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Cruise Ship Access Review Secretariat  
R1-4-B163  
Russell Offices  
Department of Defence  
PO Box 7902  
CANBERRA BC ACT 2610

ABN 44 021 935 869  
PO Box 1117 Sandy Bay  
Tasmania Australia 7006  
P: +61 3 6223 7334  
F: +61 3 6223 7334  
E: [cdu@cruisedownunder.com](mailto:cdu@cruisedownunder.com)  
[www.cruisedownunder.com](http://www.cruisedownunder.com)

Dear Sir

**RE: INDEPENDENT REVIEW OF ENHANCED CRUISE SHIP ACCESS TO  
GARDEN ISLAND**

Thank you for providing the opportunity to provide a submission to the above review.

It gives me great pleasure to provide a submission on behalf of Cruise Down Under, Australia's peak cruise ship marketing organisation.

I have also attached the Economic Impact Assessment of the Cruise Shipping Industry in Australia, 2010-11 commissioned by Cruise Down Under on an annual basis. The report provides a detailed analysis of the economic impact of cruise shipping in Australia.

I would be pleased to provide any further information that you may require to support our position.

Yours Sincerely

**Ms Chris White**  
**Chairman**  
**Cruise Down Under**



## **CRUISE DOWN UNDER SUBMISSION**

### **Background**

Cruise Down Under (CDU) welcomes the Australian Government 'Independent Review of Enhanced Cruise Ship Access to Garden Island.'

CDU is the peak cruise industry association growing and developing the Australia Pacific region as one of the world's leading cruise destinations, providing opportunities for ongoing economic, social and environmental sustainability.

CDU membership represents state and regional tourism bodies, ports, cruise lines, shipping agents, transport operators and service providers throughout Australia, Indonesia and Papua New Guinea.

### **Our view**

CDU regularly liaises with global cruise lines. Berthing in Sydney is frequently raised as a significant issue that has the potential to inhibit growth of Australia's cruise industry. Several large cruise lines have stated that if a berth is not available in Sydney they will not deploy their ships in Australia, as Sydney is a marquee port and an essential inclusion in a cruise itinerary. Sydney has also been clearly identified as the key driver for international cruise passengers selecting an Australia/South Pacific cruise.

Cruise ship deployment schedules and itineraries are planned eighteen months to two years in advance and cruise lines require confirmation of berthing facilities at this point.

It is essential that the shortage of berthing facilities, during peak periods, east of the Sydney Harbour Bridge, be resolved to ensure that the full growth potential of this valuable tourism market can be fulfilled.

Cruise Down Under believes that the shared usage of Garden Island with the Royal Australian Navy provides a positive, medium term solution to the increased demand however, it is our view that further exploration into a long term solution to satisfy the future demands for cruise ship berths east of the harbour bridge is essential.

### **Economic Benefits**

The 2010-11 Economic Impact Assessment of the Cruise Shipping Industry in Australia revealed that the cruise shipping industry contributes over a billion dollars to the Australian economy and is the fastest growing tourism sector in Australia (reference ICCA).

CDU has been the key collector of cruise shipping data for the past 15 years and over the past 7 years has conducted an annual economic assessment of the contribution of the cruise industry to the Australian economy. The initial reports focussed on the contribution by international cruise

visits to the Australian economy. As the domestic cruise sector started to grow dramatically in 2008, the study now includes the impact of both the international and domestic spends.

The national economic impact of cruise ship visits to Australia in 2010-11 is the aggregation of all international passenger and crew expenditure, and cruise ship operator expenditure at each port visited by a cruise ship in 2010-11. It should be noted that there are some limitations to the level of data available on cruise line related expenditure and that we consider our findings to be accurate based on the data available and possibly conservative in comparison to other studies.

The estimated total expenditure, including direct expenditure of \$499.2 million, was \$974.7 million in 2010-11. This was an 18.6% increase from 2009-10 when total expenditure was estimated at \$822.1 million. When domestic passengers and crew are included, the estimated total expenditure was \$1,523.5 million in 2010-11.

The total wages income, including \$142.0 million in direct income and \$112.5 million in indirect or flow on wages income, was \$254.5 million. This was an 18.3% increase from 2009-10 when total wages income was estimated at \$215.1 million. When domestic passengers and crew are included, the estimated wage income was \$410.2 million in 2010-11.

The employment impact, including 2,326 direct positions and 1,944 indirect positions, was 4,270 full time equivalent positions (FTEs). This was a 17.6% increase from 2009-10 when total employment was estimated at 3,632 FTEs. In addition to employment generated by onshore spending when at port, it is estimated around 1,500-2,000 Australians are employed on cruise ships, mainly in the ports where cruise ships are based such as Sydney, Melbourne, Brisbane, Perth, Cairns and Darwin. When domestic passengers and crew are included, the estimated employment was 7,379 FTE positions in 2010-11.

The estimated total value added impact, including a direct impact of \$234.1 million, was \$449.1 million. This was a 17.4% increase from 2009-10 when total value added was estimated at \$382.6 million. When domestic passengers and crew are included, the estimated value add was \$709.2 million in 2010-11.

## **Sector growth**

The cruise industry in Australian has grown on average 20% per annum over the past five years and industry forecasting suggests that this rate will continue for the next three to five years (CDU Economic Impact Assessment). The industry over the past six months has made deployment announcements that have exceeded all expectations and put the Sydney berthing capacity to the forefront two to three years ahead of all expectations.

Of the current ship bookings through to 2014, around 30 percent of ships are not able to access berths west of the Sydney Harbour Bridge. This, coupled with the high demand during the summer months, has caused capacity to be reached at eastern berths during peak times.

The rise in passenger numbers is across both international and domestic markets. Forecasting suggests that more than one million Australians will take a cruise in 2020, by which time the industry could be injecting up to \$3 billion annually from local and international cruise ship visits.

### **Conclusion**

We reiterate that Cruise Down Under believes that the shared usage of Garden Island with the Royal Australian Navy provides a positive step moving forward in the medium term. However, it is our view that there needs to be further exploration into providing a long term solution to satisfy the future growing demands for cruise ship berths east of the Sydney Harbour Bridge and that research needs to be undertaken as soon as possible.

### **Attachment**

Economic Impact Assessment of the Cruise Shipping Industry in Australia, 2010-11, Cruise Down Under, September, 2011