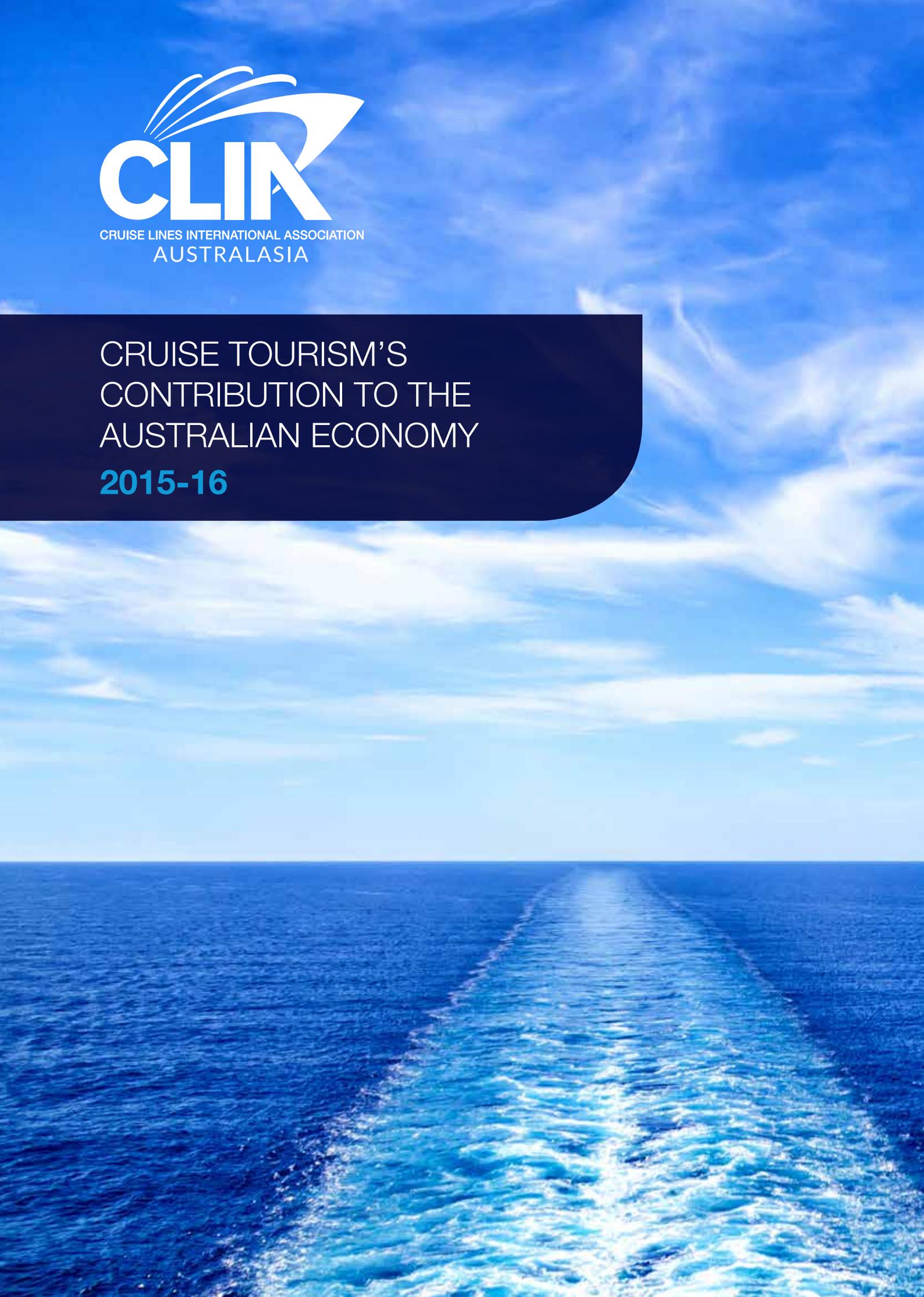




CRUISE LINES INTERNATIONAL ASSOCIATION
AUSTRALASIA

CRUISE TOURISM'S
CONTRIBUTION TO THE
AUSTRALIAN ECONOMY

2015-16





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INTRODUCTION

CLIA Australasia has commissioned its third report on the contribution of the cruise industry to the Australian economy, covering the fiscal period 2015/16. The research has been undertaken by an independent business research organisation, Business Research & Economic Advisors (BREA), and is based on a methodology that is used in similar impact studies for the United States, Europe, Canada and the Caribbean.

These EIS reports are recognised by all the major cruising nations around the world and form the basis for engagement on key industry-related developments and issues. The consistency of methodology and approach also facilitates comparisons with the impact of the industry in other major cruise markets around the world.

Note: Expedition vessels are included in the 2015/16 data for the first time.

