Northern Territory Government

NORTHERN TERRITORY

CRUISE SECTOR ACTIVATION PLAN

2015-2020

TOURISM NT
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FOREWORD

The cruise sector provides promising growth for the visitor economy in the Northern Territory. Tourism is an absolute priority for the Government and a key strategy for growth is to make the NT a more competitive cruise destination.

This Cruise Sector Activation Plan will formulate the framework for the ongoing development of the cruise sector in the Northern Territory. It outlines a series of actions to:

- Develop the potential of the cruise sector in the Northern Territory to grow the visitor economy.
- Promote Darwin as the preferred cruise gateway in Northern Australia.
- Provide commercial opportunity from the cruise sector for Northern Territory tourism operators.
- Maximise the economic impact of the cruise sector for the benefit of all Territorians.

A healthy cruise ship environment will assist in growing trade, achieving financial viability, and creating opportunities for innovation in Darwin's port operations.

There is an opportunity for Darwin to showcase what the rest of the Territory has to offer from the far reaches of Arnhem Land all the way down to Central Australia. As a 'whole' destination, our port corporation and regional tourism organisations need to devise a 'whole of Territory' approach. Darwin has seen an average annual increase in passenger days of 21% over the last 10 years. To maximise the opportunity this represents, we encourage cruise operators to extend their stays, and position Darwin as a home-base port for expedition cruising throughout Northern Australia.

Development of the cruise sector in the NT is a key driver for the strategic outcomes pursued by both Tourism NT and the Darwin Port Corporation. The cruise sector contributes to the objectives set out in the Tourism Vision 2020: Northern Territory's Strategy for Growth, to grow the value of the visitor economy and to improve the visitor experience.

Ongoing development of the cruise shipping industry in the NT will also contribute to Darwin Port Corporation's Corporate Directions Strategy 2012-2017.

Thanks to the reference group of stakeholders who have met to discuss the issues, challenges and opportunities facing the cruise sector and who worked together to develop the solutions and actions that are necessary to ensure a healthy commercial environment for the cruise sector in the short, medium and long term.

PURPOSE

The Cruise Sector Activation Plan has been developed by Tourism NT in partnership with major stakeholders in the NT's involvement in the cruise shipping sector including Darwin Port Corporation, NT Department of Business, Tourism Top End, Darwin Waterfront, and private tour operators

The purpose of the Northern Territory Cruise Sector Activation Plan is twofold:

1. To identify the opportunities for growth from the cruise shipping industry in the Northern Territory; and
2. To outline core activities that will deliver real outcomes from the cruise sector in the Northern Territory, contributing to the strategic goals of Tourism Vision 2020: Northern Territory's Strategy for Growth.

To achieve these goals, the following requirements will need to be met:

1. Grow the value of the visitor economy
2. Improve the visitor experience
3. Address supply-side constraints
4. Improve business sustainability

The Northern Territory Cruise Sector Activation Plan 2015-2020 should be read in conjunction with the Tourism Vision 2020, which is available from www.tourismnt.com.au under "Strategies".

CRUISE MARKET DEVELOPMENT IN THE NORTHERN TERRITORY

Since the early 1990s, Tourism NT (then known as the Northern Territory Tourist Commission) has worked collaboratively with a range of NT Government agencies to develop the cruise shipping sector in the NT. This included the establishment of a Cruise Ship Strategy Working Party in 1993, with ongoing objectives set through the late 1990s. In 1997, the Darwin Cruise Strategy 1998-2001 garnered the commitment of the NT Government to develop the potential of cruise shipping opportunities in the NT and outlined a number of recommendations to be implemented in the subsequent three year period:

- Infrastructure and facilities development
- Developing relationships with cruise lines
- Marketing the NT as a desirable cruise destination
- Working with regional neighbours to develop and promote the Arafura Tourism Zone
- Product development of onshore experiences
- Attracting a home-base cruise operation in Darwin.

In 1998, Darwin received 16 cruise ship visits. The economic benefits of cruise ships to the NT was regarded as substantial, although there was no reliable quantification of passenger expenditure in ports at the time.

