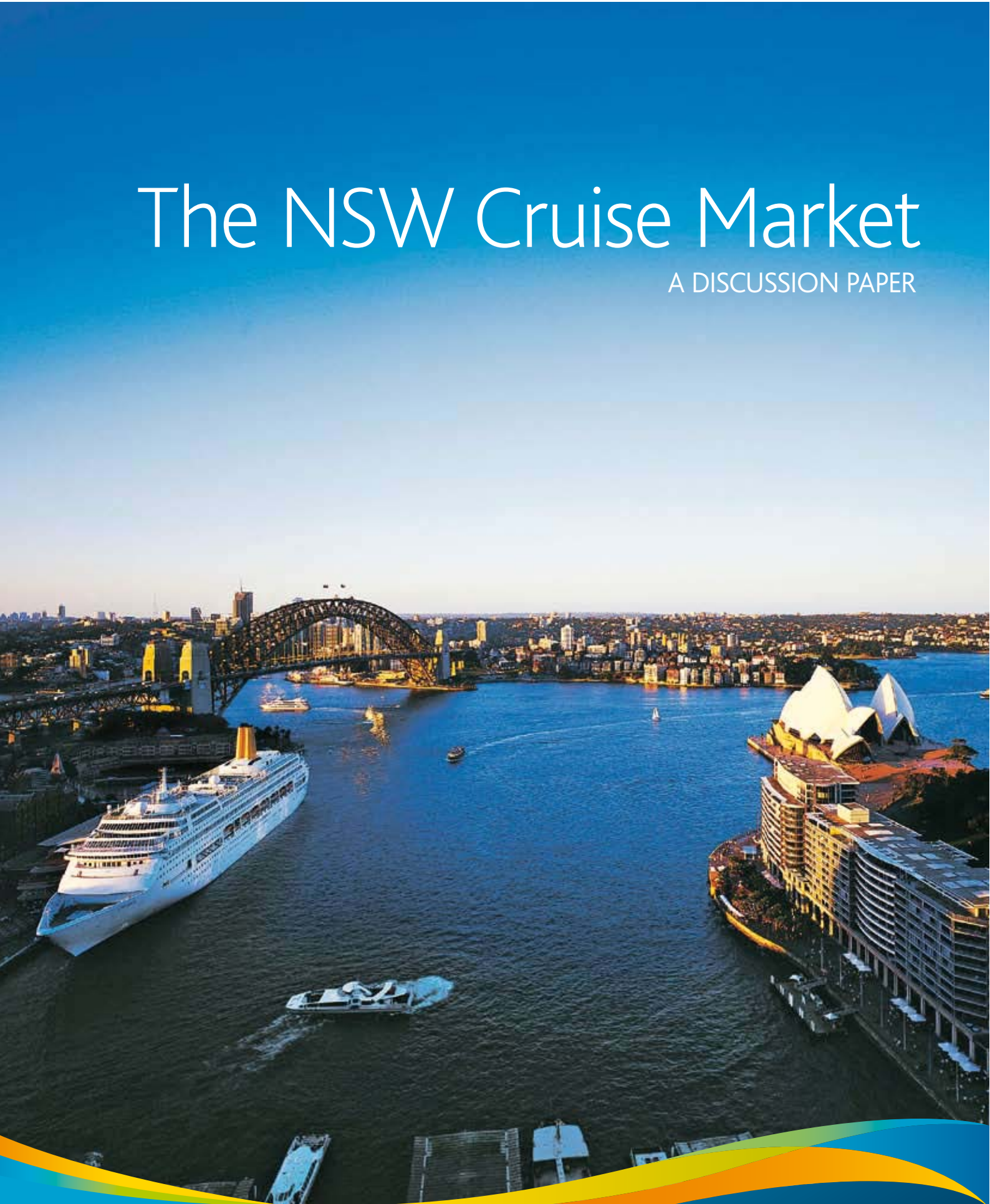


# The NSW Cruise Market

A DISCUSSION PAPER



Tourism New South Wales

# Minister's Message

The cruise sector is a lucrative one which is growing in popularity around the world. Each year, more and more people are taking cruises, including increasing numbers of Australians.

The NSW State Government recognises the benefits that the cruise sector can have for tourism in this state, and the associated economic boon for NSW and the many local communities along our beautiful coastline.

We also acknowledge the importance of ensuring our ports and coastal destinations are carefully managed and smartly promoted for the sustainable growth of this important market in NSW.

To that end, Tourism NSW coordinated the first ever comprehensive research study into the worldwide cruise sector – its current trends, and its future directions throughout NSW.

This research will be used to draft the upcoming NSW Cruise Strategy to set NSW on a clear path towards maximising the lucrative cruise sector.

This Discussion Paper clearly summarises the research. I encourage you to evaluate this Discussion Paper, review the research, and register your comments and suggestions.

By working together, I am confident that we can develop a long-term strategy to sustainably grow the cruise sector in NSW.