The report is based on:

- Cruise line expenditure data provided by CLIA's cruise line members representing over 95% of the industry.
- Data from a comprehensive cruise passenger survey process that covered over 12,000 passengers during 2014/15 at 15 Australian destinations across a representative range of cruise brands that operate in or visit Australia. These have been updated for 2015/16 using inflation factors derived from consumer price index data published by the Australian Bureau of Statistics.
- Economic data for Australia, including consumer prices, employment and wages by industry and the input/output accounts, were also obtained from the Australian Bureau of Statistics.

Glossary:

- **Compensation** – the overall value of remuneration generated through the employment activity.
- **Domestic ship** – a vessel based permanently or seasonally in Australia.
- **Homeport** – a port where a vessel is permanently or seasonally based, and the majority of passengers disembark and new passengers embark.
- **Output** – the value of goods and services produced, both direct and indirect.
- **Passenger and crew port days** – the number of passengers and crew arriving by ship at the ports.
- **Passenger and crew visit days** – the number of passengers and crew that disembark to visit the ports.
- **Transit port** – a port where a significant number of passengers disembark to visit and then re-embark to continue their cruise.
- **Value-Added** – the value to the economy (such as wages, taxes etc) that is generated as a result of the output activity.

KEY HIGHLIGHTS

As the Australian cruise industry continues to experience double digit growth, its contribution to the Australian economy, both at a national and regional level, remains significant.

2015/16 has seen the industry's total national contribution grow by an impressive **27%** to reach a record **A\$4.6 billion**.

Other highlights of the year include:

- **39%** growth in the overall cruise ship visit days.
- A **17%** increase in passenger/crew visit days, which now exceed **2.8 million** cruise visit days.
- It is estimated that the cruise industry brought close to **150,000** inbound international visitors to Australia spending around **A\$158 million**.
- An **18%** increase in direct passenger expenditure in Australian port cities reaching **A\$959 million**.
- A **23%** increase in Cruise Line expenditure to exceed **A\$1.3 billion**.
- A **23%** increase in Australians employed directly and indirectly by the cruise industry, which now exceeds **18,700 FTEs**.

Cruise continues to be the success story of Australian tourism, contributing significant economic benefits at both national and regional levels.

Since 2004, the number of Australian cruise passengers has grown more than sixfold to now exceed **1 million** annually, placing Australia as the fourth largest source market in the world. In 2015 **4.5%** of all Australians took an ocean cruise, with the well-established US market ranking second with **3.5%**, and the UK and Ireland at **2.6%** market penetration.

The cruise industry continues to invest billions of dollars in new vessels. Australia will only benefit from the exciting new ship and cruise line deployments in our region if steps are taken to ensure that infrastructure is available to support the continued growth. This will ensure further growth in both domestic and international passenger numbers as well as the overall contribution of the industry to the Australian economy.

ECONOMIC IMPACT

The Australian cruise industry's contribution to the national economy grew at a significant rate, rising by **27%** to reach a record **A\$4.6 billion** in the 2015/16 fiscal year.

This growth reflects Australia's continuing appeal as a key market for the major global cruise brands to base their ships, either full time or seasonally, as evidenced by the significant **45%** growth in homeported ship calls in Australia.

- Direct expenditures generated by cruise lines and their passengers and crew totalled **\$2.3 billion**, an increase of **20%** from 2014/15.
- The value-added by both direct activities and indirect impacts throughout the Australian economy grew by **34%** to **\$2.4 billion**.

Sector	Output (\$ Mill)	Value-Added (\$ Mill)	Compensation (\$ Mill)	Employment (FTEs)
Direct	\$2,306	\$1,107	\$798	10,741
Indirect and Induced	\$2,270	\$1,258	\$528	7,928
Total 2015/16	\$4,576	\$2,365	\$1,326	18,669
Total 2014/15	\$3,579	\$1,767	\$1,045	15,217

EXPENDITURE

CRUISE LINE EXPENDITURE

Overall expenditure exceeded **A\$1.3 billion** and represents an increase of **23%** against the previous year. Apart from fuel, all categories of cruise line expenditure continue to increase, benefitting a wide range of industries. Excluding the significant impact of the drop in fuel prices, cruise line direct expenditure rose **47%**.

The continued growth in the number of cruise ships homeported in local waters is driving the significant increase in direct expenditure by cruise lines in Australia. Homeport calls rose **45%** in 2015/16, and these remain key to maintaining the direct expenditure levels of the cruise lines to those ports.

Three ports, Sydney, Brisbane and Melbourne, accounted for **1.75 million** passenger onshore visit days, equal to **96%** of the homeport passenger visit days.

New South Wales, as the principal cruise homeport state and administrative base, accounted for about **64%** of the national economic contribution, a **20%** increase.

This reinforces how critical it is for the national and regional economies to ensure that transit and homeport facilities and infrastructure continue to be developed, particularly in NSW, to attract new homeported ships and accommodate the growth in the size of ships being based in the region.

