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**SUSTAINABLE PORTS DEVELOPMENT BILL 2015 – SUBMISSION TO THE INFRASTRUCTURE,
PLANNING AND NATURAL RESOURCES COMMITTEE**

The Australian cruise industry welcomes the opportunity to provide a submission to the Parliamentary Committee considering the Sustainable Ports Development Bill 2015.

May I start by confirming that the cruise industry is committed to operating in an environmentally responsible way and therefore supports the overall objective of the Bill in protecting the Great Barrier Reef World Heritage Area (GBRWH) through the management of port-related development.

However, we believe that the omission of Cairns as a Priority Port will negatively impact the Tropical North Queensland's ability to benefit from the continuing success story of the cruise segment of tourism in Australia and the resulting economic benefits that cruise tourism brings to the country, both on a national and regional level.

The Australian cruise industry has experienced significant growth over the past decade and is now the fastest growing segment of Australia's tourism industry. The industry has experienced average annual growth of over 20% over the past 10 years (2005-14) and CLIA has just released its' annual market report that confirms that over 1 million Australians took a cruise in 2014. Australia now leads the world in terms of the % of the population taking a cruise vacation (4.2%) and we see this growth continuing into the future as new cruise brands, new ships and new destinations combine to attract more and more Australians to take a cruise vacation. The industry has reset its growth target following the 1m passenger achievement and is now looking to 2 million Australians cruising by the year 2020

We believe that there are a number of compelling reasons why Cairns is potentially well placed to share in this future growth:

1. As additional capacity is deployed into the Australian market the demand for new itineraries, new destinations and new home port opportunities increase. This has already been demonstrated by the decision of P&O Cruises to homeport one of their new ships out of Cairns in 2016. All the major cruise line operators have recently announced the deployment of additional ships in the Australian market in the coming 2-3 years and by 2016 it is estimated that 18 cruise ships will be based out of Australia, either seasonally or on a full year basis.



2. In line with the overall trend of Australians taking shorter and more frequent breaks, the cruise line operators are introducing a range of shorter duration cruises, ranging from 3 to 5 nights. This is resulting in an increased number of cruises to and from Australian ports which in turn increases the demand for accessible regional ports of call.
3. The development of PNG, the Solomon Islands and other South Pacific destinations provides further growth opportunities for Cairns as a key port of call in these itineraries. Density and variety of destinations is a key component of the cruise line's itinerary planning process and Cairn's offers a key opportunity within that process.
4. The growth of the cruise industry in Asia is providing more potential port call opportunities as Cairns is strategically well placed to benefit from the re-positioning of ships between the summer seasons of the northern and southern hemispheres
5. Australia continues to develop its' appeal as a destination for international visiting cruise ships deployed on both Round World and regional Australasian itineraries and Cairns is again geographically well placed to benefit from the growth in these itineraries.
6. Brisbane is the major homeport facility in Queensland and is the closest Australian home port to the South Pacific, a destination that accounts for almost 40% of all Australians taking a cruise. Currently, the location of the existing Portside facility is a barrier to the deployment of larger cruise ships out of Brisbane. However, with the development of a new cruise facility for Brisbane under discussion, this barrier will no doubt be removed in the near future and the inevitable increase in the number and size of ships deployed out of Brisbane will provide significant opportunities for Cairns to increase its' cruise ship calls
7. The Federal Government has proposed a number of reforms to the Coastal Trading Act which is likely to have a further positive impact on the growth of cruising in the region, particularly in the luxury/expedition segments which are not covered by the current Ministerial Exemption which applies to cruise ships >5,000MTs. These reforms will make Australia a more attractive destination for international ships operating in this segment of the market.
8. Australia's dry dock facilities are now limited with only Sydney offering a viable dry docking facility and that facility has certain challenges and limitations. As a result, the major cruise operators in the region have moved their dry docks to Singapore. The repositioning of the Sydney and Brisbane home-ported ships between Australia and Singapore for their scheduled dry docks provides a further call opportunity for ports along the Eastern seaboard.

Based on the above, the potential growth of Cairns as a cruise destination is significant. However, the current restrictions in terms of access to the port are a significant barrier to this growth. One of the key developments within the cruise industry is the increase in the size of ships being deployed in the region. While Yorkey's Knob currently provides an access point to Cairns for ships unable to navigate Trinity Inlet, the industry does not see this as a long term, sustainable solution as the size and capacity of the ships continues to grow. There is also evidence that the guest experience through the remote access process is not optimal and has a detrimental impact on passenger enjoyment and expenditure levels.



The economic contribution of cruise tourism to the region is significant and I have included an extract from CLIA's 2013 report on the Contribution of Cruise Tourism to the Australian Economy which relates to Queensland and Cairns (See Appendix 1). In summary, direct cruise line expenditure in Cairns was A\$37m for the 2013 calendar year based on a total of 43 ship calls and a combined passenger and crew visitor number of 61,000. With further growth in 2014/15 and the home porting of a P&O ship in 2016, the direct expenditure level is expected to increase significantly (CLIA will be issuing its' 2014 Economic Contribution report in August 2015).

Conclusion

CLIA is aware of the Cairns Shipping Development Project and notes that this project remains exempt from the provisions of the legislation until such time as the project is either approved or rejected. However, without wishing to prejudice the outcome of the Environmental Impact Study (EIS), CLIA would strongly encourage the Queensland Government to include Cairns as a Priority Port. This will allow the Port of Cairns the longer term opportunity to participate in the future growth of the cruise tourism sector where, based on the reasons outlined above, it is extremely well placed to benefit from this very positive future outlook. Cruise Tourism is playing a major role in the development of regional tourism in Australia and the opportunity in Tropical North Queensland is significant.

