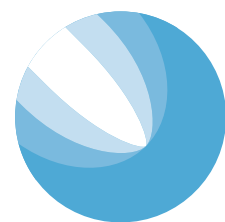




Economic Impact Assessment of the Cruise Shipping Industry in Australia 2012-13

Executive Summary September 2013



**CRUISE
DOWNUNDER**
your first port of call



purpose of the study

research methodology

This study represents an economic impact assessment of the cruise shipping industry in Australia for the 2012-13 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 strategic planning, investment and development. The study has been undertaken on behalf of Cruise Down Under (CDU) with the support of Tourism Australia. The 2012-13 study is the ninth consecutive year that AEC Group Limited (AECgroup) has undertaken the economic impact assessment of the cruise shipping industry with slight improvements being made to the methodology each year. This provides a consistent approach that allows the change in economic impacts to be accurately assessed.

The 2012-13 economic impact assessment for the cruise shipping industry is an update of the previous study completed in 2011-12 and uses a similar methodology.

The 2012-13 economic impact assessment also incorporates data from passenger and crew surveys undertaken during the year in Victoria and Tasmania. The 2011-12 results have been accordingly revised to provide accurate growth comparisons.

Disclaimer:

Whilst all care and diligence have been exercised in the preparation of this report, AEC Group Limited 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 Limited 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.

size & growth of the cruise shipping industry

In 2012-13 the estimated total output of the Australian cruise shipping industry was \$2.06 billion, including direct expenditure of \$1.23 billion.

This was a 20.6% increase from 2011-12 when total output was estimated at \$1.71 billion.

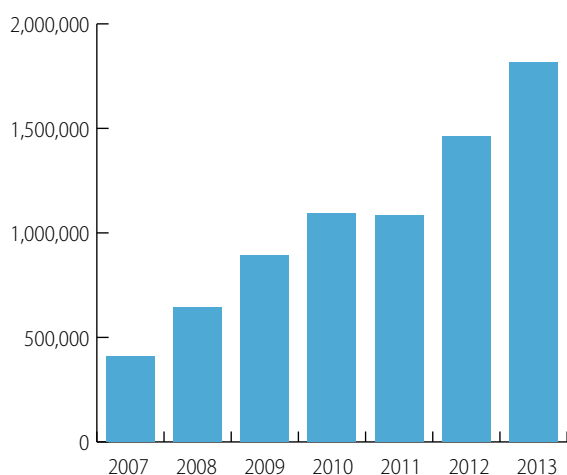
When domestic passengers and crew are included, the estimated total output is \$2.88 billion in 2012-13.

There was an increase in cruise ship passenger capacity from 54,063 to 62,051. 43 cruise ships visited in 2011-12 an increase of one ship reflecting the fact that the size of ships based in or visiting Australia is increasing.

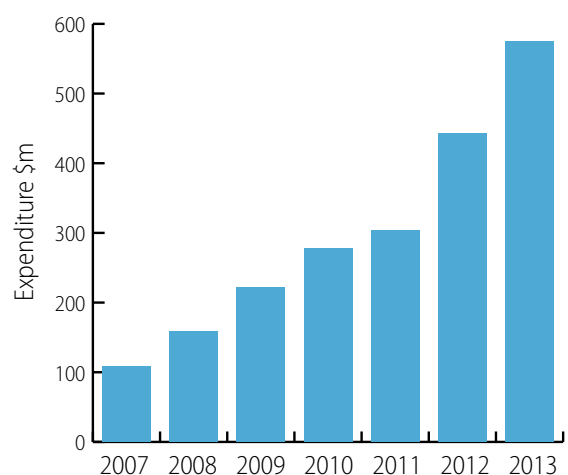
The cruise shipping industry's growth trends in 2012-13 year are summarised as:

- 43 visiting cruise ships in 2012-13 which was one higher than 2011-12;
- An increase in cruise ship passenger capacity on these ships from 54,063 to 62,051;
- An increase in crew capacity on these ships from 22,997 to 27,032;
- A decline in cruise ship visits to Australian ports from 736 to 692;
- 30 ports recording a cruise ship visit, which was one less than 2011-12;
- An increase in total passenger days at port from 1,463,013 to 1,814,456;
- An increase in total crew days at port from 324,656 to 373,104;
- An increase in total passenger expenditure from \$442.8 million to \$574.1 million;
- An increase in total crew expenditure from \$55.3 million to \$68.2 million;
- An increase in total port-related expenditure from \$733.2 million to \$908.3 million; and
- An increase in corporate expenditure from \$157.2 million to \$160.3 million.