In 2003, Darwin received 14 cruise ship visits. The world fleet was estimated at 177 ships, of which 25 visited Australia. Based on a Cruise Down Under study of the revenue generated by five selected cruise ship visits in early 2004, the total direct and indirect economic benefit for the NT was estimated at between A$9 million and A$10 million.

When the *Northern Territory 10 Year Cruise Vision 2004* was released, it identified the need to integrate Darwin Port and the Darwin City Waterfront with other tourism infrastructure in Darwin.

The new Darwin Cruise Ship Terminal at Fort Hill Wharf opened in 2008, providing an adequate level of facilities for visiting cruise ships. The terminal building includes a market stall area, toilets, and suitable transport zones. Two expedition cruise ship operators quickly established viable part-time home-base operations out of Darwin during the dry season, cruising from Darwin to The Kimberley region in Western Australia. In addition to the National Geographic Orion and Coral Princess Cruises' Coral Princess and Oceanic Discoverer, the expedition fleet operating cruises out of Darwin has grown to include Silversea Cruises' Silver Discoverer and the Caledonian Sky under charter by APT, all of which are based in Darwin from April to September.

In 2009, cruise passenger surveys were conducted in Darwin with mixed results: Guests were impressed with the free shuttle service, Darwin's cleanliness and attractiveness, and the friendliness of the people, but negative comments related to the lack of shopping opportunities (the survey included a ship visiting on a Sunday), and the state of the wharf area as an unattractive and unwelcoming arrival point with inadequate facilities.[1]

To address concerns, five objectives were set for the ongoing development of the cruise shipping industry in the NT. These were to:

1. Maximise the economic benefit of cruise shipping to the NT
2. Welcome cruise ships with efficient and safe port operations and ship servicing
3. Deliver goods and services which meet the needs of the cruise ship market
4. Increase the popularity of Darwin as a port of call and the NT as a pre and post cruise destination
5. Provide sustainable infrastructure to support the cruise industry.

In 2013-14, Darwin received 38 cruise ship visits[2]. The world fleet was estimated at 410 ships, of which 45 visited Australia, making 773 port visits around the country. The total economic impact of cruise shipping in Australia in 2013-14 was estimated at A$3.2 billion, which is the aggregation of all international and domestic passenger and crew expenditure, as well as cruise ship operator expenditure at each port visited in Australia during that period.[3]

NB: The scope of the Northern Territory Cruise Sector Activation Plan is focussed on cruise sector issues. It does not cover the development, promotion, challenges and ongoing sustainability of marine-based tourism or tourism fishing sectors.

[1] Fort Hill Wharf is now connected to the CBD via a 750m partly covered walkway which takes cruise passengers through the Darwin Waterfront Precinct, although the area immediately surrounding the passenger terminal remains in an incomplete construction phase.

[2] For purposes of national data collection, only ships with a capacity of 100 passengers or more are classified as cruise ships. Cruise ship data does not include visits by vessels with less than 100 passenger capacity.

[3] Source: Economic Impact Assessment of the Cruise Shipping Industry in Australia 2012-13; Cruise Down Under (September 2013)

THE GLOBAL CRUISE MARKET

The global economic impact of cruising is estimated to be over $100 billion, creating approximately 775,000 jobs worldwide. The Cruise Line Industry Association (CLIA) reports that in 2013 the number of people around the world who took a cruise grew by 5% compared to 2012, reaching approximately 21.3 million passengers.

More than 50% of all the world's cruise passengers originate from the United States of America. Australia is ranked fifth in total numbers of cruise passengers, but enjoys the highest market penetration rate in the world (cruise passengers per capita).

TABLE 1: TOP 10 PASSENGER SOURCE COUNTRIES IN 2013

SOURCE MARKET	%
USA	51.7
UK & Ireland	8.1
Germany	7.7
Italy	4.0
Australia & New Zealand	3.6
Brazil	3.4
Canada	3.4
Spain	2.8
France	2.4
Scandinavia & Finland	1.6

Source: CLIA 2014 State of the Industry Report; CLIA, March 2014

The cruise sector, like much of the leisure tourism sector, remains sensitive to world events. As major world economies recover from global financial events, and various regions continue to experience political unrest, the forecast for the global cruise sector is mixed:

- In 2013-14 market penetration in the US remained steady and the market was cautious. Discretionary income was tight, and the market was concentrating on mortgage payments and returning to general financial stability as the US economy slowly grew.

