

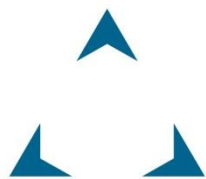


**CRUISE**  
**DOWNUNDER**  
*your first port of call*

**Economic Impact Assessment of  
the Cruise Shipping Industry in  
Australia, 2014-15**

*Cruise Down Under*

**Executive Summary**  
**September, 2015**



**AECgroup**  
Outcome Driven

# Executive Summary

---

## Purpose of the Study

This study represents an economic impact assessment of the cruise shipping industry in Australia for the 2014-15 financial year. The information and analysis presented in the report ensures a better understanding of the size, growth and economic significance of the industry to the Australian economy to assist with future planning and strategy. The study has been undertaken on behalf of Cruise Down Under (CDU) with the support of Tourism Australia. The 2014-15 study is the eleventh consecutive year that AEC Group (AEC) has undertaken the economic impact assessment of the cruise shipping industry.

## Research Methodology

The 2014-15 economic impact assessment for the cruise shipping industry is an update of the previous study completed in 2013-14 and uses a similar methodology. The 2014-15 economic impact assessment also incorporates data from passenger and crew surveys undertaken during the year in Brisbane, Whitsundays, Cairns, Darwin, Fremantle, and Busselton.

## Size & Growth of the Cruise Shipping Industry

The Australian cruise shipping industry recorded an increase of 13.4% in the number of cruise ships visits in 2014-15 with growth spread across all states and territories (except Offshore Territories).

The cruise shipping industry's growth trends in the 2014-15 year (**Table E.1**) are summarised as:

- 46 cruise ships, 1 higher than 2013-14.
- 68,134 passenger capacity, up from 63,263.
- 29,582 crew capacity, up from 28,061.
- 31 ports visited, 1 less than in 2013-14.
- 876 port visits, up from 773 in 2013-14. 427 of these were base visits.
- 2,424,067 passenger days in port, an increase from 1,965,805.
- 489,791 crew days in port, up from 436,024.
- Estimated \$903 million in passenger expenditure, up from \$678 million.
- Estimated \$87 million in crew expenditure, up from \$71 million.
- Estimated \$792 million in total port-related expenditure down from \$938 million due to falls in bunker costs over the year.
- Estimated corporate expenditure of \$172 million.
- Overall estimated cruise industry expenditure of \$1.953 billion up from 1.853 billion in 2014-15.

### Disclaimer:

Whilst all care and diligence have been exercised in the preparation of this report, AEC Group Pty Ltd does not warrant the accuracy of the information contained within and accepts no liability for any loss or damage that may be suffered as a result of reliance on this information, whether or not there has been any error, omission or negligence on the part of AEC Group Pty Ltd or their employees. Any forecasts or projections used in the analysis can be affected by a number of unforeseen variables, and as such no warranty is given that a particular set of results will in fact be achieved.

**Table E.1: Australian Cruise Ship Industry Indicators**

Indicator	2013-14	2014-15	Actual Change	% Change
Number of Australian ports visited by cruise ships	32	31	-1	-3.1%
<b>Cruise Ship Characteristics</b>				
Number of visiting cruise ships	45	46	1	2.2%
Passenger capacity of the cruise ships	63,263	68,134	4,871	7.7%
Number of crew on the cruise ships	28,061	29,582	1,521	5.4%
<b>Cruise Ship Visits</b>				
Number of cruise ship visits to ports	773	876	103	13.3%
Number of base visits	347	427	80	23.1%
Number of transit visits	426	449	23	5.4%
<b>Passengers and Crew</b>				
Total passenger days at port	1,965,805	2,424,067	458,263	23.3%
Total crew days at port	436,024	489,791	53,767	12.3%
<b>Expenditure</b>				
Passengers (\$M) (a)	\$677.8	\$902.8	\$225.1	33.2%
Crew (\$M) (a)	\$71.1	\$86.8	\$15.7	22.0%
Port-related by operators (\$M)	\$937.7	\$791.8	-\$145.9	-15.6%
Corporate (\$M)	\$166.8	\$171.8	\$5.0	3.0%
<b>Total</b>	<b>\$1,853.4</b>	<b>\$1,953.2</b>	<b>\$99.8</b>	<b>5.4%</b>

Note: (a) Includes both domestic and international expenditure. Some totals may not add up due to rounding issues.  
Source: CDU, Individual Ports, Deloitte Access Economics (2012), AEC

## Expenditure Associated with the Cruise Shipping Industry

The direct expenditure (including both domestic and international passenger, crew, operator and corporate expenditure) by the cruise shipping industry in Australia in 2014-15 was estimated at \$1.953 billion, compared with \$1.853 billion in 2013-14 (see **Table E.1**). This equates to a 5.4% increase over the past year, with the increase explained by a higher number of cruise ship visits, passenger and crew days in port.