Total passenger days at port 2007-2013



Total passenger expenditure 2007-2013



size & growth of the cruise shipping industry (continued)

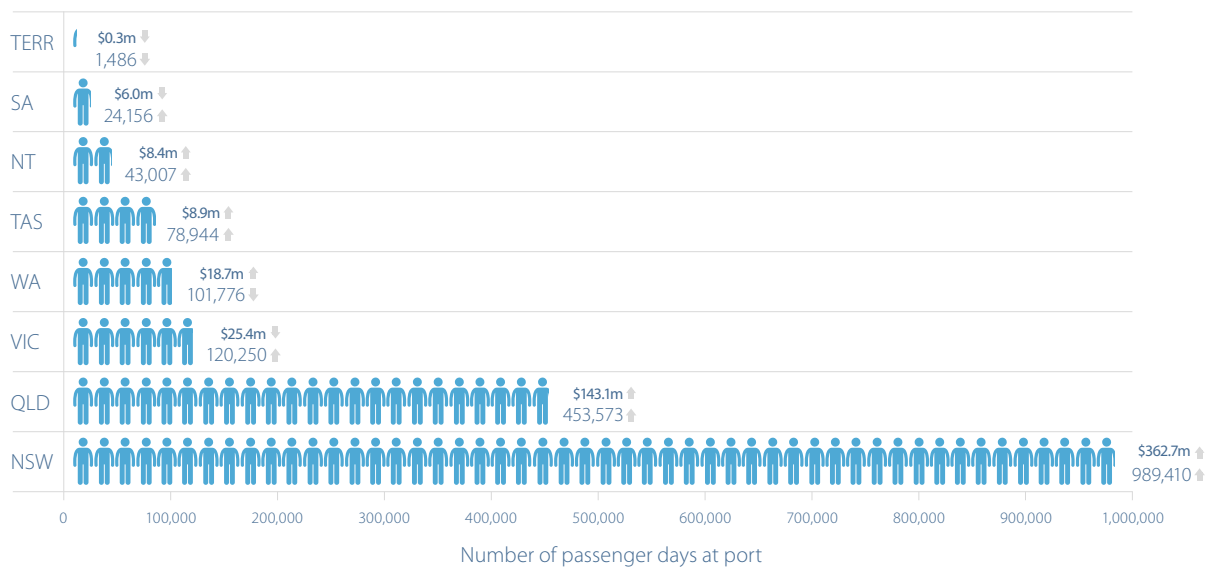
Comparison of Australian Cruise Ship Industry Demand Indicators

	2011-12	2012-13	Actual Change	% Change
Number of Australian ports visited by cruise ships	31	30	-1	-3.2%
Cruise Ship Characteristics				
Number of visiting cruise ships	42	43	1	2.4%
Passenger capacity of the cruise ships	54,063	62,051	7,988	14.8%
Number of crew on the cruise ships	22,997	27,032	4,035	17.5%
Cruise Ship Visits				
Number of cruise ship visits to ports	736	692	-44	-6.0%
Passengers and Crew				
Total passenger days at port	1,463,013	1,814,478	351,465	24.0%
Total crew days at port	324,656	373,104	48,448	14.9%
Expenditure				
Passengers (\$m) ^(a)	\$442.8	\$574.1	\$131.3	29.6%
Crew (\$m) ^(a)	\$55.3	\$68.2	\$12.9	23.4%
Port-related by operators (\$m)	\$733.2	\$908.3	\$175.1	23.9%
Corporate (\$m)	\$157.2	\$160.3	\$3.1	2.0%
Total	\$1,388.5	\$1,710.9	\$322.4	23.2%

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

expenditure associated with the cruise shipping industry

Total passenger days at port and passenger expenditure, 2012-13



The direct expenditure (including both domestic and international passenger, crew, operator and corporate expenditure) by the cruise shipping industry in Australia in 2012-13 was estimated at \$1.71 billion, compared with \$1.39 billion in 2011-12.