	2015/16	2014/15	Growth %
Ship Building & Repair/Machinery	168	112	50%
Food & Beverages	174	160	9%
Port Charges & Fees	189	100	89%
Other Costs (incl. supplies, security, sanitation)	200	78	157%
Shore Excursions Paid by Cruise Lines	129	68	90%
Travel Agent Commissions	152	145	5%
Advertising & Promotion (Professional Services)	86	73	17%
Other Business Services	47	40	18%
Sub-Total A\$ mill	1144	776	47%
Fuel	165	293	-43%
Total A\$ mill	1310	1069	23%

PASSENGER EXPENDITURE

Overall, estimated cruise passenger expenditure grew by **18%**, driven by the increase in passenger visit days.

The increased contribution of homeported ships is also reflected in the estimated passenger expenditure numbers.

- Homeport passengers spent an estimated **A\$821 million**, up **18%**, representing **86%** of total passenger expenditures.
- Transit passengers are estimated to have spent **A\$138 million**, an increase of **16%**.
- Homeport passengers spent on average **A\$508** per visit day while transit passengers spent on average of **A\$159** per visit day.
- International passengers boarding a ship spent an average of **A\$708** per day in a homeport, while those visiting a transit port spent an average of **A\$186** per day.
- Inbound international passengers are estimated to have spent **A\$158 million** in Australia.

VOLUME



PASSENGER AND CREW VISIT DAYS

The number of passenger and crew visit days increased by **17%**, reflecting the continued growth in the number of homeported ships being deployed locally.

- Cruise ship calls at Australian ports generated **1,177** cruise ship visit days, **2.5 million** passenger onshore visit days and just over **336,000** crew onshore visit days.
- Visit days generated by passengers embarking on their cruises at Australian cruise ports totalled **1.6 million** days, an increase of **18%** over 2014/15 and accounted for **57%** of total passenger onshore visit days during 2015/16.
- The arrival of P&O Cruises' Pacific Eden and Pacific Aria in the market in 2015/16 accounted for **55%** of the increase in passenger visit days, and the inclusion of smaller Expedition vessels in the data for the first time impacted the passenger visit days by a further **2%**.

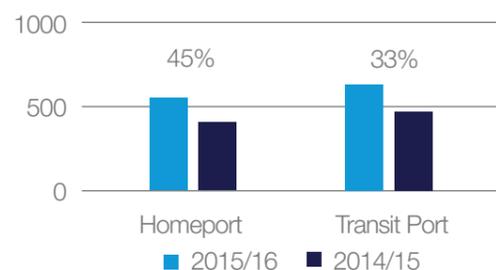
VISIT DAYS	2015/16	2014/15	CHANGE
Home Passengers (mill)	1.6	1.4	17.8%
Transit Passengers (mill)	0.9	0.7	16.0%
Total (mill)	2.5	2.1	17.2%
Crew (mill)	0.3	0.3	16.3%

CRUISE SHIP VISIT DAYS – HOMEPORT & TRANSIT

There were **1,079** cruise ship calls at Australian ports during 2015/16, an increase of **259** calls from 2014/15. Homeport visit days grew by **45%**, demonstrating the major global cruise brands continuing commitment to base ships in Australia.

At the same time transit visit days grew by **33%** in 2015/16 reflecting the continued appeal of Australia as a seasonal destination for the cruise lines planning their worldwide deployments.

In total these port calls generated **2.6 million** passenger port days during 2015/16 which was an increase of **22%**.



PASSENGER SOURCE – DOMESTIC VS INTERNATIONAL

Domestic ships, i.e. ships with Australia homeports, accounted for **82%** of the total passenger port days with **2.1 million** days. Passenger port days generated by these domestic ships increased by **32%** over 2014/15. International ships accounted for **18%** of passenger port days. This was a **9.4%** decline from 2014/15.

This follows a similar decline in the prior year and reinforces the impact of capacity constraints such as the availability of berths and the ability to handle larger capacity cruise ships that are now being deployed in the wider region.

