carnival recruitment to increase the number of Ni-Vanuatu working on Carnival ships. Carnival reported that this project did not work as hoped and that the training was too infrequent. Carnival have continued with shipboard training and are increasing the percentage of Ni-Vanuatu on the ships. Shipboard training means they can take on new recruits at every stop rather than have to wait for batches of new graduates. Ex-cruise crew become sought-after employees in Vanuatu's hospitality businesses, as they are highly trained and have gained deep experience working in meeting the expectations of Western tourists.

1b - Another collaborative project was with the National Bank of Vanuatu to provide microcredit and financial literacy courses to help market vendors and emerging tourism entrepreneurs. Based on the lack of information and lack of informants I believe this project is still to be enacted. The 2014 'Assessment of the economic impact of cruise ships to Vanuatu' stated:

Financial and business literacy has been identified as a critical need across a number of sectors in Vanuatu, including in the tourism and hospitality sector, where people may wish to develop tourism oriented activities but lack the confidence and basic skills to build their own business (Australian Aid et al., 2014, p. 50).

1c - The third objective was for Carnival to work with Australia's Technical and Vocational Education Training (TVET) towards developing a curriculum and training
for cruise-related business, including tailoring existing financial and business management courses. It appears there was some divergence with TVET related to the reincorporation of AusAID into DFAT and their funding model. Representatives from TVET expressed that the organisation remains very keen to work with Carnival, but it is unclear how these courses will be funded (TVET, Interview, 11 July 2017). On Santo those involved with tourism transport have received some training with the taxi and tour-bus operators being trained to become familiar with western-style expectations around hospitality.

Carnival are concerned about the expectations training can build in a community stating

"with TVET, there was a bit of miscommunication, originally, we talked about doing something collaborative, and TVET went ahead and did something independent... and as a result, they probably set some false expectation with the vendors there" (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).

A number of taxi-drivers and small-business owners I met in Luganville mentioned that they had been trained and that they were 'ready' for tourists now.

1 d,e and f - The final three points in section one concern handicrafts and cultural performers. The handicrafts issue was one that many people in Vanuatu had strong opinions on and will be examined in section 7b.2.3. Carnival have found it challenging to address this problem, remaining committed to engaging with it. Cultural performers and market sellers are not currently allowed onto ships in port due to security. But, informants reported Carnival's co-financing a new attraction in Luganville; a water-
music\textsuperscript{28} activity has received Carnival support to develop a cruise-ready product that will be included as a ship tour. This kind of co-financing arrangement can be very constructive in Vanuatu where indigenous access to capital is difficult.

\textit{MOU, Section 1 - Sustainable economic development through infrastructure development.}

\textbf{2a} - The production of a joint report produced by Carnival, AusAID and the IFC established a baseline economic impact position. The key findings are reproduced in section 3.4.1, including figures for total passenger and crew spend, and the average per day passenger spend by location. It also included an expected AUD$30-million benefit over the next 10-years based on increased cruise arrivals. The commission and publishing of this report successfully fulfils objective 2a of the MOU. Carnival indicated that a repeat (update) of this study will take place in 2018. However, the IFC reports that Carnival has postponed this, and it will likely take place mid-2019 (B. Last, IFC, Email, 15 November 2017).

\textbf{2b} - The second objective for SED is to develop a wharf-based market in Lugarville. This was complicated enormously by the wharf redevelopment in Lugarville and as at early 2018, the Mama's market is still housed under shade-tents. The wharf redevelopment was a bilateral arrangement pursued by the governments of Vanuatu and China, and it involved the unexpected closure of the wharf and, unintentionally impacted 4-year’s-worth of cruise scheduling, effectively returning Lugarville to pre-

\textsuperscript{28} Water-music is popular demonstration of traditional performance by Ni-Vanuatu women from the northernmost islands. The women stand in water and using their hands on the water they create music. Many videos of this can be found on YouTube.
2008 arrival figures. The wharf issue could not be included in this thesis, being off-topic and complex, but was an important finding that will be published elsewhere.

2 c.d and e - These points concern infrastructure. In relation to infrastructure development Carnival were quite clear that they were not interested in funding any public infrastructure. Mihajlov clearly stated that any infrastructure, including hydrological surveys, had to be non-proprietary and able to be used by all, including competitors. However, from the facilitation perspective Carnival is providing information and assistance with ideas, linkages and support. One example would be Carnival providing assurance to other parties that if a jetty or mooring was constructed at a favourable location that Carnival could commit to including it in their schedule. This type of private sector assurance is essential when seeking finance from bi-lateral donors, or international banks.

The original MOU was signed for 3-years between 2013-2016 and was renewed in 2017. According to Carnival the new MOU has

...no major changes, it’s the same in principle... it’s going to be a little broader. It was quite prescriptive for certain projects, it’s [now] going to be more of an understanding that we will collaborate on broad projects” (Michael Mihajlov, Carnival Destination Director, Interview 09 August, 2017).

6.6.2 Summary of Carnival PPP

The formal PPP between Carnival and DFAT is a wide-ranging agreement seeking to leverage Carnival's private sector footprint and infrastructure and improve Vanuatu's development outcomes. The MOU objectives were designed to enhance Carnival's core-business impacts by building on the existing business footprint and facilitating development outcomes. The MOU therefore transforms certain assumed immanent development outcomes into intentional development objectives that can be improved.
Challenges to this form of facilitated development included poor communication, unexpected third-party impacts (such as the wharf closure in Luganville) and the limitations of politically motivated development. All the MOU objectives relate to sustainable economic development; there are no sustainable social development objectives.
Chapter 8: Findings - Challenges to Intentional and Immanent Development in Vanuatu

This chapter details the findings relating to Cowen and Shenton's description of intentional and immanent development (Cowen & Shenton, 1996). They were identified through a thematic analysis of notes and interviews and included the perceptions of inefficiency and corruption in Vanuatu's public sector. An example of intentional development using Vanuatu's handicraft industry is discussed. This is followed by the exploration of some challenges to immanent development; land issues, the social impact of cruise tourism and power asymmetry. The issue of communication is a thread running through all these examples.

8.1 Perceptions of Inefficiency and Corruption in Vanuatu's Public Sector

As this research investigates public private partnerships the Vanuatu public sector has come under some examination. Although attitudes about the public sector do not explicitly tie in with intentional or immanent development, these do affect business. For the private sector to partner with the public sector they require a reliable partner (Jomo et al., 2016; Pattberg et al., 2012; Schaaf, 2015; Stadtler, 2016). Immanent development requires a healthy public sector and intentional development rests on this too. A healthy public sector can be considered as getting the basics right such as reliable utilities (water, sanitation, electricity, internet) and ensuring a transparent and efficient tax system. A key concern raised by informants was their perception of the inefficiency and perceived corruption within Vanuatu's public sector. Both Australian and New Zealand bilateral aid objectives have identified the improvement of government reliability and transparency as a priority (Australian Government: Department of Foreign Affairs and Trade, n.d.; Department of Foreign Affairs and Trade, n.d.-a).
Comments made during interviews reflect that political corruption is perceived as a problem in Vanuatu. Section 5.2 on Vanuatu provides the historical context for this. The recent change of President and the jailing of corrupt ministers may help, but my participants had adopted a 'wait and see' attitude. They did not report any improvement in their perception, one reason for remaining cynical was that "the government doesn’t have any money" (Tourism business owner 2, Luganville, June 2017). I observed that Sanma tourism, a government entity, was so underfunded that they had resorted to creative measures (selling bus tickets) to pay for petrol for their vehicle. I cannot say why this was, multiple theories were suggested, but my observations indicate that Sanma tourism department operates with a Spartan budget, one that does not extend to marketing materials, maps or petrol, and hampers their ability to do their jobs.

Those interviewed from in the tourism industry indicated their lack of faith in the public sector, with one saying

...the government of Vanuatu changes like underwear... so it’s a really difficult space because everything is constantly moving. The goalposts are constantly shifting, there's no constant (Tourism business owner 1, Luganville, June 2017).

Tourism participants described their interaction with the state as unreliable and inconsistent. Participants made referral to the Vanuatu public sector's 'flexible' approach to aid money, which reportedly 'goes missing'. This was explained in several ways, one informant observing

we have the same politicians from 1980 - its family dynasty’s now, there is no democracy. They all have private schooling and private medical from Australia, this is expensive, so a lot of money 'disappears' here (Tourism business owner 1, Luganville, June 2017).

Concern was expressed about questioning public sector representatives, suggesting "if you give them the 'wrong' advice they just get rid of you" (Tourism business owner 2,
Luganville, June 2017). This was not expressed in relation to violence, but that your business may face increasing administrative hurdles, or you might never work with government again.