This equates to a 23.2% increase over the past year, with the increase explained by a higher number of base port visits coupled with an increase in passenger and crew days spent at ports which resulted in higher passenger and crew expenditure as well as significantly higher port related expenditure.

Summary of Direct Expenditure associated with the Cruise Shipping Industry in Australia, 2012-13

Port	Visit Days	Passenger Days At Port	Crew Days At Port	Direct Expenditure (\$m)				
				Passenger ^(a)	Crew ^(a)	Operator	Corporate	Total
New South Wales								
Eden	2	1,024	311	\$0.25	\$0.02	\$0.16	\$0.00	\$0.4
Newcastle	10	17,825	3,817	\$3.73	\$0.25	\$4.69	\$1.84	\$10.5
Sydney Harbour	240	970,560	185,420	\$358.72	\$42.34	\$494.42	\$129.19	\$1,024.7
Total	252	989,410	189,548	\$362.7	\$42.6	\$499.3	\$131.0	\$1,035.6
Victoria								
Geelong	1	405	167	\$0.02	\$0.01	\$0.04	\$0.00	\$0.07
Melbourne	55	119,765	27,837	\$25.37	\$2.11	\$103.49	\$3.19	\$134.17
Wilson Promontory	1	103	37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
Total	57	120,272	28,041	\$25.40	\$2.11	\$103.53	\$3.19	\$134.24

Table continued over page

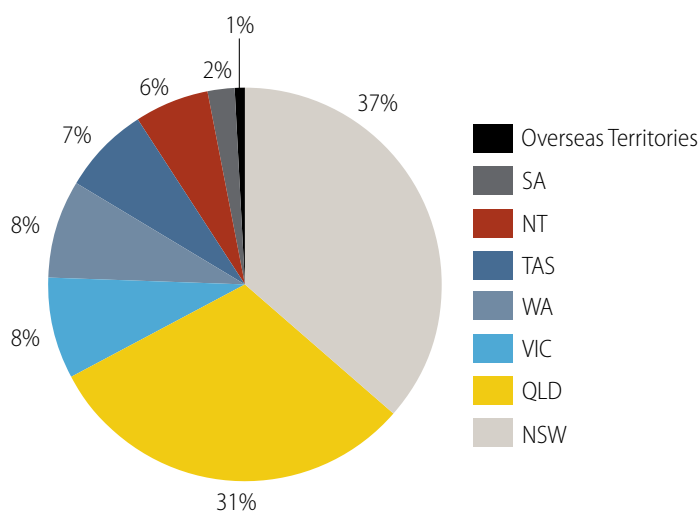
expenditure associated with the cruise shipping industry (continued)