**The Hon Sandra Nori MP**

**Minister for Tourism and  
Sport and Recreation**

**Minister for Women**

**Minister Assisting the Minister  
for State Development**



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# Introduction

This Discussion Paper is a summary of research into the international and Australian cruise markets, and the associated opportunities for NSW ports and cruise ship destinations.

This Discussion Paper is the first step in formulating a NSW Cruise Strategy which will:

- consolidate and build on Sydney's popularity as a premier cruise destination;
- position regional NSW destinations as cruise destinations; and
- support other shipping such as Superyachts and military vessels in Sydney and regional NSW.

The research was commissioned by Tourism NSW in conjunction with Sydney Ports Corporation, NSW Maritime,

Sydney Harbour Foreshore Authority and Department of Lands. It was carried out by Cruise Australian Waters and includes input from the Department of State and Regional Development, Cruise Hunter and Sapphire Coast Tourism.

Oversight of the cruise strategy will be undertaken by the NSW Cruise Coordination Committee, comprising Sydney Ports Corporation, NSW Maritime, Department of Lands, Sydney Harbour Foreshore Authority and the Department of State and Regional Development /Tourism NSW.





# The Global Cruise Industry

The global cruise industry is a lucrative one that is growing in popularity. In order for NSW ports and destinations to fully capitalise on this growing tourism sector, it is necessary to examine the current trends and future direction of the worldwide cruise industry.

## Size of the market

The global cruise industry has grown by an average of 10 per cent a year over the last 30 years. This is more than in other areas of tourism. More than 13 million passengers worldwide went on cruises in 2005.

In 1993, there were some 130 visits by cruise ships to Australian ports. By 2004, this had increased to 840, representing an average growth of 20 per cent per year. However, approximately 450 of these visits were from one ship cruising the Great Barrier Reef. Excluding this vessel, the growth rate was still 10 per cent annually (in line with the global average).

The global cruise industry generates some \$A18 billion a year in passenger expenditure. The bulk of activity is concentrated in a few regions:

**Table 1: Principal Cruise Regions**

Country	% of Market Share
Caribbean	45%
Mediterranean	13%
Northern Europe	10%
Mexico/Panama	10%
Alaska	8%

Australia and the South Pacific have just under four per cent of the global cruise market.

Apart from the Caribbean, all of the above are seasonal destinations where it is unusual to cruise in the northern hemisphere winter. It is during this time (i.e. the southern hemisphere summer) that Australia and the South Pacific attract cruise ships deployed from the northern hemisphere. The Australian cruise season is from November to April.

## Significant cruise lines

There are 116 cruise lines, 17 of which are owned by just three companies – Carnival Corporation (130,000 berths), Royal Caribbean Cruises (60,000) and Star Cruises (22,000). These three companies control over 80 per cent of the total world cruising capacity.

Carnival Corporation contributes 70 – 80 per cent of Sydney's annual revenue from cruise ships.

## Trend towards larger ships

The worldwide trend is for larger cruise ships. World cruising changed dramatically after the September 11 attacks, and Australia, regarded as a safe destination, is now regularly visited by these mega-cruise ships.

The current building program for the cruise industry comprises 21 mega-size vessels – the smallest having 2,000 berths. Many older cruise ships will not be able to pass new international safety standards (which come into effect in 2008) and will cease trading, thus reducing the number of smaller ships that normally cruise in the Australia–South Pacific region.

The mega-vessels each weigh in excess of 110,000 tonnes and carry more than 3,000 passengers.

## Passenger trends

Eighty per cent of cruise passengers worldwide come from North America (the United States and Canada). With less than 10 per cent of this population ever having taken a cruise, the potential for growth in this market is enormous. This market source is growing by more than 8 per cent annually.

The United Kingdom is the second-largest market in the world, with other fast growing market sources including Europe and South America. The Japanese market is also increasing and major cruise companies are now beginning to go after the Chinese and Indian markets.

Australia is a fast-growing source of passengers. This market grew 35 per cent between 2002 and 2004, making it the fastest-growing sector of the travel industry. In 2005, some 186,000 Australians took a cruise compared with 116,000 in 2002, and 154,000 in 2004.

## Country of origin

Passengers visiting Australia on cruise ships come from approximately 50 different countries. But the bulk visiting NSW are Australian, North American, British and European. The majority of passengers cruising to Australia are aged 65 and over. However, the average age of passengers is falling, with the world average now around 47 years old.

## Longer stays

Many cruise passengers worldwide are repeat customers, prompting cruise lines to vary destinations and programs. Sydney is the least affected by this as most ships use Sydney as a base or turnaround port. Of particular interest to NSW is the tendency of more than 60 per cent of passengers to use a cruise to select a shore destination for a longer stay. In recent years, some island resorts in Australia have taken advantage of this trend and encouraged visits by cruise ships and won increased patronage for their resorts.





# Itinerary Development

Destinations have the opportunity to assist cruise lines with itinerary development in order to attract and build new cruise business. Many factors impact on the itinerary selection process.

## Revenue potential

In an era where cruise lines are investing in new vessels and charging passengers less per day than 10 years ago, the importance of revenue potential in itinerary selection has increased.