*Figure 18 - A view of Million Dollar Point; access is difficult to this popular snorkelling and diving destination, Santo, Vanuatu, June 2017.*

A particular gripe on Santo is the road to Million Dollar Point. Figure 18 shows the place where you can enter the water to snorkel. This is, arguably, one of Santo's tourism highlights, an incredibly accessible snorkelling point where tourists can see WWII era jeeps, trucks and other military equipment in only a few metres of water. The road from Luganville to Million Dollar Point is in an extremely poor state of repair. Everyone I spoke to was under the impression that aid money had been provided to seal this road, and that the money had been 'repurposed'. When I visited Million Dollar Point my sister and I caught a lift with a Ni-Vanuatu farmer in his truck, when about the road he said "the last time they gave government money they didn’t build this road here" (Ni-Vanuatu farmer, Luganville, June 2017), another shrugged, saying "our government departments are corrupt, and the money will not be fully used for its main purpose..."
Facilitating Development

(Long-term ex-patriate tourism business owner, Luganville, June 2017). There is an element of fungibility in aid money and it might be that it was repurposed for disaster relief, it was impossible to find out.

The issue is the attitude of the business owners and this is supported by the Transparency International survey from It may stem from the period pre-2015, when fourteen Government ministers were tried and convicted of corruption and jailed (Forsyth & Batley, 2016). One informant suggested "if you talk to people [referring to rural communities] about government corruption, the answer is the money is the government's money, so how can politicians be corrupt if they are just using their own money"? (Tourism business owner 1, Luganville, June 2017). This business owner was expressing frustration that there was not more general outcry about issues of transparency, inefficiency and public funds. The 2013 Transparency International survey reaches all areas of Vanuatu society and found that there was a 79% assumption of increasing corruption in government (Transparency International Vanuatu, 2014). In section 5.2 some of the historical context is provided for this lack of faith in government.

Talking about Vanuatu government corruption amongst ex-patriate and Ni-Vanuatu business owners appeared to be a regular occurrence. Not only was I told about this directly, but I overheard numerous conversations on this topic this during my observations. One of the reasons this was a popular topic was that during my fieldwork the President of Vanuatu died, and my fieldwork took place during the period when a new President was being elected. What I took away from my observations and interviews is that the perception of corruption is widespread. Researching specific allegations of corruption is outside the scope of this research, but it can be said that the Vanuatu government was almost always described as extremely inefficient. With such high expectations for the private sector to enhance development, addressing the issue of
inefficiency or perceived corruption is an important factor. Lack of public trust can hamper private-sector led development.

8.2 An Example of Intentional Development

Direct cruise-initiated development activity in Vanuatu can be referred to as intentional development. This includes the example of the CSR-motivated P&O Pacific Partnership's building of Kalo kindergarten from the previous section. Sections 1e and f of the MOU between Carnival and DFAT relate to intentional development objectives around handicrafts and address two challenges to improving local handicraft sales. 1e states that Carnival will "increase direct sourcing of art work, handicrafts and local produce" and section 1f states that Carnival and AusAID will support the Government of Vanuatu in "establishing an accreditation system for treatment of local products to meet Australian quarantine standards" (Appendix 1). The following section reports findings in relation to handicrafts, another 'hot topic' during field research.

8.2.1 Handicrafts, Markets and Biosecurity

The sale of handicrafts is assumed to be one of the multiplier effects of tourism, but in Vanuatu there are specific challenges to this being realised. Identified as problematic by Niatu in 2006, the lack of multiplier effect was reiterated by Scheyvens and Russell in 2013 and Australian Aid in 2014 (Australian Aid et al., 2014; Niatu, 2007; Scheyvens & Russell, 2013). There are 2 key challenges to the handicrafts issue, one is that "expenditure flows out of the local economy because of the high proportion of imports sold directly to tourists and also as a component of locally made handicrafts" (Australian Aid et al., 2014, p. 39). The other is the issue of biosecurity.
There is enormous potential for Vanuatu to start producing appropriate, attractive, biosecure goods to sell to tourists:

I’d love to see P&O investing in economic empowerment programs that make some decent stuff for the tourists... I've lived here for 2-years and I still can't buy anything made in Vanuatu that I would have in my house!

And especially the expat community here, as well as the visiting expat community on the boat, you see them all go up and down this main street [in Port Vila], there is nothing to buy of any value.

You just think there is such opportunity for these women to be taught a skill that actually makes them some decent money, because we will part with our money for that! (Australian NGO Worker, Port Vila, July 2017).

All informants, cruise passengers, and casual acquaintances expressed concern around the importing of generic Chinese souvenirs, transforming Vanuatu's handicraft markets into "more of the same" boring offering you can see anywhere in the world. Vanuatu's unique cultural identity has been largely replaced with "homogenous plastic crap" (Cruise passenger, Luganville, June 2017) as one cruise passenger from New Zealand referred to it. If markets only offer "generic plastic tat" (Cruise passenger, Luganville, June 2017, as British passenger called it, then that is all visitors can buy.

Beyond the lack of authentic Vanuatu souvenirs available for tourists is the problem of profitability. An Australian Aid volunteer, working with markets on Santo, explained that the main problem is the tiny margin made by market mamas selling imported goods. On cruise day mamas can be observed regularly visiting the Chinese shops lining Luganville's main road to restock.
Figure 19 - Photo of a wholesale 'Chinese Shop' on Liganville's main road. This image shows plastic hair accessories, fridge magnets and plastic beads. Luganville, Vanuatu, June 2017.

The image above shows the kind of products available in a wholesale shop in Luganville, with aisle after aisle of generic tourist souvenirs. Sarongs, shot glasses, fridge magnets, plastic wreaths of flowers, cheap swimming costumes, budget flip-flops, snorkelling equipment, t-shirts and plastic frangipani hair ornaments all lined up and ready for cruise ship day. Informants said mamas sometimes receive goods on consignment, or, buy what they can to sell at a mark-up. Perhaps the concept of globalised deterritorialization (Rankin & Collins, 2016) could be applied to the marketplace as 'local markets' around the world become indistinguishable from one another? In this case, the assumption that increased shore spend by cruise tourists will generate development requires scrutiny.
An alternative is increasing production of locally made handicrafts. This could promote interisland trade and prevent leakage of market profits overseas. The image below (Figure 20) was taken in a boutique store in Port Vila. This shop only sold locally sourced goods, and the owner had adapted local designs to the western aesthetic by adding cloth linings to baskets and additional decorative elements. These products sold for a much higher price than the baskets in their unaltered state. However, the baskets in their natural state are beautiful, well made and when sold to tourists the value of the labour is fully realised, these sales being far more profitable to Vanuatu.

Figure 20 - Examples of handcrafted Ni-Vanuatu bags and souvenirs. Port Vila, Vanuatu, July 2017.

One of the key issues impacting the local souvenir industry is biosecurity. A major motivation for passengers to buy plastic souvenirs is because they are confident they can bring them through customs in Australia or New Zealand. This problem is known to MFAT, DFAT, Carnival and TVET. Additionally, the Pacific Horticultural &
Agricultural Market Access Program, or PHAMA, has been involved, with Carnival reporting:

...we've done a lot of work with PHAMA with the local handicrafts, we've just got a video that’s been produced and released in the Solomon Islands that details the importable items and what you have to declare etc. Taking a bit of the alarmist feeling out of the current quarantine messaging.

...we have also got the glass cabinets on the ships that show examples of the products, so that people can see what it is [referring to biosecurity display]. First of all, it’s a marketing tool, to show what’s available on the shore, but it’s secondly, what's importable and what's not.

...PHAMA have helped us conduct a demand study, for what the guests are looking to purchase ashore, so we did that in association with IFC as well. (Michael Mihajlov, Carnival Destination Director, Interview 09 August, 2017).

Although Carnival are taking this issue seriously, from time spent at the Sanma tourism information desk at Luganville and Champagne Beach it was clear that passenger understanding of biosecurity regulations remains very limited. This is an important challenge for Vanuatu, Carnival and development agencies.

Handicrafts offer huge potential for inter-island trade, women's economic empowerment and increased direct spend by tourists (Department of Foreign Affairs and Trade, 2017; Ministry of Foreign Affairs & Trade, n.d.; PHAMA, 2015; PIR Editor, 2017).