Port	Visit Days	Passenger Days At Port	Crew Days At Port	Passenger ^(a)	Direct Expenditure (\$m)			Total
					Crew ^(a)	Operator	Corporate	
Queensland								
Brisbane	105	324,582	65,064	\$117.17	\$14.44	\$198.50	\$19.57	\$349.7
Cairns/Yorkeys Knob	43	44,149	12,751	\$8.90	\$0.86	\$1.79	\$0.04	\$11.6
Cooktown	2	669	0	\$0.16	\$0.00	\$0.01	\$0.00	\$0.17
Mackay/Whitsundays	38	54,691	12,465	\$11.18	\$0.82	\$1.07	\$0.00	\$13.1
Port Douglas	18	25,156	0	\$4.70	\$0.00	\$0.11	\$0.00	\$4.8
Thursday Island	5	1,513	146	\$0.36	\$0.01	\$0.01	\$0.00	\$0.4
Townsville	4	2,813	929	\$0.58	\$0.06	\$0.30	\$0.00	\$0.9
<i>Total</i>	<i>215</i>	<i>453,573</i>	<i>91,355</i>	<i>\$143.1</i>	<i>\$16.2</i>	<i>\$201.8</i>	<i>\$19.6</i>	<i>\$380.7</i>
South Australia								
Adelaide	12	21,039	5,531	\$5.40	\$0.88	\$0.97	\$0.39	\$7.6
Kangaroo Island	3	2,079	635	\$0.44	\$0.04	\$0.12	\$0.00	\$0.6
Port Lincoln	1	1,038	324	\$0.19	\$0.02	\$0.02	\$0.00	\$0.23
<i>Total</i>	<i>16</i>	<i>24,156</i>	<i>6,490</i>	<i>\$6.0</i>	<i>\$0.9</i>	<i>\$1.1</i>	<i>\$0.4</i>	<i>\$8.5</i>
Western Australia								
Albany	7	11,749	2,841	\$0.63	\$0.19	\$0.56	\$0.00	\$1.4
Broome	11	5,951	1,558	\$0.16	\$0.00	\$0.00	\$0.00	\$0.2
Esperance	4	6,660	1,945	\$0.36	\$0.13	\$0.39	\$0.00	\$0.9
Exmouth	2	1,926	547	\$0.06	\$0.04	\$0.11	\$0.00	\$0.2
Fremantle	17	49,846	11,969	\$16.17	\$2.47	\$37.66	\$5.95	\$62.3
Geraldton	11	16,439	4,410	\$0.53	\$0.29	\$2.15	\$0.00	\$3.0
Port Hedland	4	9,204	2,216	\$0.76	\$0.15	\$0.40	\$0.00	\$1.3
<i>Total</i>	<i>56</i>	<i>101,776</i>	<i>25,486</i>	<i>\$18.7</i>	<i>\$3.3</i>	<i>\$41.3</i>	<i>\$6.0</i>	<i>\$69.2</i>
Tasmania								
Burnie	9	10,827	2,782	\$1.22	\$0.31	\$0.45	\$0.00	\$2.0
Hobart	38	64,625	15,518	\$7.31	\$1.73	\$2.71	\$0.00	\$11.7
Port Arthur	3	3,492	1,040	\$0.39	\$0.12	\$0.16	\$0.00	\$0.7
<i>Total</i>	<i>50</i>	<i>78,944</i>	<i>19,340</i>	<i>\$8.9</i>	<i>\$2.2</i>	<i>\$3.3</i>	<i>\$0.0</i>	<i>\$14.4</i>
Northern Territory								
Darwin	41	43,007	11,994	\$8.37	\$0.78	\$57.52	\$0.15	\$66.8
<i>Total</i>	<i>41</i>	<i>43,007</i>	<i>11,994</i>	<i>\$8.4</i>	<i>\$0.8</i>	<i>\$57.5</i>	<i>\$0.2</i>	<i>\$66.8</i>
Overseas Territories								
Christmas Island	1	1,486	420	\$0.27	\$0.03	\$0.08	\$0.00	\$0.4
Norfolk Island	4	1,855	430	\$0.3	\$0.0	\$0.00	\$0.0	\$0.4
<i>Total</i>	<i>5</i>	<i>3,341</i>	<i>850</i>	<i>\$0.6</i>	<i>\$0.1</i>	<i>\$0.08</i>	<i>\$0.0</i>	<i>\$0.8</i>
Total	692	1,814,478	373,104	\$574.1	\$68.2	\$908.3	\$160.3	\$1,710.9

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

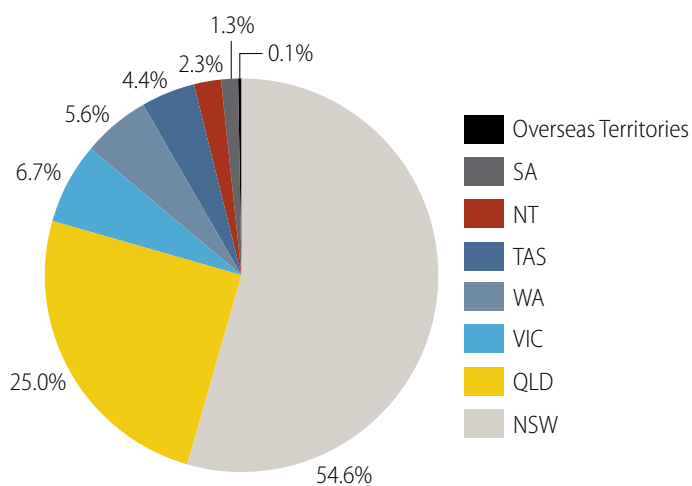


Visit days by State, 2012-13



The eastern seaboard of Australia accounted for over 520 port visits by cruise ships in 2012-13, equating to over 75% of the national total. New South Wales (252 visits) and Queensland (215) recorded the most visits due to several ships based there during the year. The proportion of cruise ship visits to ports in South Australia and Western Australia declined during the year, as a result of less base port visits.