The cruise business is booming in the Caribbean, Mediterranean, Alaska and Europe, where the potential cruise passenger market is large, it is not costly to transfer passengers to vessels, and the relative closeness of ports maximises shore excursions and associated economic yield.

However, the economic return is not as great in countries like Australia. The distance to get to Australia is long, requiring a lot of fuel and numerous days at sea which means fewer shore excursions and associated revenue. The logistics of operating and maintaining a cruise ship when away from its traditional home port are far more difficult, more time consuming and more costly.

## Australia's appeal

Many of the popular cruising destinations of the world are becoming overcrowded and cruise companies are looking to Australian itineraries because they offer something new, exciting and exotic. These companies are looking to increase their presence in Australia, and to offer their repeat passengers a wider choice of new destinations.

## International vs domestic itineraries

Cruising in Australian waters, but with an international component, has decided cost-price advantage because of the GST:

- The GST does not apply to an international voyage, so the passengers do not pay GST.
- The supplies and fuel do not include a GST component on an international voyage so the cruise company has a better bottom line on such a voyage.
- Cruise ships on an international voyage from Sydney can offer duty-free and GST-free shopping, with the added profit margin.
- Cruise ships on an international voyage from Sydney can offer gaming/gambling without having to pay State taxes.
- Cruise ships on an international voyage from Sydney do not have to pay State liquor-licence taxes if they trade in international waters.

Therefore, it is more profitable for a cruise company to include New Zealand or other international ports than have an itinerary with only Australian ports. For coastal cruising to be competitive there needs to be an international destination on the itinerary. Currently the only scope for this is to cruise to the Great Barrier Reef and include a call at Willis Island, which is treated as an international destination.

## Ideal itinerary length

Seven-days is the ideal itinerary length because the ship leaves the base port on the same day each week and this has scheduling advantages for connecting airlines, supplies and other services. This ideal itinerary length is a disadvantage for Sydney due to the 9-10 days it takes for a return trip to South Pacific Island destinations.

## What makes a good base port?

The cruise operator looks for safe, efficient, cost-effective port facilities, including efficient passenger handling, provisioning, supply of bulk water, fuel for the ship and waste disposal.

From a passenger's perspective a base port should be easily accessible by road and/or public transport, be serviced by direct flights and have good standard hotel accommodation close by.

## Selecting destinations

For a destination to be selected as a potential cruise destination, four key factors must be present:

1. It must accommodate vessels safely and guarantee bookings up to two years ahead.
2. There must be something about the destination that is attractive, unique, iconic and/or worthwhile from the passengers' perspective.
3. The destination has to have local community support and provide a warm welcome for visitors and provide safe and attractive conditions for the visitors.
4. The destination must provide a consistent level of access, and high quality of service and passenger satisfaction for every visit. Some NSW destinations cannot guarantee access on every visit due to adverse sea conditions, which limits their capacity to attract cruise lines.

# What Influences Itineraries?

There are a range of key decision makers who influence itinerary selection. It is vital that destinations are aware of the important role that the following influences play in itinerary selection.

## Passengers

Passengers look for:

- attractions for half-day and full-day tours;
- a clean, safe destination without touts, beggars or unsavoury areas near the ship;
- high standard of transport – coaches, taxis and limousines, etc;
- friendly, informative guides and hospitable locals;
- good shopping with reasonable prices and interesting range of goods;
- walking distance to the city/town;
- a comfortable climate;
- proximity to an international airport, with good services for fly/cruise operations.

## The ship's company

The master, officers and crew report on each destination from both an operational and passenger satisfaction point of view. Key factors include:

- Is the wharf of sufficient length?
- Can the ship turn around 180 degrees to sail from the port?
- Is there sufficient water depth for under-the-keel clearance?
- Does the destination have the infrastructure and facilities to ensure a world-class experience for passengers (eg tour guides, coaches, restaurant seating etc)?

## Itinerary planners

The itinerary planners make their recommendations based on:

- passenger survey comments;
- comments from masters, officers, crew and ground handlers;
- cruise company scheduling and distance from previous port;
- quality of shore tours and the on-board revenue that may be available from them;
- safety of passengers while ashore;
- cost of calling at a destination;
- time it takes to organise permits and make arrangements at a destination.

## Ground handlers

There are generally only a handful of ground handlers used by cruise companies in each cruise region. Cruise companies rely on their ground handlers in each cruise region to make arrangements for tours/activities at the port of call. Ground handlers usually take a commission from tour operators.

Ground handlers have the ability to make or break a cruise destination by the selection of tours and activities that they present to the cruise company. It is therefore important for destinations to form strong alliances with the ground handlers that represent cruise companies in Australia.

## Complementary shore experiences

A significant factor often overlooked by most destinations is the need for complementary experiences ashore for passengers at each destination. On an Australian itinerary, for example, one destination may present a wineries tour, one may present a nature experience, and another may present an indigenous experience. Ultimately, the cruise company, assisted by the ground handler, decides which shore itineraries are selected for its passengers.