- Europe is largely recovering from recession, with economies like Italy and Spain having been constricted to WWII levels. River cruising in the region is increasing, appealing to Australians. As a destination, the Mediterranean continues to be popular and is seen as an appealing destination for the very high-end China market.

- The Middle East is a no-go zone as a cruise destination. The risks in this region are considered too high to operate for the foreseeable future. Despite this, Dubai is investing heavily in port infrastructure to support growth as a global tourism hub.

- South America is considered expensive; in particular Brazil and Argentina are difficult countries in which to operate and have unstable regulatory environments. They are also considered "too far" and have no local source markets of any significance from which cruise lines could draw support.

- In 2013, the Panama Canal charged over $400,000 per vessel each way, which has had a negative impact on cruising the west coast of Mexico. Expansion of the canal to accommodate new, mega cruise vessels continues, but high costs are expected to remain an impediment to growth.

- The Caribbean remains popular with booming traffic during the Northern Hemisphere winter, but numbers are remarkably down during the summer. There is demand for Cuba as a destination, given its proximity to the US cruise hub of Florida, but there is no movement on US embargo regulations which prevent trade between the two countries.

- More stringent environmental regulations are coming into effect in Northern Europe, and will be applied to the US and Canada from 2015 onwards. This is expected to result in upward pressure on fuel prices and impact cruising in environmentally sensitive areas like Alaska, Greenland and the Arctic Circle.

- Asia, and China in particular, are emerging as popular cruise destinations for international passengers. At the same time, cruise lines are working the market hard to promote the concept of cruising as a pastime to the huge Chinese middle-class market. Large scale port infrastructure projects in Singapore, Hong Kong, Shanghai and Tianjin can accommodate the newest and largest ships being launched, and major cruise companies are optimistic about the potential of the Chinese market.

Over the past 10 years, Australia has experienced remarkable growth in two key areas of the cruise shipping industry: As a cruise destination and as a source market.

THE AUSTRALIAN CRUISE MARKET

AUSTRALIA AS A CRUISE DESTINATION

The number of cruise ships sailing in Australia has almost doubled over the past 10 years, with these ships now visiting twice as many ports. The total number of port visits has grown from 325 in 2004-05 to 773 in 2013-14.

Australia continues to hold a constant market share of cruising worldwide, accounting for an estimated 5% of global cruise ship deployments. Australia is considered to be an appealing destination to domestic and international passengers.

The table below tracks Australia's performance in key metrics over this period.

TABLE 2: AUSTRALIANS CRUISE MARKET 10 YEAR CHANGES

	2004-05	2013-14	CAGR*
Ports visited	16	32	
Cruise Ships	23	45	
Passenger Capacity	24,380	63,335	11.2%
Port Visits	325	773	10.1%
Passenger Days	366,000	1,964,740	20.5%
Passenger Expenditure ($M)	$83	$677.6	26.3%
Total Industry Expenditure ($M)**	$155	$1,856	31.8%

**CAGR=Compound annual growth rate*
*** Total Industry Expenditure is the sum of Passenger, Crew, Operational and Corporate expenditure in Australia*

Australia is generally considered a safe destination with good aviation access into and around the country servicing all major ports. Australia's tourism industry and supporting infrastructure is well developed and there is an extensive range of natural and cultural assets around the country to provide varied shore excursion programs. The destination enjoys strong emotional appeal for domestic and international cruise passengers. Remote and regional areas are also easily accessible with good aviation access and offer iconic tourism experiences which provide overland excursion opportunities.