**Table E.2: Summary of Direct Expenditure associated with the Cruise Shipping Industry in Australia, 2014-15**

State/Port	Visits	Passenger		Crew		Direct Expenditure (\$M)			Total
		Days At Port	Days At Port	Passenger(a)	Crew(a)	Operator	Corporate		
<b>New South Wales</b>									
Eden	3	3,478	582	\$0.636	\$0.062	\$0.062	\$0.000	\$0.760	
Newcastle	9	17,857	3,508	\$3.204	\$0.374	\$1.240	\$1.972	\$6.790	
Sydney	273	1,153,186	219,268	\$498.008	\$43.105	\$411.636	\$138.399	\$1,091.148	
<i>Total</i>	<i>285</i>	<i>1,174,520</i>	<i>223,358</i>	<i>\$501.848</i>	<i>\$43.541</i>	<i>\$412.939</i>	<i>\$140.371</i>	<i>\$1,098.699</i>	
<b>Victoria</b>									
Geelong	2	1,532	557	\$0.087	\$0.021	\$0.099	\$0.000	\$0.206	
Melbourne	75	187,706	44,014	\$51.787	\$3.433	\$101.219	\$3.420	\$159.859	
Mornington Peninsula	2	3,240	514	\$0.184	\$0.019	\$0.000	\$0.000	\$0.203	
Portland	4	5,340	1,136	\$0.303	\$0.042	\$0.274	\$0.000	\$0.619	
<i>Total</i>	<i>83</i>	<i>197,818</i>	<i>46,221</i>	<i>\$52.360</i>	<i>\$3.515</i>	<i>\$101.592</i>	<i>\$3.420</i>	<i>\$160.886</i>	
<b>Queensland</b>									
Brisbane	134	451,237	83,065	\$170.865	\$20.618	\$174.489	\$20.968	\$386.941	
Cairns	42	50,592	11,984	\$10.646	\$1.328	\$3.087	\$0.038	\$15.099	
Cooktown	0	0	0	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	
Moreton Is	14	24,061	4,012	\$4.296	\$0.427	\$1.291	\$0.000	\$6.014	
Port Douglas	30	42,325	11,647	\$7.710	\$1.239	\$0.190	\$0.000	\$9.139	
Thursday Is	7	1,463	373	\$0.348	\$0.040	\$0.025	\$0.000	\$0.414	