## The requirements of repeat passengers

Repeat passengers are very important to cruise lines, and they need a different itinerary each year. This is why a destination cannot always expect to be on every cruise of any particular company, despite good performance. Cruise companies often vary their itineraries from year to year while still returning to Australia.





# Economic Benefits of Cruise Visits

The global cruise industry is a lucrative one, which has the potential to impact greatly on regional and local economies.

The Commonwealth Department of Industry, Tourism and Resources and the industry organisation Cruise Down Under conducted research into the economic impact of the cruise shipping industry in Australia (Economic Impacts of the Cruise Shipping Industry in Australia 2004/05). Some key results were:

- The total expenditure generated by the cruise shipping industry in Australia was approximately \$228.1 million, including direct expenditure of approximately \$132.1 million.
- Total wages income was estimated at \$65.7 million, including \$41.8 million in direct wages income and \$23.9 million in indirect or flow on wages income.
- The estimated employment impacts of the cruise shipping industry in Australia were equal to 1,633 full time equivalent positions.
- The estimated value added impact or additional Gross Domestic Product (GDP) generated by the cruise shipping industry was approximately \$121.8 million, including a direct value added impact of \$74.6 million.
- The largest state economic impact from the cruise shipping industry in 2004/05 was NSW. Total expenditure in NSW was estimated at approximately \$110.6 million. This expenditure resulted in an additional \$58.7 million in Gross State Product.

## Passenger-related expenditure

Passenger expenditure varies depending on whether the ship is visiting a base port or a transit port. Expenditure will be much greater if passengers stay in Sydney before and/or after the cruise. To maximise before and after cruise

spending, overseas passengers need to be enticed to book a longer stay in Sydney when booking their cruise.

A major factor influencing expenditure at transit ports is the tours available. The benefits for local operators depend on the cost of the tour they negotiate with a ground handler.

Ground handlers and cruise companies also receive a percentage of revenue from the tours. Some passengers will not buy a shore tour but will make an independent visit to local attractions. In this case berth proximity to local attractions and retail outlets is important.

For transit ports the economic benefits are affected by such factors as: the price the local operator gets for a shore tour; the percentage of passengers taking shore tours; the likely expenditure of independent travellers; and, the percentage of independent travellers on a voyage.

How much tourists spend varies with their income level, star class of the ship, and passengers' country of origin. For example, passengers who spend some US\$1,000 per person for a double cabin would be expected to spend more than a passenger spending some US\$200 per person for a double cabin. Therefore the class of ship and origin of the passengers

will both have a substantial impact on expenditure patterns of passengers. Table 2 shows the star class and origin of ships that regularly visit NSW.

## Crew-related expenditure

There has been minimal work undertaken in Australia on the level of crew expenditure. The average level of expenditure per crew member will depend on both the percentage of crew that is given leave in each port, and the amount of money that each of those crew members has to spend.

## Ship-related expenditure

### Port charges

For Sydney, these include site-occupation charges, navigation service charges, pilot fees, tug fees, and security charges. The site occupation charge is \$250 per hour for a cruise ship. The charge is the same for Circular Quay or Darling Harbour and slightly lower, \$200 per hour, if the ship is required to go to another berth.

### Provedoring

This expenditure by a ship in port is an important element of the economic impact for a base port. An Australian-based cruise will often take on all of its supplies in NSW, whereas overseas ships may fly in container loads of provisions.

**Table 2: Ships visiting NSW by Star Classes and Origin of Ship**

Star class and origin	Ship
European 5-star	Europa (6-star), Silver Shadow, Silver Whisper, Silver Wind, Silver Cloud, C Columbus, Deutschland
European 4-star	Astor, Delphin Renaissance, Delphin, Maxim Gorki
UK – 4-star	QE2, Oriana, Artemis, Adonia, Aurora, Saga Rose, Black Watch
USA – 5-star	Crystal Serenity, Crystal Symphony, Crystal Harmony, Seabourn Spirit, Seabourn Sun, Seven Seas Navigator, Voyager & Mariner
USA – 4-star	Sapphire Princess, Star Princess, Diamond Princess, Regal Princess, Amsterdam, Prinsendam, Rotterdam, Statendam, Volendam, Legend of the Seas, Norwegian Wind, Crown Odyssey
Asia – 4 star	Superstar Leo, Asuka, Pacific Venus, Nippon Maru
Australia – 3-star	Pacific Sun, Pacific Star, Pacific Sky
Australia – 4-star	Pacific Princess, Dawn Princess
Expedition	Orion (Australian – 5-star), Clipper Odyssey (USA – 4-star), Hanseatic (Europe – 4-star)

# Military Visits to Ports



Military vessels have similar characteristics and needs to cruise ships and have similar potential for returning economic benefits to NSW communities.

Military vessels have up to 5,000 crew members who, like cruise passengers, are looking for ways to spend their time and money onshore, particularly in buying and utilising local souvenirs and products.

Military visits have supply needs similar to cruise ships, including towage, fuel, water and supplies. Additionally, the families of crew and military personnel often visit the ship for the duration of its stay in port, which results in additional spending on air travel and accommodation.