The cruise shipping industry has welcomed the rapid growth in cruising in Australia, with a strong source market supporting incremental deployment of assets to the region. Australia's capacity to sustain this growth rate and continue to service additional vessels is predicted to be a challenge for the sector. Capacity issues in the marquee port of Sydney[4], where berth facilities for large cruise ships are severely limited, could impact on deployment decisions if access to Sydney Harbour is not available.

The cruise shipping industry has welcomed the rapid growth in cruising in Australia, with a strong source market supporting incremental deployment of assets to the region.

Capacity constraints in Sydney have given rise to opportunities to develop ports in other major cities to accommodate base visits. Melbourne and Brisbane are now established as turn-around ports, with additional facilities in Fremantle and Adelaide. The growth in the number of ships based in Australia year round could bring future opportunities for regional ports such as Newcastle, Geelong, Cairns and Darwin.

Australia's proximity to New Zealand, the South Pacific and Asia provides itinerary planners with an extensive range of options to satisfy diversified demand during southern hemisphere deployments. The region is a natural fit with the increasing number of vessels based in Asia, providing solid opportunities for itineraries that connect Australia to regional neighbours in South East, Central and North Asia.

AUSTRALIA AS A SOURCE MARKET

The last 10 years have seen solid annual growth in Australia as a source market, with 833,348 Australian passengers taking a cruise in 2013. Australia's market penetration rate has grown to become the highest in the world at 3.6%, surpassing the market penetration rate of the largest cruise market, the United States of America (3.3%).

Destinations in Australia, New Zealand and the South Pacific account for approximately 70% of cruise activity undertaken by Australians.

The South Pacific region has been an integral component of the Australian cruise scene from the genesis of the leisure cruise industry in Australia. The region is the most popular cruise destination for Australians due to its close proximity to the main domestic source markets along Australia's eastern seaboard. Shorter, cheaper cruise itineraries to the region also provide an effective way for cruise lines to attract first-time cruisers who may not be convinced that they will like cruising. Most Australians are familiar with the cultures of the South Pacific, so the region is perceived as a relatively low-risk, low cost option to trial a cruising holiday.

FIGURE 1: TOTAL AUSTRALIAN PASSENGERS 2003-2013

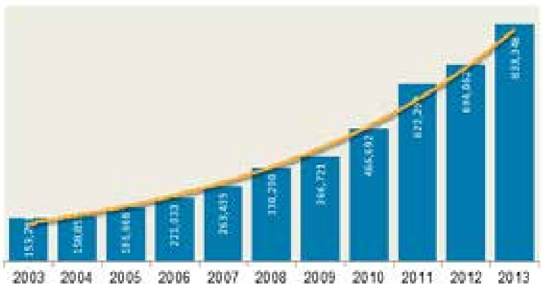
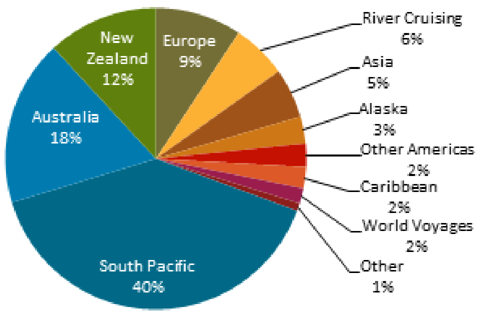


FIGURE 2: WHERE AUSTRALIANS CRUISED IN 2013



Source: CLIA Australasia Cruise Industry Source Market Report Australia 2013, (June 2014)

Europe, the South Pacific and Asia saw the greatest percentage increase in Australian cruise guests in 2013. River cruising has also emerged as an attractive cruise option for Australians. As different modes of cruising emerge, and other regions open up to cruise activity, it is anticipated that Australians will be among the first to "test the waters" of these new opportunities.

The strong growth in South Pacific cruise could signal ongoing attraction of first time cruisers, injecting fresh supply of a future repeat market. This "new to cruise" market ensures the sustainability of Australia as a source market for cruise product around the world.