I would be happy to provide further details and insights if required.

A handwritten signature in dark ink, appearing to read 'Neil Linwood', is written over a horizontal line.

Neil Linwood

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CLIA Australasia is the regional office of Cruise Lines International Association (CLIA), the world's largest cruise association dedicated to the promotion and growth of the cruise industry. CLIA is composed of more than 60 of the world's major cruise lines and serves as a non-governmental consultative organisation to the International Maritime Organization (IMO), an agency of the United Nations.

CLIA Australasia represents the interests of cruise lines, travel agents and various industry business partners in the region (Australia, New Zealand and the South Pacific), before various regulatory and legislative policy makers. CLIA Australasia is also engaged in travel agent training, research and marketing communications to promote the value and desirability of cruise holiday vacations with thousands of travel agency and travel agent members.



Appendix 1 – Extract from CLIA Australasia’s Economic Contribution Report on the Australian Cruise Industry (2013)

Queensland/Cairns

As indicated in **Table 19**, led by Brisbane the ports of Queensland benefitted from 228 cruise calls, 241 cruise ship visit days and 417,734 passenger visit days. With Brisbane being the only home port in the state, base port passenger visit days totalled 160,772 visit days, all of the total base port passenger visit days in Queensland. Transit passenger visit days totalled 256,962 days among all ports in the state, with Brisbane accounting for 27% of these. The three principal cruise ports, Brisbane, Cairns and Airlie Beach, each had over 60,000 transit passenger visit days, each with about 25% of total transit passenger visit days in the state. Crew on-board visiting ships generated an estimated 76,391 onshore visit days throughout Queensland. Overall, Queensland accounted for 21% of all passenger visit days and 27% of all crew visit days in Australia.

Table 1: Australian Ship Calls and Port Visit Days in Queensland, 2013

Port	Cruise Calls	Cruise Visit Days	Total Passenger Days	Base Passenger Visit Days			Transit Passenger Visit Days			Crew Visit Days
				Total	Domestic Pax	Int'l Pax	Total	Domestic Pax	Int'l Pax	Total
Brisbane	104	107	230,092	160,772	159,128	1,644	69,320	47,053	22,267	35,794
Cairns	36	43	61,024	-	-	-	61,024	42,313	18,711	13,194
Airlie Beach	36	39	61,076	-	-	-	61,076	49,869	11,207	12,844
Other QLD Ports	52	52	65,542	-	-	-	65,542	54,212	11,330	14,559
Total	228	241	417,734	160,772	159,128	1,644	256,962	193,447	63,515	76,391

These passenger and crew visit days, as well as the spending by cruise lines generated \$269 million in direct cruise tourism expenditures in Queensland, 16% of total direct expenditures throughout Australia. As shown in **Table 20**, expenditures by cruise lines totalled \$142 million, 53% of total direct expenditures in the state and 15% of total cruise line expenditures throughout Australia. Passengers added another \$120 million and crew nearly \$7 million. Thus, passenger and crew onshore spending in Queensland accounted for 47% of total direct expenditures in the state and 17% of national direct expenditures made by passengers and crew. Within Queensland, Brisbane accounted for 63% of total direct expenditures within the state primarily due to its role as the only home port in the state. Cairns and Airlie Beach and the remaining ports in Queensland as a group each accounted for about 12% of total direct expenditures in the state.

Table 2: Direct Cruise Tourism Expenditures in Queensland by Source, 2013

Port	Cruise Visit Days	Total Passenger Visit Days	Total Crew Visit Days	Direct Expenditures			
				Millions			
				Total	Passengers	Crew	Cruise Lines
Brisbane	107	230,092	35,794	\$ 170.0	\$ 86.4	\$ 3.5	\$ 80.1
Cairns	43	61,024	13,194	\$ 36.6	\$ 14.7	\$ 1.6	\$ 20.3
Airlie Beach	39	61,076	12,844	\$ 30.3	\$ 9.1	\$ 0.9	\$ 20.3
Other QLD Ports	52	65,542	14,559	\$ 32.4	\$ 9.8	\$ 0.9	\$ 21.7
Total	241	417,734	76,391	\$ 269.3	\$ 120.0	\$ 6.9	\$ 142.4

Some totals may not add due to rounding.

Passenger and crew surveys were conducted on-board selected cruise ships following their calls in Cairns.

Table 3: Average Passenger and Crew Spending – Cairns

Destination	Transit Passengers		Crew
	Domestic Pax	Int'l Pax	
Accommodations	--	--	--
Food & Beverages	\$ 11.76	\$ 8.63	\$ 14.45
Shore Excursions	\$ 120.57	\$ 201.26	\$ 2.49
Entertainment	\$ 3.71	\$ 0.33	\$ 14.22
Retail Shopping	\$ 19.51	\$ 97.54	\$ 35.09
Transportation	\$ 2.63	\$ 2.17	\$ 1.96
Other/Unspecified	\$ 28.63	\$ 55.77	\$ 53.67
Total	\$ 186.81	\$ 365.69	\$ 121.88

The passenger surveys in Cairns indicated that domestic transit passengers spent an average of \$186.81 during their onshore visit while international transit passengers spent an average of \$365.69 (see Table 22). Higher spending by international passengers for shore excursions and retail shopping accounted for their higher total spend. The survey data indicated that Cairns had the highest average transit passenger expenditures. Finally, it was estimated that crew spent an average of \$121.88 during their onshore visit in Cairns.