A study carried out by a local consultant indicated that Vanuatu’s handicraft sector is worth around Vt1.3 billion [US$12 million]. It further indicated that a reduction of 20% of imported handicraft/souvenir products substituted with an increase in local production would generate Vt100 to 200 million [US$930,000 to US$1.86 million] in revenue in the rural economy. Port Vila alone has over 500 market vendors. (PIR Editor, 2017)
Handicrafts should be a huge economic multiplier for Vanuatu but in this case intentional development initiatives are required. MFAT, DFAT and PHAMA are all supporting initiatives to increase Vanuatu's handicrafts sector. Carnival has a part to play, particularly in educating their passengers so that they can contribute to improving the sustainable economic benefit of locally produced handicraft sales in Vanuatu.

8.3 Challenges to Immanent Development

Immanent development is primarily a result of core business activities (Meyer, 2007) and can help create the economic multiplier effect of tourism, immanent development also includes peripheral business that support core tourism activities. Cruise tourism can generate much unintentional, or immanent development, but there are problems with the assumption that the multiplier effect will be generated through cruise tourism. The first is the barrier to entry for indigenous people entering the formal tourism market, the next is the issue of land and how that affects opportunities for local operators. While there are positive multipliers from tourism the immanent development includes negative social impacts such as land disputes, increasing non-communicable disease and social discord. Communication is an issue and inequality of power between the multinational cruise corporation and Vanuatu tourism is of concern.

8.3.1 Challenges to Multiplying Shore-Based Business Opportunities

No matter what part of the world, when you're on the ground there is a real lack of connection between the on the ground and the cruise lines, that’s no matter which port (Sun Princess information liaison officer, Champagne Beach, 24 June 2017).

The above quote is from the Sun Princess liaison, highlighting that ship to shore communication is an industry-wide global problem. One of the ways that immanent development opportunities can be boosted is through increased communication. There
are numerous challenges limiting the flow of information between the ship and the shore. Sanma tourism, despite chronic underfunding, attempt to bridge this communication gap with the cruise passengers by setting up an information tent on cruise days.

Normally a local destination tourism office would handle the communication of information to tourists. However, Sanma tourism had been without any government funding towards marketing for an extended period when I arrived. One way they try to address this is by selling bus tickets to the cruise passengers for AUD$5 per trip (between wharf and town). Not only does this assist passengers to reach the shopping area, but makes enough money to keep their truck in petrol. It does not enough to produce proactive solutions such as information leaflets, maps or signage. An Australian volunteer was working on updating the website while I was on fieldwork, and this should help. The picture of the 'tourism tent' below shows the result of this acute lack of funds. Digital versions of maps, information booklets and lists of local activities exist, but there is no money to print them, so tourists go without.

29 This has now been completed, see: https://www.vanuatu.travel/en/provinces/sanma-province/espiritu-santo
The Sanma tourism tent is attended by tourism staff on port-days. The tourism staff spend a lot of time answering questions about biosecurity, an issue related to handicrafts and discussed in section 8.2.1 They are also asked for maps and information on what to do and assist in regulating the local taxis and tour operators. A possible solution would be to provide more information on board, but communicating with the ship is not easy:

It’s so difficult to get accurate information inside the ships about the ports, which has an impact on the potential passenger spend, because they're often misinformed (Sun Princess information liaison officer, Champagne Beach, 24 June 2017).

An observational finding between the P&O and Princess Cruise passengers went beyond the socio-economic market segmentation that separates these two brands. The (more expensive) Princess cruise had an onboard information officer providing destination lectures. This information advantage was particularly noticeable at Champagne Beach. Many P&O passengers, with no information officer, arrived at the beach without money and having little idea that they could book tours, eat fresh lobster,
buy coconuts and rent snorkelling equipment. Princess passengers appeared confident and ready to spend. I spoke with the information officer and discovered that her position was not always filled and more of a 'nice to have' rather than a permanent staff position.

Passenger ability to manifest the multiplier effect of increased direct shore spend though cruise tourism is constrained by lack of information. When the P&O passengers came ashore and saw how much was on offer, some borrowed money from friends and others returned to the ship for their wallets but did not always return. Champagne Bay is a tender-port and it is not a short journey back to the ship (around 45min each way).

When questioned, the vendors at Champagne Beach reported making more money from the better-informed Princess group.

Communicating information to the passengers about what to expect on shore appears to benefit everyone. My interview with Princess' information officer supported an overall impression that passenger's shore spend increases when passengers are empowered with information. But, as the cruise lines do not profit from any of this spend the role of the information officer is not prioritised by cruise ships. Improved communication with the passengers is vital if the multiplier effect of cruise tourism is to be more fully realised.

8.3.2 Land Issues and Lack of Opportunities for Local Operators

Customary/communal land ownership can prove challenging for the private sector in the Pacific. In relation to this study it was the ownership of beaches or various tourist attractions that proved problematic, particularly valuable cruise ports, such as Champagne Beach.
Figure 22 - The road to Champagne Bay with Dolphin Island in the background and the cruise ship moored offshore. Champagne Beach, Vanuatu, June 2017.

Champagne Beach is an idyllic, c-shaped curve of white sand beach located on Santo's east coast, near the village of Hog Harbour. Two families maintain custom ownership. One family own the land with the jetty and toilets (built by Carnival through the ECF) and the other family have the more distant side of the beach and maintain their own long-drop toilet block. Carnival pay a fee to the landowners of Champagne Beach. One of the land-owning families have escalated an internal dispute to the point where the port-fees from Carnival were ordered split by the Vanuatu courts. This means that instead of only issuing one payment to each family for the port fee there are somewhere between seven and nine separate court-directed payments made to various family members. The family land dispute impacts Carnival's operations at Champagne Beach, as well as generating community unrest. As a direct result of the unstable situation at Champagne Beach, no organised shore excursions are operated here. However, this may
be an advantage as it has prevented any external operators from capturing the passenger spend.

While it is assumed that local people can become tourism entrepreneurs, it is very difficult to become an official tour operator for the ships, especially for Ni-Vanuatu. A 40-page contract and safety and liability insurance requirements are insurmountable barriers to entry for many potential operators. These requirements ensure safety of passengers, which is a top priority and for Carnival. These land issues can also be framed as an unintended consequence of immanent development, highlighting a tension between community values and market forces (Hart, 2001; Morse, 2008).

On Santo all ships tours are organised through one operator, Dave Cross. Cross states that 98% of the business he handles goes to Vanuatu owned businesses but, admits some of these are ex-pats who have taken Vanuatu citizenship. According to Cross the main barriers to entry for indigenous business are lack of access to capital and a limited understanding of international tourism business requirements.

As a result of the land dispute, and some past violence, all activities at Champagne Beach are organised by local-residents. But without the ship promoting these activities onboard there is less uptake for activities. Observations indicated some possibility that more money directly enters this community due to the absence of any external operators. Market mamas and transport operators both pay 'rent' to the land-owning families to trade on the beach on cruise days. During fieldwork the 'word on the beach' was the 'difficult' Champagne Beach family is headed back to court over these cruise-day fees from the market mamas and transport operators.

The ongoing land dispute impacts the cruise tourism in numerous ways. It prevents any official activities arranged by Carnival. Without any activities to promote, the
Champagne Beach day is advertised as an empty beach, leading to the problem of passengers arriving without money, or too late to do any activities. As most of the activities on Santo are located along the road running between Champagne Beach and Luganville the same activities are possible from both ports. Land disputes have also led to violence, one business owner stating that "Champagne Beach can be a bit dodgy at times. There's fights and 'lovely' YouTube videos of the locals beating... each other’s cars on cruise ship days..." (Tourism business owner 1, Luganville, June 2017).

Obviously, violence is less than conducive to successful tourism, but has not been limited to Champagne Beach.

8.3.3 The Social Impact of Cruise Tourism

All informants conveyed varying degrees of unease around the social impact of cruise tourism, despite positive economic outcomes and good aspects regarding increased monetisation of the economy. A Vanuatu government representative acknowledged awareness, commenting

...the government is concerned about the... positive and negative impacts for any of the communities that host and receive cruise ships. Unfortunately, the government has embarked on the road of developing ports of call first, before assessing the impacts (Vanuatu tourism employee, Port Vila, 11 July 2017).

Likely due to the emphasis placed on economic development, the social impacts are not currently being measured which appears short-sighted, especially for places that receive large numbers of cruise ships.
At Friday happy-hour drinks evenings with the NGO/Aid group in Luganville, stories about the social cost of tourism at Aneityum / Mystery Island\textsuperscript{30} were regularly recounted, but these were anecdotal. An interview in Port Vila with TVET employees raised specific issues around cruise tourism at Mystery Island. Informants, hearing stories of the situation at Mystery, were fearful of the same issues in Luganville.