Passenger days at port by State, 2012-13



New South Wales recorded almost 1 million passenger days at port in 2012-13, equating to approximately 55% of the national total. The higher proportion of passenger days relative to port visits in New South Wales is due to the significant proportion of large cruise ships that are based in Sydney. Queensland was the next highest state, recording over 450,000 passenger days at port during 2012-13 followed by Victoria with 120,272.



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 2012-13 is the aggregation of all international passenger and crew expenditure, and cruise ship operator expenditure at each port visited by a cruise ship in 2012-13. 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.



The table on the following page summarises the estimated national economic impacts of the cruise shipping industry in Australia in 2012-13 compared with 2011-12. They are:

- Estimated total output of \$2.06 billion in 2012-13, including direct output of \$1.23 billion. This was a 20.6% increase from 2011-12 when total output was estimated at \$1.71 billion. When domestic passengers and crew are included, the estimated total output is \$2.88 billion in 2012-13.
- Estimated total wages income of \$620.8 million, including \$415.6 million in direct income and \$205.1 million in indirect or flow on wages income. This was 18.8% higher than the corresponding 2011-12 figure when total wages income was estimated at \$522.7 million. When domestic passengers and crew are included, the estimated wage income is \$837.8 million in 2012-13.
- Estimated employment impacts of 7,503 full time equivalent positions (FTEs), including 4,612 direct positions and 2,891 indirect positions. This was a 19.2% increase from 2011-12 when total employment was estimated at 6,297 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 11,277 FTE positions in 2012-13.
- Estimated total value added impact of \$1,015.3 million, including a direct impact of \$630.1 million. This was a 19.5% increase from 2011-12 when total value added was estimated at \$849.6 million. When domestic passengers and crew are included, the estimated value add is \$1.38 billion in 2012-13.

economic impact of the cruise shipping industry *(continued)*

National Economic Impacts of Cruise Shipping in Australia

Impact	International only ^(a)			International & Domestic ^(b)		
	2011-12	2012-13	Change (%)	2011-12	2012-13	Change (%)
Output (\$m)						
Direct	\$1,015.5	\$1,216.8	19.8%	\$1,388.4	\$1,710.9	23.2%
Indirect	\$688.0	\$838.3	21.8%	\$933.7	\$1,164.7	24.7%
Total	\$1,703.5	\$2,055.1	20.6%	\$2,322.1	\$2,875.6	23.8%
Wages Income (\$m)						
Direct	\$354.2	\$415.6	17.3%	\$458.1	\$558.0	21.8%
Indirect	\$168.5	\$205.1	21.8%	\$224.7	\$279.9	24.5%
Total	\$522.7	\$620.8	18.8%	\$682.8	\$837.8	22.7%
Employment (FTEs)						
Direct	3,924	4,612	17.5%	5,793	7,108	22.7%
Indirect	2,373	2,891	21.8%	3,304	4,169	26.2%
Total	6,297	7,503	19.2%	9,097	11,277	24.0%
Value Added (\$m)						
Direct	\$533.4	\$630.1	18.1%	\$705.7	\$858.8	21.7%
Indirect	\$316.2	\$385.2	21.8%	\$421.4	\$523.5	24.2%
Total	\$849.6	\$1,015.3	19.5%	\$1,127.1	\$1,382.2	22.6%

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

Source: AECgroup.