In Australia, decisions by military ships about destinations they will visit are determined by a range of factors including:

- Where the ship is normally based and where families of the crew are located.
- Whether there are military manoeuvres associated with the visit.
- Whether the visit is for rest and recreation (R&R) only.
- The nationality of the ship.
- Nuclear-powered ships can only call at certain ports, designated to accept them safely.

For Australian ships the initial selection of an R&R destination is made by the ship's company about a year ahead and liaised through the Operations Coordinator at Maritime Headquarters at HMAS Kuttabul in Sydney.

A major requirement for a destination is a secure berth. It is rare for anchorages to be selected.

Other than Sydney, the Royal Australian Navy (RAN) often visits Newcastle, with visits also to Port Kembla and Eden.

Foreign navies visit Australia from time to time and they have similar selection and approval processes. They liaise with the RAN, their host, on port selection and timing. Leisure activities for their personnel are coordinated by the RAN.

# Superyachts

In NSW, the Superyachts Sydney cluster has a good reputation, excellent facilities and services, and is credited with attracting many Superyachts to NSW.

Much of the current popularity of Australia as a Superyacht destination is credited to the various Superyacht clusters which exist along the eastern seaboard of Australia (Sydney, Gold Coast, Brisbane, Great Barrier Reef).

Superyachts have important economic benefits associated with maintenance and other vessel services, particularly for smaller ports.

People who influence decisions on where Superyachts visit are:

- *The owners.* If using the yacht themselves, the owners will decide where they wish to go.
- *The managing agent.* If the yacht is chartered out, the managing agent will make the decisions in consultation with the master.
- *The master of the vessel.* When the owner is not aboard, there is no charter, and when maintenance is required, the master heavily influences the itinerary taking into account weather conditions, availability of berths or sheltered anchorages, fuel availability, maintenance facilities and a pleasant location to berth while waiting for orders.

Generally, the decision making will be based on similar criteria as for cruise ships. The main difference is the size of the vessel, with Superyachts able to reach more destinations. A significant attraction for Superyachts is the availability of high class maintenance facilities.

Superyachts that undertake charters while in NSW are considered to be commercial vessels and would be expected to meet survey and crewing requirements.





# Sydney

Sydney's poll position in the Australian cruise industry is due to its role as a base and turnaround port.

## Sydney as a cruise port

The majority of international cruise passengers arrive in, and depart from, Australia via Sydney International Airport. This combined with the availability of two cruise terminals, gives Sydney a considerable competitive advantage over other ports.

Sydney's advantages include:

- Internationally, Sydney is the most recognised Australian location – it has top-of-mind awareness among potential visitors.
- The icons of Sydney Harbour, the Sydney Opera House and the Sydney Harbour Bridge are usually featured in the promotion of Australia as a whole.
- Sydney has a huge range of tourism attractions and retail outlets that provide it with the opportunity to benefit from its pre-eminent position in Australian cruising.
- Sydney has a natural harbour in the centre of the city with deep-water frontage and a potential to accommodate ships of any size. Ships can berth close to the tourist hubs and passengers can disembark and easily walk to many of the attractions.
- Sydney's weather allows for year-round cruising. Its sunshine is particularly appealing for those passengers escaping the northern hemisphere winter.
- Sydney has a reputation as a safe destination for both cruising and shore excursions, with friendly people and a good hygienic standard of facilities.

## Sydney on cruise itineraries

There are a number of different itineraries that include Sydney:

- Home port: cruise ships that have Sydney as their base-port – this is mostly the South Pacific product offering of P&O Cruises (incorporating both three and four-star vessels) eg *Pacific Sun*, *Pacific Princess*.
- Regional deployments: cruise ships normally based in the northern hemisphere, deployed to Australian waters for up to four months during the northern winter. Temporarily based in Sydney, these vessels sail between Sydney, other Australian ports and New Zealand, making as many as five ship turn-rounds in Sydney during each annual deployment (eg *Sapphire Princess*, *Diamond Princess*, *Statendam*).
- International visits: cruise ships calling Sydney as part of an international itinerary or round-world cruise (eg *Queen Elizabeth 2*, *Queen Mary 2*, *Aurora*, *Oriana*).

Until recently, Sydney was the only port in Australia to have international cruise ships base-porting. This changed in 2004 when the *Pacific Sky*, previously based year-round in Sydney, began base-porting from Melbourne, Auckland and Brisbane for part of the year. The Brisbane-based cruises may potentially present a challenge to Sydney in the cruise market.

## Impact of larger vessels on Sydney

The major challenge to Sydney maintaining its role as a premier cruise destination is the trend towards larger cruise ships. The strategy of the cruise industry is to ensure that all large new ships are developed to carry as many passengers as possible.