TVET representatives reported a regular issue with children being removed from school to perform or sing for the ships. On all five occasions that I observed ships during fieldwork, children were signing for passengers. A bucket or container was provided for passengers to donate cash. While this may be a minor problem at locations with fewer ships, or more children, the informants claim that Mystery Island there are a lot more ships and fewer children.

TVET also reported issues reflective of overtourism, such as people having less time for community, \textit{kastom} and church activities. The community of Mystery Island are cash-rich, reportedly preferring to eat rice and tinned fish/beef. Anecdotes indicate that gardening (subsistence farming) is taking a lower priority to tourism activities. Either they do not have time to garden or may not want to when the alternative ‘western’ diet is viewed as aspirational and ‘wealthy’. This change in diet is leading to problems of non-communicable diseases (NCDs) such as high blood pressure, diabetes and obesity. A government representative confirmed these concerns for the community, stating that

\textsuperscript{30} The settlement where the community is based is called Aneityum, Mystery Island is located just offshore and is usually uninhabited until cruise day. For simplicity Mystery Island is used to describe this area and community.
...eventually communities were focussing more on the money part of cruise tourism rather than seeing how it was changing their lives, and so Mystery Island now becomes a very good example. You don’t see any Vatu there, there is only AUD spent there, there have no much services to spend their money on, so they end up purchasing everything from the shop, and health is a major issue now. Issues about food and dietary intake has become a challenge, leading on to NCDs (Vanuatu tourism employee, Port Vila, 11 July 2017).

As referred to in the quote, Mystery Island has an AUD-based parallel economy. A lack of re-investment in the community, jealousy, infighting, fatigue from the constant pressure of ship arrivals were also mentioned during my interview with TVET, raising concern that another 'Wala situation' could occur. In 2017 Mystery had 89 arrivals, or roughly one ship every four days, however over December 2017-January 2018 there were 25 arrivals and periods with a ship every single day (KGNAdmin, 2017). Land disputes are a common source of social conflict in Vanuatu and with cruise tourism’s defining feature being self-contained mobility there is always a risk that the cruise ship will port elsewhere. Cruise companies have the ability to relocate if any conditions are seen as unsuitable (Scheyvens, 2002, p. 31).

31 The story of Wala Island is well known in Vanuatu. Cruise ships used to visit Wala, but a combination of island politics, inequality between communities, missing money, legal land disputes, violence, and stress resulted in a letter to Carnival informing them that their ships were no longer welcome. A 2013 Australian TV documentary summarised that "tourism dollars have driven division, distrust and dishonesty with a group of mainly subsistence farmers with no experience dealing with cash flow" (George, 2013). Wala was removed from the cruise schedule in late 2014, receiving a 10-year tourism ban. A recent news article from the Vanuatu Daily Post states that the Vanuatu government will lift the ban in 2020, rebranding Wala as Malekula (Roberts, 2017). No ships include Wala on the 2017-2019 schedule (Clean Cruising, 2017).
9.3.4 Power Asymmetry

There is a pronounced power asymmetry between Carnival and host communities. Communities have little negotiating power. On the other hand, not every bay is suitable to mooring a cruise ship and detailed hydrological surveys are required before a billion-dollar cruise ship is allowed in to any new destination. While cruise is mobile, it is mobile within a specific set of parameters. In the Caribbean alternative ports of call are available within similar cruising distances, but not so in the Pacific. Geographic and hydrological constraints are important negotiating factors for cruise destinations.

Power relations between Vanuatu and Carnival are also uneven. Fears were expressed around the potential competition from the Solomon Islands and Papua New Guinea, and this quote from Vanuatu Tourism is troubling:

...the competition is now regional, other regional brothers and sisters also want to be a part and want to take a pie-share of the cruise market. So, it’s about our government being more committed, by way of providing a more competitive proposal, by saying that there’s the opportunity of reducing port-calls [costs] coming into Vanuatu (Vanuatu tourism employee, Port Vila, 11 July 2017).

Port fees are a vital if the Vanuatu Government is to use the revenue from cruise to achieve development objectives for Vanuatu. A cost-based competition with other destinations would not benefit either destination. Vanuatu should not undervalue its position in negotiation or voluntarily reduce port fees. Port fees are essential for the support of government operations, infrastructure and continued maintenance of ports. Increasing per-passenger fees and berthing-fees at ports is something that could be considered at a policy level for the long-term benefit and support of Vanuatu's state development objectives.
8.4 Summary

The findings provide primary evidence for the ways in which cruise tourism led intentional and immanent development is taking place in Vanuatu. Carnival's intentional development initiatives are being facilitated through the CSR motivated P&O Pacific Partnership as well as the PPP with DFAT. Some challenges facing this development include the issue of staff churn in the aid and public sectors which make institutional relationships difficult to maintain over the long-term. Perceptions of government inefficiency or corruption could have a negative impact on business confidence, although Carnival did not mention this as a specific concern of theirs. Handicrafts have been specifically selected as an intentional development issue for Vanuatu as this multiplier effect of tourism can be significantly improved.

Examples of the challenges to improving immanent development include communication constraints between the ship and the shore, the barriers to entry for Ni-Vanuatu tourism entities and the negative impact of land disputes for tourism. Concern has been raised over the social impacts of cruise tourism and the asymmetry of power between Carnival and local communities, as well as between Carnival and Vanuatu.

Many of the challenges to immanent development can be addressed through intentional development initiatives. The PPP between Carnival and DFAT expressly address the issue of handicrafts in this way and this is indeed one way that the private sector can help to facilitate an improvement to the multiplier effects of tourism. The explicit linkages between these findings and the literature review chapters preceding this two-part chapter will be explored in the final chapter, discussion and conclusion.
Chapter 9: Discussion and Conclusion

*Figure 23* - P&O Ship docked at the Luganville Wharf, with a 'bamboo band' performing in the foreground, Port Luganville, Vanuatu, June 2017.

**9.1 Immanent and Intentional Development and the Private Sector**

The private sector is viewed as an equal partner for development according to the 2002 WSSD, SDGs and Global Compact (Hale & Mauzerall, 2004; Responsible Tourism Partnership, 2017; Scheyvens et al., 2016; United Nations, 2000; United Nations World Tourism Organization, 2015a). Specifically, SDG17 encourages private sector development partnerships as a way to expand the reach of the SDGs (Responsible Tourism Partnership, 2017). Figure 23 is an analogy for the relative size of the private sector in relation to some of the communities they impact. Through CSR and PPP’s, the private sector has potential to significantly improve the lives of many through effective involvement in development initiatives. However, for these development initiatives to
be appropriate, aligned with current theory and far reaching, they need to adhere to best practice. This chapter will examine the immanent and intentional development initiatives Carnival is involved with, relate them to the Development First framework and discuss Carnival as a facilitator of sustainable development.

9.2 Cruise Tourism PPP and CSR in Vanuatu

As established in Chapter 4, cruise tourism is the world tourism's fastest growth sector and the Pacific is at the forefront of this progress. Under the leadership of Ann Sherry, Carnival Australia has achieved enormous market growth, but also become an active facilitator of development through CSR and PPP initiatives. These initiatives can be divided into intentional and immanent development in line with Cowen and Shenton's definition (Cowen & Shenton, 1996).

While Carnival have no formalised CSR policy, their activities conform to the all five dimensions of CSR described by Dahlsrud as social, economic, environmental, stakeholder engagement and voluntariness (Dahlsrud, 2008). While the social aspect could be improved, the other dimensions are well represented. The active stakeholder engagement of Ann Sherry and destination director Michael Mihajlov combines with CSR voluntary dimension, substituting for a lack of policy. Furthermore, Carnival refer to their development activities in the Pacific as 'futureproofing' which indicates a form of social licence to operate, acting to provide a legitimate relationship with external stakeholders that goes beyond existing regulatory requirements and seeks to gain community approval and welcome (P. Williams et al., 2007, p. 134).

A critique of Carnival's lack of published CSR policy is opaqueness. No explicit CSR policy makes public reporting by Carnival Australia impossible. While DFAT and Save the Children both provide extensive public reporting, Carnival's role remains unseen. A
particular danger of operating without a published CSR policy is that CSR decisions can, potentially, be based on personal preference rather than shared strategy (Global Reporting Initiative, 2011). Globally, Carnival plc. use the GRI to generate their annual sustainability reports (Carnival Corporation, 2017b).