If the estimated expenditure of domestic passengers is added back in the economic impacts of the cruise shipping industry for 2012-13 would be estimated at:

- Total expenditure of \$2.88 billion;
- Total wage income of \$837.8 million;
- Total employment impacts of 11,277 FTEs; and
- Total value added impact of \$1.38 billion.



growth potential of the cruise shipping industry

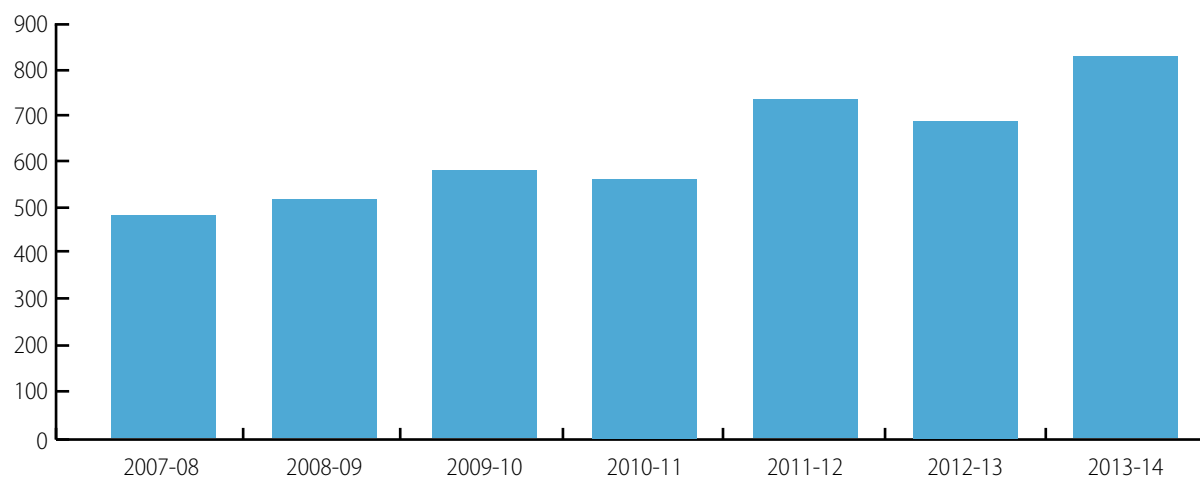
Cruise ship visits to Australian ports are expected to increase by approximately 140 visits (almost 17%) to an estimated 825-835 in 2013-14, which is in line with the growth trend over the last decade.

Growth is projected to be primarily driven by the capital cities of Sydney (+44 visits), Melbourne (+18), Fremantle (+15), Brisbane (+14 visits) and Hobart (+12). Several of the cruise ships will be based in Australia either permanently or for part of the year. This expected increase will likely lead to a significant increase in passenger and crew expenditure in Australia and associated economic impact.

There is continual change and improvement to Australia's cruise shipping itinerary, which includes operators looking to base additional and larger ships in Australia during the Australian summer. Australia has witnessed a trend towards more local deployment of ships, rather than one-off port visits which has seen several operators bring mega cruise ships to Australia. Cruise operators are expected to focus on consolidating operations of these vessels with limited new ships expected to visit Australia in the next few years including the Carnival's *Carnival Legend* and the *Sea Dream II* to visit Australia for the first time in the coming seasons.



Historic and Forecast Cruise Ship Visits to Australian Ports



Source: CDU, AECgroup.

about us

Cruise Down Under (CDU) is the co-operative marketing brand for cruise destinations and service providers to the cruise industry in Australia and the South Pacific. Cruise Down Under is a non-profit incorporated association formed in 1998. Cruise Down Under is a membership organisation comprising Australian ports, tourism agencies, cruise lines, shipping agents, inbound tour operators and companies associated with the cruise shipping industry in Australia and the South Pacific.



ADELAIDE BATEMANS BAY BRISBANE BROOME BURNIE CAIRNS CHRISTMAS ISLAND DARWIN DEVONPORT EDEN FREMANTLE
GEELONG GERALDTON KANGAROO ISLAND HOBART INDONESIA LAUNCESTON MELBOURNE NEWCASTLE NEW CALEDONIA
PAPUA NEW GUINEA PORT ARTHUR PORT LINCOLN PORTLAND SYDNEY TOWNSVILLE PLUS SMALLER DESTINATIONS



Marketing CDU cruise destinations and providers of services to the cruise industry.

For further information or advice we invite you to contact:

Jill Abel, General Manager

Cruise Down Under

t +61 3 6223 7334 **f** +61 3 6223 7334

e cdu@cruisedownunder.com

www.cruisedownunder.com

PO Box 1117 Sandy Bay Tasmania 7006 Australia

CDU recognises and thanks all artists and photographers for supplying images.