### Growth in ship sizes in the last three decades

Until recently, there was no question about the ability of Sydney to handle the ships that were likely to visit Australia. However, the increase in the number of Grand Class ships coming to Australia, which are too high to fit under the Sydney Harbour Bridge puts extra pressure on the facilities at Circular Quay. This requires the management of 2,600 passengers disembarking and another 2,600 passengers embarking on the same day. It also includes dealing with additional security requirements, which is now a feature of all international travel.

These challenges were highlighted by the visit of the mammoth *Queen Mary 2* during the 2006/07 cruise season. The *Queen Mary 2* is too long for the Circular Quay terminal and instead docked at the Navy facilities at Garden Island.

Sydney's ability to compete with other cruise destinations within Australia and overseas will also depend on keeping pace with changes in the cruise market and in the infrastructure needs of the next generation of cruise ships.

**Table 3: Growth in Ship Sizes**

Company	Decade	Ship	Passengers	Gross tonnage	Tonnage increase
Carnival	1980s	Holiday	1,452	46,052	
	1990s	Imagination	2,052	70,367	53%
	2005	Carnival Liberty	3,000	110,000	56%
Royal Caribbean	1980s	Song of America	1,402	37,584	
	1990s	Splendour of the Seas	1,800	69,130	84%
	2006	Freedom of the Seas	3,600	160,000	131%

# Regional NSW Destinations

In 2005/06 regional NSW was visited by 18 cruise ships and four smaller ships. Continued efforts and investment to market regional NSW ports are anticipated to yield further increases in cruise business for the State.

## Coastal cruising

A large number of the visits to regional destinations are from *Orion*, an expedition ship that has been introduced into Australia for coastal cruising by Orion Expedition Cruises. This 106-passenger ship is offering 5-star cruises to both the domestic and international markets. *Orion* has scheduled itineraries from Sydney incorporating the NSW destinations of Yamba, Broken Bay, Jervis Bay and Eden.

The visits to Eden are part of a 7-day itinerary from Sydney to Hobart, which then returns to Sydney with a 7-night itinerary from Hobart to Sydney (after a 7-night Tasmanian circumnavigation and a visit to Antarctica).

Other ships plan to use the Tasmania route, so Eden is in a prime location to be part of a Tasmanian itinerary. The increased number of small cruise ships operating in northern Australia could lead to the re-introduction of further coastal cruises. In summer these could be between Sydney and far north Queensland, with destinations in NSW.

## Short cruises from Sydney

In 2005/06 Jervis Bay and Port Stephens benefited from a two-night cruise by *Silver Shadow*. This was a charter cruise organised by a travel agent providing the domestic market with an opportunity to cruise on a 5-star ship. There was also a two-night cruise from Sydney featuring Lord Howe Island, Coffs Harbour and Port Macquarie, but passengers did not go ashore.

## Circumnavigation of Australia

The visits of *Pacific Princess* to Newcastle and Eden were part of a circumnavigation of Australia. Circumnavigation voyages were popular in the 1960s and 70s and re-emerged in 2005. The circumnavigation in October 2005 using *Pacific Princess* with 682 passengers was sold out in less than two weeks.

A 2006 circumnavigation voyage for 28 days by the larger *Dawn Princess*, carrying 1,950 passengers, also sold well within two weeks. However, the *Dawn Princess* is too long to berth at Newcastle and Eden. Both destinations have the potential to increase their berth lengths to accommodate longer ships.

right: Port Hunter, Newcastle





# Existing NSW Cruise Facilities

Research carried out for this Discussion Paper included examining existing cruise facilities throughout NSW, to determine their current status and future potential as cruise destinations.

NSW cruise facilities, see below, were evaluated in relation to their existing cruise facilities, using the following criteria:

1. The destination must be able to accommodate the vessels safely and guarantee the booking up to two years ahead.

2. There must be something at the destination to attract passengers to visit the destination – something unique, iconic, entertaining, and different from neighbouring destinations.

3. The population must be friendly and able to provide a warm welcome and safe conditions for visitors, including long term community support.

4. Return visits require reliability in terms of providing a consistent level of access, high quality of service and passenger satisfaction.

Each destination was then assessed to determine its *potential* as a cruise destination. The Action Plan being formulated will address the actions required to reach this potential.

It should be noted that in some cases, infrastructure would not be justified on the basis of the economic benefits of cruise shipping. The infrastructure would need to offer substantial benefits to other users to be justified.

Table 3 outlines the *evaluation* and *potential* of existing NSW cruise facilities.