A key difference between Carnival Australia and the global Carnival Corporation and Plc is leadership. Carnival has more than doubled in size under Sherry's leadership and it was clear from the interview with Mihajlov that Sherry has been the great influence in Carnival's CSR and focus on development. Sherry herself has said that “[t]here is absolute linkage between success of business and success of communities” (Mackerras, 2017). Sherry's passion and leadership appear to be the main motivating force behind Carnival's commitment to CSR and giving back to the communities that host cruise tourism.

A significant portion of the money raised for the P&O Pacific Partnership is a AUD$1 passenger levy. Carnival uses this form of facilitation for development to leverage their passenger network and influence them to make donations, which they transfer to Save the Children. This model harnesses the success of passenger bookings to achieve funding and avoids the risk of the more common corporate donation model. The funding success rests on Carnival's passenger growth booking, not their own profitability. As noted, Save the Children declined any formal involvement in this research. There may be a power imbalance between these two entities as literature indicates this to be a common difficulty, but this was not effectively established.

Two definitions of partnership were provided to assist in examining Carnival's development partnerships in Vanuatu. One describes PPPs as collaborative arrangements to address societal concerns through "jointly providing public goods and
services to an underprivileged community group through existing public institutions" (Stadtler, 2016, p. 73). Whereas DFAT describes their partnerships as a way to "strengthen the private sector and expand financial inclusion opportunities for people in the Pacific" though "financial leveraging for private sector development" and the creation of "commercially sustainable solutions to poverty" (Department of Foreign Affairs and Trade, 2016). Stadtler's definition was published in the Journal of Business Ethics, while the DFAT definition is reflective of the primacy of economic development of post-2015 aid paradigm. As the DFAT description directly relates to their partnership with Carnival it aligns closely with the findings around the partnership objectives. The PPP also aligns strongly with the objectives of SDG17. The notable absence of social impact objectives or measurement will be discussed further in this chapter however, the DFAT definition gives some indication indicates as to why this might be.

9.3 Vanuatu and Cruise Tourism

Tourism is Vanuatu's greatest source of foreign earnings, constituting 50% of GDP (World Travel & Tourism Council, 2015). Cruise tourism has grown to the point where it provides the greatest numbers of visitors to Vanuatu and Carnival controls 80% of this market. Carnival is a very powerful contributor to Vanuatu's economy. Australia is both Vanuatu’s largest source of tourists, and the largest contributor of development aid funding (Department of Foreign Affairs and Trade, n.d.-a; Lowy Institute for International Policy, 2015; VNSO, 2015). The partnership of DFAT and Carnival is an extremely powerful combination in Vanuatu, having demonstrated a measurable influence on economic indicators (Australian Aid et al., 2014). Power asymmetry has been established as a factor that must be acknowledged in relationships at the corporate and state level. This research indicated that the Vanuatu Government and Vanuatu
Department of Tourism are both aware of the power imbalance between Carnival and themselves.

As there is very little literature on cruise tourism in the Pacific, Chapter 4 on cruise tourism draws heavily on studies from the Caribbean and Mediterranean cruise geographies. Being dominated by MNCs, cruise business operations in different geographical areas remain similar. The issues of captured spend, home ports, supply chains, employment, flags of convenience and arbitrage are the standard global operating model (Clancy, 2008; Ghosh et al., 2003; Gibson, 2008; Gui, 2010; C. M. Hall et al., 2017; Jaakson, 2004a; Johnson, 2002; Klein, 2011; Larsen & Wolff, 2016; Larsen et al., 2013; Macpherson, 2008; Rankin & Collins, 2016; A. Weaver, 2005b; Wilkinson, 2017). It is not clear how much autonomy Australia's Carnival have to operate independently from the parent corporation and so it must be assumed that the potential dangers raised in Chapter 3 in relation to cruise tourism should be considered in relation to cruise tourism in Vanuatu.

In the Pacific, Carnival operate in a geographical marketplace without significant competitor. This makes Carnival's position in global cruising unique. Carnival reports an 80% market share of the Pacific cruise tourism business, making it a borderline monopoly. It would be speculative to suggest that this monopoly position might influence Carnival's development engagement. Without a highly competitive environment, additional focus can be placed on destination development rather than fighting a competitor for market share. This may underpin the seemingly relaxed attitude towards the shore-based passenger spend. However, in Vanuatu the two factors possibly influencing a relaxed attitude are that at this stage Vanuatu offers little competition to ship based retail and the passengers do not view Vanuatu as a shopping destination.
9.4 Development First Framework and the Private Sector

In section 2.7 the Development First framework was introduced. Hughes and Scheyvens created this framework to promote long-term initiatives, indigenous partnerships, the enhancement of environmental, cultural and social wellbeing and the hope of equitable sharing of benefits when businesses engage in CSR (Hughes & Scheyvens, 2016). One of the important aspects of the Development First approach is its ability to address power imbalances and scalability to mass tourism. Table 1, from section 2.7, is a list of questions for businesses to ask themselves when designing their CSR. These questions can equally be applied to a PPP model.

This section analyses Carnival's CSR and PPP activities in relation to the Development First approach questions.

**Table 7 - Analysing Carnival's facilitation for development using the Development First framework (Adapted from Hughes & Scheyvens, 2016)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Question</th>
<th>Carnival CSR and PPP development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable human development</td>
<td>Does CSR have a long-term or short-term focus?</td>
<td>Both. PPP (MOU) is 3-year renewable. CSR is short-term.</td>
</tr>
<tr>
<td></td>
<td>Does CSR focus on building local capacities?</td>
<td>Somewhat. PPP focussed on building tourism focussed capacities</td>
</tr>
<tr>
<td></td>
<td>Does CSR reduce vulnerabilities?</td>
<td>Somewhat. P&amp;O Pacific Partnership built aid posts which helps reduce vulnerabilities. The PPP only reduces vulnerability through improving economic outcomes.</td>
</tr>
<tr>
<td></td>
<td>Is there evidence of collaboration with other actors, locally, regionally or nationally, and alignment with government goals for enhancing local well-being?</td>
<td>Yes, both Carnival's CSR and PPP activities involve collaboration and alignment with government.</td>
</tr>
<tr>
<td>Holistic focus</td>
<td>Does CSR contribute to social, cultural and environmental well-being, as well as contributing to economic benefits to communities?</td>
<td>Limited. The CSR activity supports health and education infrastructure. The PPP has a strong economic focus.</td>
</tr>
<tr>
<td>Can multiplier effects be identified?</td>
<td>Limited. Economic multiplier effects are prioritised, social impacts require assessment.</td>
<td></td>
</tr>
<tr>
<td>Culture is central</td>
<td>Is cultural capital valued rather than commodified or museumised?</td>
<td>Culture is appreciated, but not a central aspect of PPP. Acknowledged by Save the Children as part of CSR</td>
</tr>
<tr>
<td>Is local knowledge valued and respected?</td>
<td>No evidence</td>
<td></td>
</tr>
<tr>
<td>How is cultural capital sustained?</td>
<td>No evidence</td>
<td></td>
</tr>
<tr>
<td>Community-focused goals</td>
<td>Who defines local development needs to be addressed by CSR</td>
<td>DFAT define PPP in consultation. Save the Children define CSR</td>
</tr>
<tr>
<td>How are the poorest or most marginalised sections of the community represented in decision making?</td>
<td>No evidence</td>
<td></td>
</tr>
<tr>
<td>Does CSR help the community achieve goals that they value as a people?</td>
<td>No evidence. Vanuatu state development goals are considered.</td>
<td></td>
</tr>
<tr>
<td>Building relationships</td>
<td>How are meaningful relationships between a tourism business and local community supported?</td>
<td>Limited - discussed in 7.5.2, could be improved.</td>
</tr>
<tr>
<td>Are initiatives developed and implemented in conjunction with communities?</td>
<td>No evidence</td>
<td></td>
</tr>
<tr>
<td>Is there accountability for CSR to local communities?</td>
<td>No evidence</td>
<td></td>
</tr>
<tr>
<td>Distribution of benefits</td>
<td>Who benefits and how are benefits shared/distributed?</td>
<td>No evidence</td>
</tr>
<tr>
<td>Who does not benefit or is marginalised?</td>
<td>No evidence</td>
<td></td>
</tr>
<tr>
<td>Does CSR counteract or reinforce existing inequalities?</td>
<td>PPP possibly increases inequalities as those with access to capital have more opportunity to become involved with tourism.</td>
<td></td>
</tr>
</tbody>
</table>
Facilitating Development

<table>
<thead>
<tr>
<th>Monitoring and evaluation</th>
<th>Is there evidence of monitoring and evaluation practices in place?</th>
<th>Yes, both DFAT and Save the Children have robust monitoring and evaluation processes. Neither MFAT or DFAT monitor social impact.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Who is responsible for (a) determining positive indicators of change and (b) conducting monitoring and evaluation</td>
<td>DFAT and Save the Children in collaboration with various partners.</td>
</tr>
<tr>
<td></td>
<td>Does monitoring and evaluation lead to reflection by tourism business, and changes in their practices?</td>
<td>No evidence</td>
</tr>
</tbody>
</table>

Table 7 is a basic analysis using the Development First approach. Carnival does not engage in any direct development engagement as all initiatives are carried out by third parties. This is makes the Development First framework slightly more difficult to apply with responsibility resting with multiple parties. What can be seen from the Development First analysis is that there are weaknesses to the development objectives initiated by Carnival, Save the Children and DFAT. As discussed in section 7.5.2 the 'building relationships' section could be improved. There too little evidence for the 'distribution of benefits' section to be commented on. Culture and community elements are similarly lacking, supporting the need to implement social monitoring of the impacts of cruise tourism. Improving communication to build stronger relationships with communities would improve the cultural and community aspects of this framework.