State/Port	Visits	Passenger	Crew	Direct Expenditure (\$M)				
		Days At Port	Days At Port	Passenger(a)	Crew(a)	Operator	Corporate	Total
Townsville	4	1,791	590	\$0.433	\$0.063	\$0.237	\$0.000	\$0.732
Whitsundays	44	74,472	15,540	\$24.562	\$1.655	\$0.293	\$0.000	\$26.511
<i>Total</i>	<i>275</i>	<i>645,942</i>	<i>127,211</i>	<i>\$218.860</i>	<i>\$25.370</i>	<i>\$179.613</i>	<i>\$21.006</i>	<i>\$444.849</i>
<b>South Australia</b>								
Adelaide	19	35,508	7,943	\$8.560	\$1.455	\$1.598	\$0.421	\$12.034
Kangaroo Is	7	10,505	1,896	\$1.876	\$0.202	\$0.085	\$0.000	\$2.162
Port Lincoln	6	9,041	1,924	\$1.636	\$0.205	\$0.075	\$0.000	\$1.917
<i>Total</i>	<i>32</i>	<i>55,054</i>	<i>11,763</i>	<i>\$12.071</i>	<i>\$1.862</i>	<i>\$1.758</i>	<i>\$0.421</i>	<i>\$16.113</i>
<b>Western Australia</b>								
Albany	11	14,949	3,722	\$0.847	\$0.396	\$0.751	\$0.000	\$1.994
Broome	14	9,851	2,742	\$1.409	\$0.317	\$0.681	\$0.000	\$2.406
Bunbury	0	0	0	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Busselton	6	11,815	2,772	\$0.670	\$0.295	\$0.100	\$0.000	\$1.064
Esperance	10	12,832	2,970	\$0.727	\$0.316	\$0.588	\$0.000	\$1.631
Exmouth	3	3,640	760	\$0.125	\$0.081	\$0.182	\$0.000	\$0.387
Fremantle	43	118,258	24,703	\$86.492	\$6.447	\$46.895	\$6.375	\$146.208
Geraldton	10	18,261	3,764	\$0.627	\$0.401	\$2.763	\$0.000	\$3.791
Port Hedland	4	9,893	2,200	\$0.872	\$0.234	\$0.397	\$0.000	\$1.503
<i>Total</i>	<i>101</i>	<i>199,499</i>	<i>43,633</i>	<i>\$91.768</i>	<i>\$8.486</i>	<i>\$52.356</i>	<i>\$6.375</i>	<i>\$158.985</i>
<b>Tasmania</b>								
Burnie	12	18,460	4,304	\$2.159	\$0.497	\$0.820	\$0.000	\$3.477
Coles Bay/ Wine Glass Bay	3	2,815	755	\$0.331	\$0.087	\$0.027	\$0.000	\$0.445
Devonport	0	0	0	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Hobart	35	63,689	16,184	\$7.395	\$1.870	\$3.342	\$0.000	\$12.608
Launceston	0	0	0	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Port Arthur	8	15,037	3,527	\$1.734	\$0.407	\$0.072	\$0.000	\$2.214
<i>Total</i>	<i>58</i>	<i>100,001</i>	<i>24,770</i>	<i>\$11.620</i>	<i>\$2.862</i>	<i>\$4.262</i>	<i>\$0.000</i>	<i>\$18.743</i>
<b>Northern Territory</b>								
Darwin	36	48,421	12,153	\$13.742	\$1.095	\$39.250	\$0.165	\$54.251
<i>Total</i>	<i>36</i>	<i>48,421</i>	<i>12,153</i>	<i>\$13.742</i>	<i>\$1.095</i>	<i>\$39.250</i>	<i>\$0.165</i>	<i>\$54.251</i>
<b>Offshore Territories</b>								
Christmas Is	0	0	0	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Norfolk Is	6	2,813	682	\$0.577	\$0.073	\$0.000	\$0.000	\$0.650
<i>Total</i>	<i>6</i>	<i>2,813</i>	<i>682</i>	<i>\$0.577</i>	<i>\$0.073</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.650</i>
<b>Australia</b>	<b>876</b>	<b>2,424,067</b>	<b>489,791</b>	<b>\$902.846</b>	<b>\$86.803</b>	<b>\$791.769</b>	<b>\$171.757</b>	<b>\$1,953.176</b>

Note: (a) Includes both domestic and international expenditure.  
Source: CDU, Individual Ports, Deloitte Access Economics (2012), AEC

## Economic Impact of the Cruise Shipping Industry

Economic impact analysis can be used to trace the flows of spending associated with specific activities in a region to identify changes in output, jobs, income and value added. The economic impact analysis of the cruise shipping industry requires a carefully structured approach. The approach used in this study provides separate estimates of the direct and indirect impact of the industry. The direct economic impact of the cruise shipping industry includes the output, jobs, income and value added created by operator expenditure, crew expenditure whilst at port and passenger expenditure whilst at base and transit ports, and pre- and post-cruise. On top of this, there is also the direct employment of Australians on cruise ships, primarily those based in Australia.

The national economic impact of cruise ship visits to Australia in 2014-15 is the aggregation of all international passenger and crew expenditure, cruise ship operator

expenditure at each port visited by a cruise ship in 2014-15 and corporate head office expenditure. Expenditure by Australian passengers visiting Australian ports as part of a cruise does not constitute a net impact; rather the expenditure is a transfer from one part of the economy to another. However estimates for these are also calculated and presented.

**Table E.3** below summarises the estimated national economic impacts of the cruise shipping industry in Australia in 2014-15 (all passengers) compared with 2013-14. They are:

- Estimated total output of \$3.331 billion in 2014-15, including direct expenditure of \$1.953 billion. This was a 5.3% increase from 2013-14 when total output was estimated at \$3.163 billion.
- Estimated total wages income of \$930.5 million, including \$604.8 million in direct income and \$325.7 million in indirect or flow on wages income. This was 3.3% higher than the corresponding 2013-14 figure when total wages income was estimated at \$900.7 million.
- Estimated employment impacts of 14,049 full time equivalent positions (FTEs), including 9,213 direct positions and 4,836 indirect positions. This was an 8.7% increase from 2013-14 when total employment was estimated at 12,923 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, Fremantle and Cairns.
- Estimated total value added impact of \$1.559 billion, including a direct impact of \$948.9 million. This was a 4% increase from 2013-14 when total value added was estimated at \$1.500 billion.