[4] Sydney is considered to be Australia and the South Pacific Region's marquee port. The "signature" experience of sailing past the Opera House and up to, or underneath, the Sydney Harbour Bridge is considered to be a major attraction when considering ship deployment – access to and availability of berths in Sydney Harbour is a critical decision factor. *Source: CLIA Australasia Cruise Industry Source Market Report Australia 2013, (June 2014)*

The strong growth in South Pacific cruise could signal ongoing attraction of first time cruisers, injecting fresh supply of a future repeat market. This "new to cruise" market ensures the sustainability of Australia as a source market for cruise product around the world.

TABLE 3: AUSTRALIANS' CRUISE DESTINATION PREFERENCE

DESTINATION	2012	2013	VARIANCE
Europe	57,719	77,308	34.0%
Asia	252,555	330,670	30.9%
River Cruising	34,732	44,382	27.8%
Other Americas	39,275	49,122	27.8%
Other	17,236	20,612	19.6%
Caribbean	5,927	7,023	18.5%
New Zealand	17,316	19,054	10.0%
Australia	140,361	148,527	5.8%
Alaska	22,844	24,121	5.6%
World Voyages	13,535	13,615	0.6%

Source: CLIA Australasia Cruise Industry Source Market Report Australia 2013, (June 2014)

New South Wales, Queensland and Victoria provide the highest numbers of Australian cruise ship passengers, which is to be expected due to population distribution. However, the Australian Capital Territory shows the highest market penetration rate of all States and Territories.

TABLE 4: AUSTRALIA SOURCE MARKET BY STATE/TERRITORY

STATE	POPULATION	% OF AUSTRALIAN POPULATION	CRUISE PASSENGERS	% OF TOTAL CRUISE PASSENGERS	PENETRATION RATE
NSW	7,439,200	32.0%	342,507	41.1%	4.6%
QLD	4,676,400	20.1%	195,003	23.4%	4.2%
VIC	5,768,600	24.8%	141,669	17.0%	2.5%
WA	2,535,700	10.9%	67,501	8.1%	2.7%
SA	1,674,700	7.2%	46,667	5.6%	2.8%
ACT	382,900	1.6%	20,834	2.5%	5.4%
TAS	513,400	2.2%	14,167	1.7%	2.8%
NT	241,800	1.0%	5,000	0.6%	2.1%
TOTAL	**23,232,700**	**100%**	**833,348**	**100%**	**3.6%**

Source: CLIA Australasia Cruise Industry Source Market Report Australia 2013, (June 2014)

THE NORTHERN TERRITORY CRUISE MARKET

There has been substantial growth in the cruise sector in the NT since the release of the Northern Territory 10 Year Cruise Vision in 2004. The purpose-built Darwin Cruise Ship Terminal at Fort Hill Wharf was opened in 2008, providing a dedicated functioning port for visiting cruise ships. Development commenced at the adjacent Darwin Waterfront Precinct, providing an inviting welcome experience to visiting cruise ship passengers and crew. Stokes Hill Wharf underwent extensive refurbishment in 2013 and now provides an overflow facility for small and medium cruise ships when the need arises.

Darwin enjoys year round cruise activity, with a number of small luxury expedition cruise ships using Darwin as a home-base to explore the remote Northern Australian coastline from April - September. These expedition ships are generally limited to around 100 passengers or fewer, and offer a more personal level of service, often with a guest to staff ratio just over 1:1. Expedition cruise operators pride themselves in offering participatory experiences in destinations that are not visited widely by mainstream leisure tourists.

The majority of transit visits occur during the cruise season, when Darwin is often the first Australian port of call as vessels redeploy south for the southern hemisphere summer in September and October, or return to the northern hemisphere via Asia in March and April. Throughout the cruise season, Darwin is included on Australian circumnavigation itineraries, or on point to point itineraries between Australia's east and west coasts.

In 2013-14, Darwin received 38 cruise ship visits, generating a total of 39,601 passenger days, with an additional 10,310 crew days. The direct economic impact is estimated at $54.05 million. Direct passenger and crew expenditure was estimated at $9.09 million, with $44.8 million of operator and corporate expenditure[5].