Both DFAT and Save the Children are highly respected development organisations that adhere to best practice. The development initiatives designed and implemented by these organisations are extensively assessed, evaluated and externally audited (Department of Foreign Affairs and Trade, 2017; Save the Children Australia, 2017). However, the nature of the partnership with Carnival makes this less transparent, especially as very
little is publicised. Also, the political focus on economic development means that DFAT is constrained around the type of development, and impact evaluations that they can implement. Without Carnival expressly publishing what they do, where and why, their development activities are difficult to separate from those of Save the Children and DFAT in their own capacities. It is appropriate at this point to explore Carnival's role as a facilitator of development.

### 9.5 Carnival an Intentional Facilitator of Development

Much CSR and PPP literature describes the private sector as a development agent or actor (Blowfield, 2012; Blowfield & Dolan, 2014; Cornelius, Todres, Janjuha-Jivraj, Woods, & Wallace, 2008; McEwen et al., 2016; Scheyvens et al., 2016). In tourism it is common for resort or hotel businesses to engage in their own form of community development (Hughes, 2016; Hughes & Scheyvens, 2016). As a development actor the application of the Development First framework can be a useful method to assess how holistic and pro-poor the development initiatives are.

Carnival does not describe themselves as a development agent or actor, but as a facilitator of development. No academic literature could be found expressly examining the private sector as a facilitator of development and the facilitation model employed by Carnival appears to be a unique approach to development. It was certainly the first partnership between DFAT and a private sector entity (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017). Through 'opening their books' to DFAT and allowing the development expert to define the most appropriate approach, Carnival made it possible for DFAT to identify areas of synergy. Consequently, development objectives can be facilitated by Carnival conducting business as usual. It appears to be a successful, if unorthodox, arrangement between two large, influential
and powerful entities. It is not clear if Carnival's engagement with development has been motivated by the Global Compact or UNWTO, but, they are nevertheless 'doing development' in alignment with SDG17 as a private sector partner.

The facilitation model used by Carnival avoids many of the risk factors associated with the private sector doing development. As Carnival's development is built on core business activities, or normal operating, it is unlikely to be impacted by issues that rest on non-core development initiatives, such as donations (Cowen & Shenton, 1996; Meyer, 2007). This means that if Carnival does well, then the development should also do well.

An example of facilitation in action is point 1a on the MOU, the Ni-Vanuatu employment initiative. While the project did not work as planned, the concept was solid, with Carnival providing DFAT with training requirements for TVET to train people and provide a direct path to employment with Carnival. This arrangement increases the effectiveness and legitimacy for both objectives.

9.6 Social Impact and the need for Social Indicators

At present, the only measured indicators for development success are economic indicators. A combination of political orientation and the current aid paradigm have resulted in measurement myopia where economic indicators reign supreme. This narrow definition for success is extremely limiting and does not conform to Vanuatu's definition of development where:

Ni-Vanuatu resoundingly called for a balance between the social, environmental and economic pillars of sustainable development, with our cultural heritage as the foundation of an inclusive society (Government of the Republic of Vanuatu, 2016, p. 1).
Vanuatu is seeking balance between economic, environmental and social success and the UNWTO support this vision, reiterating the need to monitor social impacts and course-correct as necessary.

Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary (United Nations World Tourism Organization, n.d.-a).

A lack of monitoring and evaluation of social impacts of tourism denies the community voice. At present Ni-Vanuatu are variously referred to as potential employees, entrepreneurs, beneficiaries and hosts of tourism initiatives. But, for the deeper, long-term benefits of tourism to be achieved broader definitions are required. While the economic benefits of tourism are highly valued, the impact of rapid social transition from traditional barter to cash-economy cannot be underestimated. In Wala, these sudden changes turned toxic, with feuds, land disputes, jealousy and huge community unrest. At Mystery Island the reported rise of non-communicable diseases such as obesity may be the most visually obvious side effect of a cash-rich tourism host community, but without creating reliable indicators, we simply don't know.

Previous Vanuatu based studies have voiced concern around the social impact of cruise tourism and this concern was echoed in the interviews for this study. Cheer reports that Vanuatu communities have experienced "negligible outcomes from cruise tourism" (Cheer, 2016, p. 408) when referencing social outcomes. Cheer noted that in relation to Mystery Island, while the residents were "prosperous financially, the community has developed a reliance on the purchase of imported food (rice, canned fish and meat) and the extent of subsisting has diminished progressively" (Cheer, 2016, p. 418). Enough
evidence exists to strongly advocate for an urgent academic assessment into the social impact of cruise tourism.

9.7 Conclusion

To achieve a poverty-reducing and wellbeing-focussed development, CSR and PPP require a framework. In this study, the Development First framework developed by Hughes and Scheyvens (2016) was applied. Development First addresses human-centric development from a community perspective, with the scalability to fit a mass tourism cruise to achieve sustainable development.

The aim of this study was to determine the extent of cruise ship tourism CSR and PPP initiatives for enhancing development for Vanuatu communities. To achieve this, the scope and approach of Carnival's CSR and PPP development initiatives in Vanuatu had to be established. It was found that there were two main elements, the public-private partnership with DFAT, and a CSR motivated donor style relationship with Save the Children. Both initiatives support and enhance development in Vanuatu in different ways.

The positioning of Carnival's initiatives within business, tourism and development literature has been important to situate, contextualise and understand Carnival's CSR engagement in Vanuatu. While the private sector remains an unreliable development actor, this study indicates that Carnival is pursuing a new path as a facilitator of development. This facilitation for development is not a 'business as usual' approach and seems to avoid many of the inherent risks that accompany the private sector's engagement in development. One of the most significant aspects of Carnival's facilitation of development is that, while motivated by the phenomenon of CSR, it rests on core business activities and produces a combination of intentional and immanent
development outcomes. The reliance on core business reduces risks normally associated with CSR-motivated and donor-driven development initiatives.

The partnership with DFAT bypasses many issues around poorly considered, or short-term development initiatives. However, DFAT is constrained by political influence, ensuring that development conforms to the economic-focus of Australia's current aid and foreign policy objectives. However, the development planning is robust, addresses most of the concerns raised during the fieldwork, and is subject to detailed monitoring and evaluation, and a reporting structure. The application of the Development First framework is expected to raise issues around the social impact of cruise and poverty alleviation, thus addressing the remaining issues raised in the findings of this study. However, this would require a major political repositioning in Australia. While this might appear unlikely, it has recently occurred in New Zealand. While it is too soon to tell what changes may be made to New Zealand's development aid policy, it does appear that measuring social impact may become a priority again.

Bringing the private sector into development has been approved at the highest levels, but even high-level arrangements are reliant upon individual abilities to work together. Some structural alignment between business, non-profit and public sector may help to smooth the way to establishing longer-term working relationships that extend beyond two to three-year deployment cycles. Although many of these are structural issues, caused by organisational redeployment and staff-churn, there is significant room for improvement, especially if long-term outcomes are to be achieved. NGOs can have less political constraint and potential for stronger engagement on the social impact of cruise tourism. However, this is dependent on reliable long-term funding and improved communication and alignment between these partners.
The importance of individuals in achieving sustainable development goals has been highlighted through the leadership of Carnival's Ann Sherry. This is reflected in her support for Destination Director, Michael Mihajlov's aim to build corporate relationship with DFAT. Although there are sure to be many more people involved behind the scenes, these individuals are critical to these partnerships. While partnerships are ostensibly between entities, they are forged by individuals and long-term trusting relationships between these individuals are essential to both their creation and longevity.