**Table E.3: National Economic Impacts of Cruise Shipping in Australia**

Impact	Excluding Domestic Passengers <sup>(a)</sup>			All Passengers <sup>(b)</sup>		
	2013-14	2014-15	% change	2013-14	2014-15	% change
<b>Output (\$M)</b>						
Direct	\$1,279.4	\$1,162.1	-9.2%	\$1,853.4	\$1,953.2	5.4%
Indirect	\$876.7	\$780.5	-11.0%	\$1,309.9	\$1,377.4	5.1%
<b>Total</b>	<i>\$2,156.1</i>	<i>\$1,942.6</i>	<i>-9.9%</i>	<i>\$3,163.3</i>	<i>\$3,330.6</i>	<i>5.3%</i>
<b>Wages Income (\$M)</b>						
Direct	\$436.0	\$396.6	-9.0%	\$588.2	\$604.8	2.8%
Indirect	\$214.1	\$190.4	-11.1%	\$312.5	\$325.7	4.2%
<b>Total</b>	<i>\$650.1</i>	<i>\$587.0</i>	<i>-9.7%</i>	<i>\$900.7</i>	<i>\$930.5</i>	<i>3.3%</i>
<b>Employment (FTEs)</b>						
Direct	4,987	4,635	-7.0%	8,357	9,213	10.3%
Indirect	3,000	2,685	-10.5%	4,566	4,836	5.9%
<b>Total</b>	<i>7,987</i>	<i>7,320</i>	<i>-8.3%</i>	<i>12,923</i>	<i>14,049</i>	<i>8.7%</i>
<b>Value Added (\$M)</b>						
Direct	\$659.6	\$600.4	-9.0%	\$913.5	\$948.9	3.9%
Indirect	\$402.6	\$357.1	-11.3%	\$586.5	\$610.5	4.1%
<b>Total</b>	<i>\$1,062.2</i>	<i>\$957.6</i>	<i>-9.8%</i>	<i>\$1,500.0</i>	<i>\$1,559.4</i>	<i>4.0%</i>

Notes: (a) International passengers & crew, operator and corporate, (b) International & domestic passengers & crew, operator and corporate. Some totals may not add up due to rounding issues.

Source: AEC

## Eleven Years of Growth

Since the first economic impact of the cruise shipping industry in Australia was compiled in 2004-05 there has been significant growth in the industry. For example from 2003-04 to 2014-15:

- The number of ports visited has doubled from 16 to 32.
- The number of cruise ships visiting has almost doubled from 23 to 46.
- The passenger capacity of visiting ships has increased by 10.8% per annum from 24,380 to 68,134.
- The number of cruise ship visits has grown by 10.4% per annum from 325 to 876.
- The percentage of base visits to transit visits has grown from a low of 32% in 2007-08 to a high of 95% in 2014-15.
- Total passenger days in port has grown by 20.8% per annum from 366,322 to 2.424 million.
- Estimated passenger expenditure has increased by 27% per annum to reach \$903 million.
- Total industry expenditure is estimated at \$1.953 billion, increasing by almost 29% per annum from just under \$155 million in 2004-05.

## Growth Potential of the Cruise Shipping Industry

The opportunities continue to present for the Australian cruise shipping industry with recent deployment announcements for our region, influenced by the quality cruising experiences on offer, the rapid growth in the China market and strong source market. The 2015-16 season will deliver yet another record year for cruise visits and will welcome eight ships on maiden voyages into Australia.

Home porting continues to expand around the country to include the ports of Sydney, Melbourne, Adelaide, Brisbane and Fremantle. Hobart will become a seasonal home port for the first time, welcoming *Coral Expeditions*.

Records will also be broken when five P&O ships enter the Sydney Harbour together in November 2015 along with the arrival of the largest ship ever to cruise our waters, Royal Caribbean International's *Ovation of the Seas* (348m, 167,800 GRT, 4,905 passengers), in December 2016.

After recording growth of 13.3% in 2014-15, cruise ship visits to major Australian ports are expected to increase by approximately 80 visits taking the total to close to 950 visits in 2015-16. Milestones will be met with Melbourne welcoming over 80 visits, Fremantle over 50 and Sydney over 300.