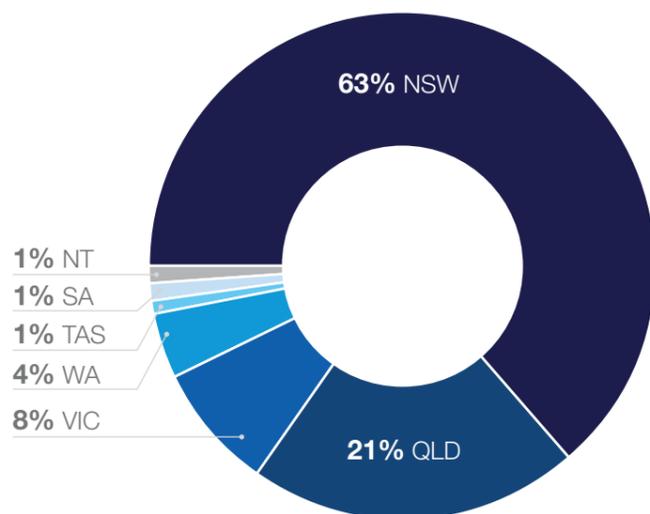
	2015/16	2014/15	CHANGE
Passenger Port Days - Domestic Ships			
Domestic (mill)	1.94	1.50	28.70%
International (mill)	0.17	0.09	87.40%
Total (mill)	2.11	1.59	32.10%
Passenger Port Days - International Ships			
Domestic (mill)	0.24	0.27	-9.50%
International (mill)	0.23	0.26	-9.30%
Total (mill)	0.48	0.52	-9.40%

On a regional basis, the direct expenditures were concentrated in three states, New South Wales, Queensland and Victoria, which accounted for **92%** of total direct expenditures throughout Australia with **A\$2.1 billion** in direct spending during 2015/16.

NSW remains the dominant state accounting for **63%** of the overall economic contribution. However, NSW's share continues to show a decline year on year (from **68%** in 2014/15). The other states, particularly Queensland, Victoria and Western Australia, have benefited as a result of a shift to regional Australia.

This again highlights the impact of the capacity constraints in Sydney in particular, which continues to drive the growth of the regional destinations at the expense of NSW.

2015/16 Contribution By State



	Output (millions)			State Share	
	2015/16	2014/15	% Growth	2015/16	2014/15
NSW	2,892	2,421	19.5%	63%	68%
QLD	976	638	53.0%	21%	18%
VIC	346	243	42.7%	8%	7%
WA	190	174	9.2%	4%	5%
TAS	60	45	32.4%	1%	1%
SA	51	30	72.0%	1%	1%
NT	62	30	106.0%	1%	1%
Total	4,577	3,580	27.8%	100%	100%

FUTURE OUTLOOK

The outlook for cruise tourism in the Australian region is extremely positive with a number of global developments driving the growth opportunity.

- The industry continues to invest billions of dollars in new vessels with **67** new ships on order representing **197,796** new berths and worth an estimated **US\$47 billion**. This new capacity requires both new destinations and source markets such as Australasia.
- There are a number of exciting new ship and cruise line deployments in our region which will help to drive further growth in local passenger numbers.

The emerging markets of Asia – and especially China – provide a significant growth opportunity for the cruise industry. Australia is well placed to benefit from that growth, providing alternate seasonal deployment for China based vessels during the Chinese winter.

Australia will welcome an unprecedented number of cruise ships this summer, with more than **40** vessels from CLIA member cruise lines to be based in Australia or visiting local waters. Between them, the ships will make almost **900** calls to ports around Australia over that period – up **10%** on last year.

With more than half the ships offering return cruises from our shores, Australians will be able to take advantage of almost **400** round trip itineraries from local ports, a **20%** rise on last summer's offerings.

The record season reflects the continuing surge in Australian cruise passenger numbers as well as the nation's growing popularity as an international cruise destination. Australia is the fourth largest source market for cruise passengers in the world with CLIA figures showing more than **1 million** Australians took an ocean cruise in 2015 – a **14.6%** increase on the previous year. Australian cruise passenger numbers have grown by almost **20%** annually over the past decade.

The regional expansion of cruise tourism is expected to continue with five cruise lines making their first ever calls to a range of ports from Darwin in the Northern Territory to Burnie in Tasmania, while across the fleets, individual ships will be making close to **70** maiden calls to coastal towns and cities.

The cruise industry's national, state and regional growth potential will only be realised if urgent steps are taken to ensure that infrastructure, particularly in the gateway port of Sydney, meets the requirements of the industry. Australia will lose out to other SE Asian ports if the local port infrastructure does not accommodate the bigger vessels and greater frequency being planned. Appropriate long term planning is urgently required to support the industry's growth potential.

“Cruise continues to
be the success story
of Australian tourism”

ONE INDUSTRY, ONE VOICE

Cruise Lines International Association (CLIA) is the world's largest cruise industry trade association, providing a unified voice and leading authority of the global cruise community. The association has 15 offices globally with representation in North and South America, Europe, Asia and Australasia.

CLIA supports policies and practices that foster a safe, secure, healthy and sustainable cruise ship environment for the more than 23 million passengers who cruise annually and is dedicated to promote the cruise travel experience. Members are comprised of the world's most prestigious ocean, river and specialty cruise lines; a highly trained and certified travel agent community; and cruise line suppliers and partners, including ports & destinations, ship development, suppliers and business services.

The organization's mission is to be the unified global organization that helps its members succeed by advocating, educating and promoting for the common interests of the cruise community.





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