The findings of this thesis support the literature on CSR in tourism as having certain potential (especially if an organisation looks to work with the right partners) to directly benefit communities. However, corporate self-interest remains a considerable motivating factor, especially where there are cost benefits, or potential to reinforce positive associations of brand identity. Tourism companies require stakeholder-driven incentives to change. The bottom line rules the private sector which often results in it being unreliable as a development partner. In the case of facilitation for development, the bottom line is not threatened, and the corporate is not required to engage in additional non-core activities to achieve development outcomes.

However, an important limitation of this facilitation partnership is that it is subject to the dominant aid paradigm. In this case, the Australian political climate dictates the form and indicators for development. While Australia's DFAT remains committed to economic outcomes, it is unlikely that the social impact studies, so clearly needed, will be prioritised. Change rests with an accompanying political appetite for social indicators. This echoes Scheyvens et al.'s (2016) opinion, that without shifting the underlying neoliberal agenda influencing politics, business and society cannot achieve sustainable development:
The SDGs offer an exciting opportunity for powerful global actors to partner in achieving poverty reduction and a sustainable future. The challenges for the private sector to partner constructively to this are enormous. Nevertheless, if there is to be any hope of achieving these goals, we must move beyond a ‘business-as-usual’ approach and towards the transformation of the fundamental neoliberal agenda shaping how business and society operates (Scheyvens et al., 2016, p. 381).

In the meantime, it may be possible to assuage the social impacts of cruise through the NGO development partner. However, to achieve such an objective this partnership would require a significant adjustment in scope, design and relationship.

9.8 Key Ideas for Improvements to Ensure Development Benefits from Cruise Tourism

- Cruise tourism's impact on sustainable development would be enhanced by a country’s ability to negotiate longer shore time, fair port fees and attractive locally-owned shore activities and goods for passengers to purchase.
- Improved communication at all levels is important to realise the potential for the global cruise industry to enhance sustainable development.
- Tourism's potential for sustainable development should be understood in terms of its positionality as a private-sector, for-profit business, business imperatives rule.
- Cruise tourism is assumed to create broad immanent development through the economic multiplier effect. This assumption is problematic and unreliable; however, intentional efforts can provide improved outcomes.
- The Development First framework is an excellent tool for guiding the private sector towards CSR policy that includes current best-practice development theory for positive social, environmental and economic outcomes.
Facilitation for development through public private partnerships is a unique private-sector led approach that requires further academic and professional examination.

This research suggests that partnerships for development has enormous potential, in alignment with SDG17. The partnership between DFAT and Carnival, while constrained by the politics of Australia's diplomatic, foreign affairs and trade objectives, is a powerful mechanism for achieving sustainable development and the SDGs. Acting in partnership with the public sector ensures the development initiatives facilitated by Carnival comply with current development approaches and thorough monitoring and evaluation. Inclusion of the Development First approach could further motivate and incorporate poverty-alleviating potential of cruise tourism CSR and PPP in Vanuatu. This research also strongly advocates for the monitoring and evaluation of the social impacts of cruise tourism in Vanuatu.

While the literature indicates the private-sector can be an unreliable actor for development, Carnival's CSR and PPP with DFAT avoided much of this unreliability through their innovative facilitation approach. Rather than a development actor, Carnival Australia should be viewed as an enthusiastic and committed facilitator of development. A realignment of expectations is vitally important for the private sector’s ability to meet expectations as a facilitating partner towards achieving sustainable development.

...the idea is that we do partner with NGOs and with donors where possible. We do look to progress our commercial interests, but also act in a facilitation role to achieve development outcomes, that ultimately do benefit our business... It's the same goal as the development agencies; reducing poverty, improving health, and improving education (Michael Mihajlov, Carnival Destination Director, Interview 09 August 2017).
References


Facilitating Development


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Facilitating Development


Facilitating Development


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# Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Text</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>CCL</td>
<td>Carnival Corporation Limited</td>
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<td>CLIA</td>
<td>Cruise Lines International Association</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<tr>
<td>DFAT</td>
<td>(Australia's) Department of Foreign Affairs and Trade</td>
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<td>ECF</td>
<td>Enterprise Challenge Fund</td>
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<td>EU</td>
<td>European Union</td>
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<td>FOC</td>
<td>Flag of Convenience</td>
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<tr>
<td>FTSE</td>
<td>Financial Times Stock Exchange Index</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GFC</td>
<td>Global Financial Crisis (2008)</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INGO</td>
<td>International Non-Governmental Organisation</td>
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<td>MFAT</td>
<td>(New Zealand's) Ministry of Foreign Affairs and Trade</td>
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<td>MNC</td>
<td>Multi-National Corporations</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding (DFAT &amp; Carnival Australia)</td>
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<td>MSGs</td>
<td>Millennium Development Goals</td>
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<td>NCDs</td>
<td>Non-Communicable Diseases</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-Operation and Development</td>
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<td>PHAMA</td>
<td>Pacific Horticultural &amp; Agricultural Market Access Program</td>
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<td>PIFS</td>
<td>Pacific Islands Forum Secretariat</td>
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<td>PNG</td>
<td>Papua New Guinea</td>
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<td>PPP</td>
<td>Public Private Partnership</td>
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<td>S&amp;P500</td>
<td>Standard &amp; Poor's 500 Index</td>
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<td>SDG17</td>
<td>Goal 17 - Partnerships for the SDGs</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SIDS</td>
<td>Small Island Developing State</td>
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<td>TC Pam</td>
<td>Tropical Cyclone Pam 2015</td>
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<td>TVET</td>
<td>(Australia's) Technical and Vocational Education Training</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNWTO</td>
<td>United Nations World Tourism Organization</td>
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<td>VNSO</td>
<td>Vanuatu National Statistics Office</td>
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<tr>
<td>VSA</td>
<td>(New Zealand's) Volunteer Service Abroad</td>
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<td>WB</td>
<td>World Bank</td>
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Appendix:

1. MOU between Carnival and DFAT

**SCHEDULE 1**

**Priority areas for AusAID-Carnival Partnership in Vanuatu**

Carnival Australia and AusAID will work together in the following priority areas in Vanuatu:

1. Promoting economic opportunities, skills development and employment:
   a. *Australia Pacific Technical College (APTC) Vanuatu campus to work with Carnival to focus existing training packages targeting Carnival recruitment of increased number of Ni-Vanuatu on board its ships;*
   b. *Through AusAID’s existing partnership with National Bank Vanuatu, provide courses on microcredit and financial literacy to new market vendors and community based businesses, and access to more attractive credit and business mentoring for larger business start-ups offering new inbound tour options;*
   c. *Carnival to work with AusAID’s Technical and Vocational Education Training (TVET) program to develop curriculum and provide trainers for courses for cruise related business, and assist in tailoring existing business and financial management courses;*
   d. *Carnival to examine options for cultural performers and market sellers to earn income on board ships during port visits;*
   e. *Carnival to increase direct sourcing of art work, handicrafts and local produce; and*
   f. *Carnival and AusAID to support Government of Vanuatu establishing an accreditation system for treatment of local products to meet Australian quarantine standards.*

2. Sustainable economic development through infrastructure development:
   a. *AusAID and Carnival to work together to analyse and quantify the economic impact of the cruise industry on the Vanuatu economy;*
   b. *AusAID to develop options for a wharf based market in Luganville with UN Women or other partners, including small scale supporting infrastructure such as covered market;*
   c. *AusAID to examine leveraged co-financing of capital investments to support development of new and existing destinations*
   d. *AusAID to invest in Port Vila and Luganville infrastructure and management improvements, including supporting linkages between container and cruise traffic; and*
   e. *AusAID to provide assistance on roads and port infrastructure for new destination development, including SW Bay in Malekula; Tanna (dependent on safe anchorage sites) and Banks (Ureparapara).*
2. Participant Information Sheet

INFORMATION SHEET

Researcher Introduction

My name is Loren Rutherford and I am a Masters student at the Institute of Development Studies at Massey University, New Zealand. My supervisors are Professor Regina Scheyvens and Dr Sharon McLennan.

My research seeks to examine to what extent cruise ship tourism corporate social responsibility (CSR) policies and programmes enhance the development outcomes for Vanuatu communities. I hope to observe ways in which cruise ship tourism CSR might be improved to deliver more benefits to Ni-Vanuatu communities in the future. This project is part of a broader programme of research aiming to expand our knowledge of the private sector's role in community development. It is hoped that this will provide an understanding of how initiatives can better meet the developmental aspirations of communities and hence improve the relationships between corporations and communities.