**Table 4: Evaluation and Potential of Existing NSW Cruise Facilities**

Destination	Current Evaluation	Potential
Byron Bay	A repeat destination for expedition ships. Sea conditions can be difficult. Approval system in recent years has varied and can be difficult to negotiate. Sufficient tours for small number of passengers. Lack of community support for cruise shipping. Requires persistence to gain approvals to visit.	Potential for cruise companies operating expedition ships that can handle the varying approval process.
Yamba and Clarence River	Small ships only in lower reaches. Weather and tide dependent. Anchorage unlikely to appeal as crew has to remain on standby whilst also operating tenders for passengers. Well-established tourism organisation. Sufficient tours for small number of passengers.	Limited potential beyond current ability to handle small ships and Superyachts only in lower reaches. Impact of rock reef at entrance has significance to local Aboriginal people. Goodwood Wharf has potential for small cruise ships but dredging required. Purpose-built ship could establish Clarence River cruises if there is a market.
Coffs Harbour	Can handle ships at anchorage outside the harbour. Weather dependent. Extensive attractions for passengers. Strong community support, well established tourism base.	Good potential for development as cruise destination between Sydney and Brisbane but would require substantial capital investment, which may be possible as part of Masterplan for Harbourside Development (currently under consideration).
Port Macquarie	Unsuitable for cruise ships. However, Superyachts currently enter using the tide.	Would not be suitable for cruise ships without dredging. Possible longer term small potential for Superyachts subject to capital expenditure on dredging and berths.
South West Rocks/ Trial Bay	Attractive destination for small ships with 200 passengers using zodiacs. Can also provide safe anchorage for Superyachts. Sufficient attractions for expedition ships or other vessels with small number of passengers. Strong community support, with more than 100 volunteers.	Potential to promote destination for small ships (200 passengers), particularly expedition ships equipped with zodiacs or tenders suitable for beach landings. Also good protected anchorages for Superyachts on coastal passages.
Tuncurry/Forster	Unsuitable for cruise ships and Superyachts.	Not suitable for cruise ships or Superyachts in immediate future.

Destination	Current Evaluation	Potential
Port Stephens	<p>Has successfully handled expedition ships from anchorage using tenders.</p> <p>Extensive attractions for passengers.</p> <p>Strong community support for smaller vessels.</p> <p>Cooperates well with Newcastle.</p>	<p>Good potential for expedition and small cruise ships subject to suitable anchorages and channels being identified on the appropriate maps or charts.</p> <p>Potential to provide multi-purpose floating berth outside marina for cruise ships, Superyachts and local craft.</p>
Newcastle	<p>Cruise ships up to 240m under consideration.</p> <p>Extensive attractions for passengers.</p> <p>Very strong community support, established cruise ship coordinator.</p> <p>Has conducted international marketing since 2002.</p> <p>Cooperates well with Port Stephens.</p>	<p>Continue to promote for mid-size ships utilising extensive range of shore tours available. If majority of ships doing Sydney-Brisbane route were attracted, could be potential for 15+ visits per year.</p> <p>Also promote for military and Superyachts, particularly if old tug berths restored.</p> <p>Potential to handle larger ships if current berth can be lengthened.</p> <p>Home basing is possible, but is unlikely to be taken away from Sydney.</p>
Broken Bay and Hawkesbury River	<p>Small ships only in lower reaches.</p> <p>Sufficient attractions for passengers of expedition ships and ships with small numbers of passengers.</p>	<p>Some potential for small expedition ships and Superyachts only in lower reaches. Purpose-built ship could re-establish Hawkesbury River cruises.</p>
Sydney	<p>Premier cruise port for Australia.</p> <p>Can handle all classes of cruise ships from smallest through to larger vessels. Extensive attractions for passengers.</p> <p>Strong community support.</p>	<p>One of few Australian ports able to accommodate mega cruise ships.</p>
Wollongong/ Port Kembla	<p>While the port is capable of handling larger cruise vessels, current port operations and lack of passenger facilities make this location unsuitable as a port of call for cruise vessels at this time.</p> <p>Extensive attractions for passengers.</p> <p>Strong community support.</p>	<p>Able to handle largest cruise ships, so there is some potential as alternative port close to Sydney, but would require major redevelopment to cater for base port operations.</p> <p>Proximity to transport links to Sydney Airport and Sydney's western and southern suburbs is a key factor.</p> <p>Proposed marina development at Shellharbour could be designed to accommodate Superyachts.</p>
Jervis Bay	<p>Suitable for cruise ships up to the capacity of the navy buoy. Two alternative anchorages are available.</p> <p>Sufficient attractions for passengers of expedition ships and ships with smaller numbers of passengers.</p> <p>Strong community support.</p>	<p>Some potential for promotion for expedition and possibly mid-size vessels (up to 600 passengers).</p>
Ulladulla	<p>Harbour too small for cruise ships, but may be suitable for Superyachts up to 60m long.</p> <p>Tendering from an anchorage in the bay may be possible in fine weather, but is exposed and could not be guaranteed for use at all times.</p> <p>Due to close proximity to Jervis Bay and Port Kembla, it is unlikely to be selected by cruise companies.</p> <p>Strong community support.</p>	<p>Major upgrading of main wharf accommodating vessels up to 60m completed. (Superyachts and large commercial fishing vessels.)</p> <p>Harbour Master Plan is considering harbour expansion with improved wave climate.</p>
Eden	<p>Two berths available – Snug Cove for small ships and the navy wharf for mid-size ships.</p> <p>Attractions include tours for up to 450 passengers.</p> <p>Very strong community support.</p> <p>Established cruise ship committee. Has been marketing internationally since 2002.</p>	<p>Major upgrading of main wharf accommodating vessels up to 60m completed. (Superyachts and large commercial fishing vessels.)</p> <p>Harbour Master Plan is considering harbour expansion with improved wave climate.</p>
Lord Howe Island	<p>Dependent on sea conditions for landing passengers.</p> <p>Current policies by Lord Howe Island Board do not encourage cruise ships.</p>	<p>Attractive destination of interest to some cruise ships. However, sea conditions and current policies for cruise ship activities make it an unreliable destination that is difficult to market.</p>

# NSW Cruise Market – A Snapshot

This Discussion Paper has highlighted comprehensive research into the worldwide cruise sector and NSW destinations. The following snapshot summarises the major influences on and future challenges and opportunities for the NSW cruise market.