Project Description and Invitation

Cruise tourism is increasing globally, but the biggest growth is in the Pacific with Cruise companies rapidly expanding their operations to visit more Pacific locations. Private sector companies are now recognised as partners in achieving international development. In Vanuatu, I will be examining the benefits created through the development partnership between Carnival Corporation Australia (Carnival) and Save the Children Australia (SCA). I am also examining aspects of the partnership between Carnival and the Australian Department of Foreign Affairs and Trade (DFAT).

I invite you to participate in this research as you have been identified as being knowledgeable on this subject. This research will use interviews and non-participant observation. Interviews should last no longer than one hour and you are encouraged to suggest suitable venues and times. With your permission, discussions will be digitally recorded. I may also take pictures and will ask your consent before using these in any report or presentation. If you choose to be involved in this research you will select whether you wish to be referred to in any project outputs, or if you prefer that a descriptor is used (e.g. community member; hotel employee; chief).

Data Management

The information you provide will be kept confidential and stored safely (using codes instead of names). All physical data, including interview transcripts and notes will be stored in a lockable bag, and electronic copies will be saved on the project’s password protected Dropbox site.

Access to Research Findings

All participants will be given the opportunity to access a summary of research findings via a report: an email or physical address will be required in order to provide this.
Participant’s Rights

You are under no obligation to accept this invitation. If you decide to participate, you have the right to:

- decline to answer any particular question;
- withdraw from the study (specify timeframe);
- ask any questions about the study at any time during participation;
- provide information on the understanding that your name will not be used unless you give permission to the researcher;
- be given access to a summary of the project findings when it is concluded.
- ask for the recorder to be turned off at any time during the interview.

Project Contacts

If you have any questions about this research you can contact:

Loren Rutherford

Professor Regina Scheyvens  R.A.Scheyvens@massey.ac.nz  +646 3569099
x83654

Dr Sharon McLennan  S.McLennan@massey.ac.nz  +64-6-356 9099
x83662

Massey University Human Ethics Statement

This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named in this document are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director (Research Ethics), email humanethics@massey.ac.nz
3. Participant Consent Form

PARTICIPANT CONSENT FORM - INDIVIDUAL

Cruising through communities: Examining the development outcomes of cruise tourism CSR in Luganville, Vanuatu (*original title*)

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

- I agree/do not agree to the interview being sound recorded.
- I agree/do not agree to the interview being image photographed.
- I wish/do not wish to have my recordings returned to me.
- I agree to participate in this study under the conditions set out in the Information Sheet.

I would like to be referred to in this study in the following way (fill in your preference):

My name and title:

______________________________________________________________

(e.g. Marika Taka, Communications Manager at Hotel X or Village Spokesperson)

My title or a descriptor:

______________________________________________________________

(e.g. salesperson at market or local business owner)

I would/would not like a summary report of the findings sent to me on completion of this research.

Email /Postal Address:_________________________________________

Full Name (printed)____________________________________________

Signature: _______________________________ Date: _______________
4. Vanuatu Research Visa

RESEARCH AGREEMENT

AN AGREEMENT made the day of 12 June 2017
BETWEEN: THE CULTURAL COUNCIL, representing the Government of the Republic of Vanuatu and the local community, (hereinafter called “the Council”) of the one part.

AND: Loren B. H. Rutherford
of (institution) Massey University, New Zealand
(hereinafter called “the Researcher”) of the other part.

WHEREAS:

(1) The researcher has applied to the Council to do research work in the Republic of Vanuatu, and agrees to the conditions placed upon her/him in this document and to compliance with the intent of the ethics described in the Vanuatu Cultural Research Policy.

(2) The Council has agreed to allow the Researcher to do such research, and has agreed to the obligations placed upon it by this document and by the Vanuatu Cultural Research Policy.

AND THEREFORE THE PARTIES AGREED AS FOLLOWS:

(1) The Council hereby authorises the Researcher to undertake research work in Vanuatu on the subject of the impact of cruise ship tourism for development with the community(ies) of Luganville, Espiritu Santo Beach and Port Vila on the island/s of Santo
on the island/s of Efaté
in the capacity of (if more than one research is involved) One (self)
for the period up until (Specify if research will involve more than one visit) 12 June - 15 July 2017

VANUATU NASONAL KALJORAL KAONSEL
Vanuatu National Cultural Council
Conseil National Culurel du Vanuatu
P.O. Box 184, Port Vila, Vanuatu, South Pacific Phone / Fax: (678) 26590 Email: vncv@vanuatu.com.vu

VANUATU KALJORAL SENTA
Vanuatu Cultural Centre
Centre Culturel du Vanuatu

NASIONAL MUSEUM
National Museum
Musée National

REHISTA BLOONG OLOGERI OLOFALE PLES BLOONG VANUATU
The Vanuatu Cultural and Historic Sites Survey
Inventaire Sites Historiques et Culturels du Vanuatu

NASIONAL FELM MO SAMOUG UNIT
National Film and Sound Unit
Service National du Film et du Son

NASIONAL LÆEBRI
National Library
Bibliothèque Nationale
(2) The Research has paid an authorisation fee of **45,000 vatu to cover all administrative costs** incurred in the setting up and implementation of the research venture, or this fee has been waived by the Council.

(3) The right to the products of research shall belong to the Researcher shall be entitled to reproduce them for educational, academic or scientific purposes, provided that traditional copyrights are not compromised and the permission to use material has been obtained, through the Traditional Copyright Agreement, from copyright holders. The products of research shall not be reproduced or offered for sale or otherwise used for commercial purposes, unless specified under section 12 of this agreement.

(4) Copies of all non-artefact products of research are to be deposited without charge with the Cultural Centre and, where feasible, with the local community. Two copies of films and videos are to be provided, one for public screening and the other for deposit in the archives. In the case of films, a copy on video is also required. Any artefacts collected become the property of the Cultural Centre unless traditional ownership has been established in the Traditional Copyright Agreement. The carrying of any artefacts or specimens outside the country is prohibited as stipulated under cap.39 of the Laws of Vanuatu. Artefacts and specimens may be taken out of the Country for overseas study and analysis under cap.39(7). The conditions for the return of the following materials are:

(Specify artefacts/specimens/other materials and conditions for return)

The Researcher has either

(a) provided a letter from the institution to which they are affiliated guaranteeing the researcher’s compliance with the above conditions, or

(b) provided a retrievable deposit of 40,000 vatu to ensure their compliance with these conditions.

(5) The Researcher will be responsible for the translation of a publication in a language other than a vernacular language or one of the three national languages of Vanuatu into a vernacular or one of the national languages, preferably the one used in education in the local community. They will also make the information in all products of research, subject to copyright restrictions, accessible to the local community through such means as audio cassettes or copies of recorded information, preferably in the vernacular. The Researcher will also submit an interim report of not less than 2000 words no later than 6 months after the research languages and in “layman’s terms” so as to be of general use to all citizens.

(6) There will be maximum involvement of indigenous scholars, students and members of the community in research, full recognition of their collaboration, and training to enable their further contribution to country and community. The Council nominates the following individuals to be involved in research and/or trained, in the following capacities:

(7) A product of immediate benefit and use to the local community will be provided by the Researcher no later than 6 months after termination of the research period. This product is:

(8) In addition to their research work, the Researcher will, as a service to the nation of Vanuatu, undertake to: (section 3 (viii) of the Cultural Research Policy suggests possible services of benefit to the nation)

(9) In undertaking research the Researcher will:
a) recognise the rights of people being studied, including the right not to be studied, to privacy, to anonymity, and to confidentiality;

b) recognise the primary right of informants and suppliers of data and materials to the knowledge and use of that information and material, and respect traditional copyrights, which always remain with the local community;

c) assume a responsibility to make the subjects in research fully aware of their rights and the nature of the research and their involvement in it;

d) respect local customs and values and carry out research in a manner consistent with these;

e) contribute to the interests of the local community in whatever ways possible so as to maximise the return to the community for their cooperation in their research work;

f) recognise their continuing obligations to the local community after the completion of field work, including returning materials as desired and providing support and continuing concern.

10) In all cases where information or material data is obtained by the Researcher, a Traditional Copyright Agreement will be completed by the Researcher and the supplier of data regarding this material. The Researcher has a responsibility to make such informants fully aware of their rights and obligations, and those of the Researcher, in the signing of the Traditional Copyright Agreement.

11) A breach of any part of this agreement by the Researcher or a decision by the local community that it no longer wishes to be involved in the research venture will result in the termination of the research project.

12)(Addition clauses/conditions) (This section will detail commercial ventures, extra costs incurred by the Vanuatu Cultural Centre, etc).

Signed:

[Signature]
The Researcher

[Signature]
On behalf of the National Cultural Council