## Sydney Airport

The majority of international cruise passengers arrive in and depart from Australia via Sydney.

## Sydney

An icon – particularly in the USA, Sydney is the only place in Australia which has high recognition, hence it is a major attraction. Sydney is a large source market for cruise passengers.

## Climate

Cruise companies from the northern hemisphere tend to direct their vessels and passengers to warmer places.

## Tourist attractions

In addition to Sydney, NSW is home to a range of attractions including world heritage areas, national parks, rainforests, wineries, and wildlife.

## Safety

NSW provides a high level of safety for both cruising and shore excursions, and a good standard and hygiene of facilities.

## Growth of world cruise market

This is the fastest growing sector of the tourism industry, achieving annual growth of more than 8 per cent consistently since 1980s. This has led to overcrowding at popular destinations and caused cruise companies to seek alternatives like Australia. Australia is a popular exotic destination particularly with North Americans and Europeans.

## Potential to develop cruise market

NSW's current share of the world cruise market offers substantial room for growth. The safety, common language, friendliness and similarity of food make Australia a popular choice for North Americans.

## River cruising

May be scope for development of cruises on the Clarence River and the reintroduction of cruises on the Hawkesbury River using appropriately designed ships.

## Expedition cruising

Most regional ports in NSW are best suited to the smaller expedition cruise ships equipped with zodiacs or suitable tenders for landing on beaches or at small jetties.

## Coastal cruising

Recent success of the re-emergence of circumnavigation cruises plus the increased number of small cruise ships operating in northern Australia could lead to the reintroduction of coastal cruises.

## Circumnavigation voyages of Australia

The popularity of these cruises re-emerged in 2005 with a circumnavigation voyage sold out in less than two weeks of being offered. A 2006 circumnavigation cruise was also offered.

## Superyachts

Sydney is a natural magnet for Superyachts and there are also opportunities at some regional destinations.

## Need for knowledge of NSW destinations by cruise executives

More cruise companies could visit the many destinations available in NSW. It is essential to keep cruise companies aware of suitable destinations for their ships and passengers, without swamping them with irrelevant information.

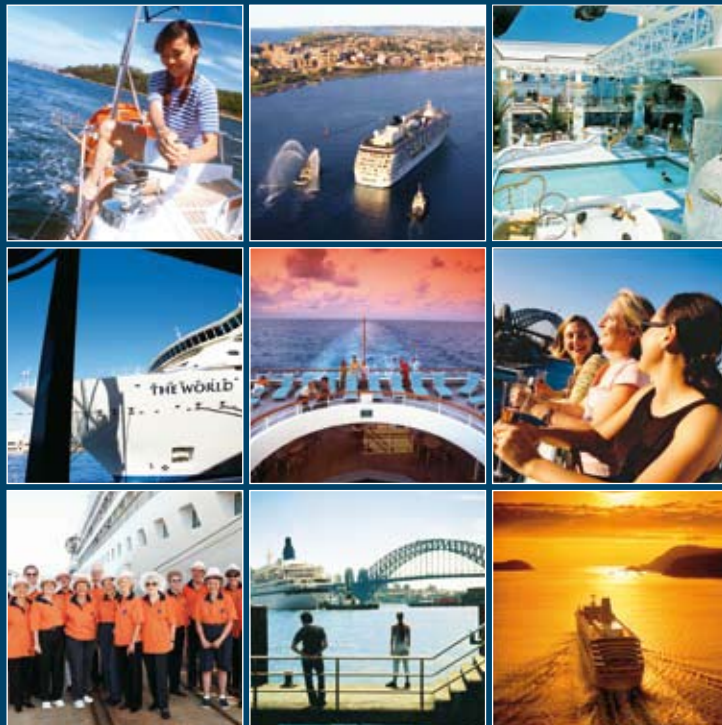
## Strategic alliances

Destinations, tourism organisations, ground handlers, cruise shipping agents and individual cruise companies must work together to ensure complementary shore experiences are offered as well as quality meet, greet and farewell programs. Lack of airline capacity for base porting in Australia is a major problem, particularly for five-star cruise passengers who usually prefer business or first class travel.

For further information about research detailed in this Discussion Paper, or to comment about future opportunities for NSW ports and cruise ship destinations, please contact [cruise@tourism.nsw.gov.au](mailto:cruise@tourism.nsw.gov.au).







Tourism New South Wales