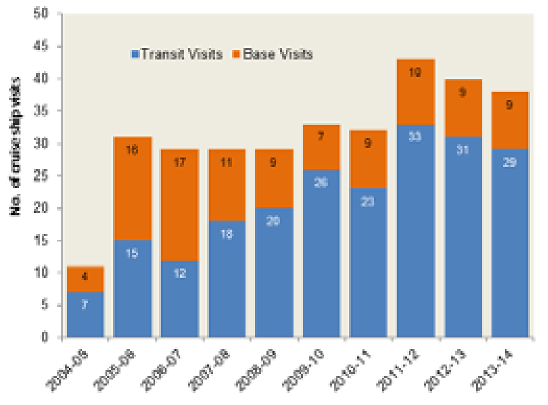
Historic and forecast growth in national cruise visits is mainly attributed to an increase in the number of home-based cruise operations in major ports such as Sydney, Melbourne, Brisbane, and to a lesser extent, Fremantle.

The Northern Territory anticipates a smaller increase in ship visits as larger cruise ships relocate from Asia to Australia's southern cities. Future growth of the home-base operations will depend on Darwin's capacity to manage passenger and technical services on a larger scale.

Interest from expedition cruise ship operators presents an additional growth opportunity for Darwin as a permanent or temporary home-base port with excellent turn-around facilities and supporting tourism infrastructure that can accommodate ships of this smaller size. However, federal Australian government legislation impacts on the ability of certain smaller foreign-registered vessels to enter the market and sustain viable operations with creative, attractive itineraries. Cabotage restrictions, importation regulations and Australia's complicated taxation environment are currently viewed by international expedition cruise operators as impediments to enter the Australian expedition cruise market.

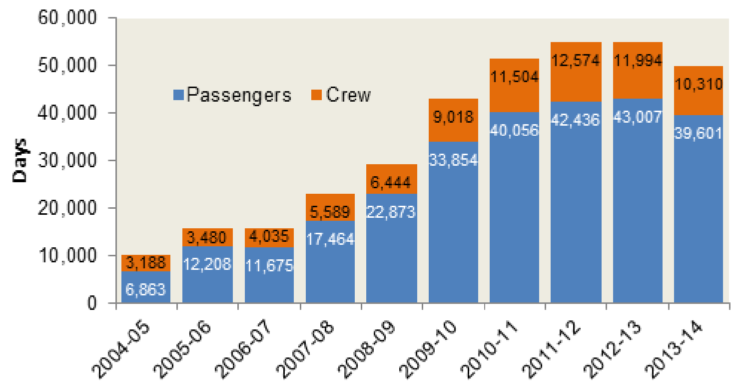
Orion Expedition Cruises commenced operations in the 2004-05 financial year, cruising Australia's northern coastline. As Orion deployed their vessel to other destinations over time, Caledonia Sky and Silver Discoverer have added Kimberley cruise itineraries, operating out of Darwin and turning around in Broome.

FIGURE 3: CRUISE SHIP VISITS - NT



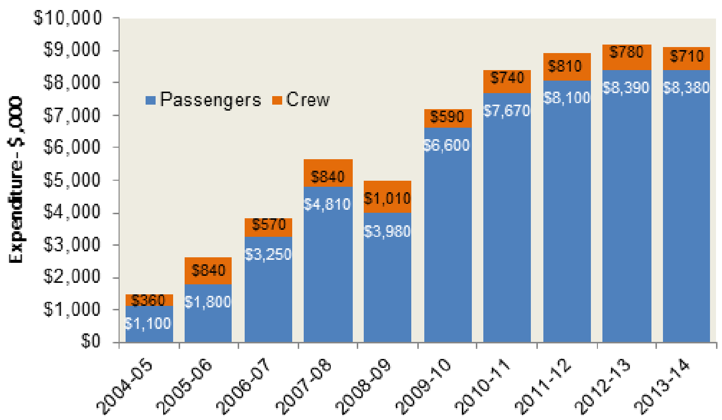
[5] Economic Impact Assessment of the Cruise Shipping Industry in Australia 2013-14, Cruise Down Under (September 2014)

FIGURE 4: CRUISE PASSENGER AND CREW DAYS IN PORT - NT



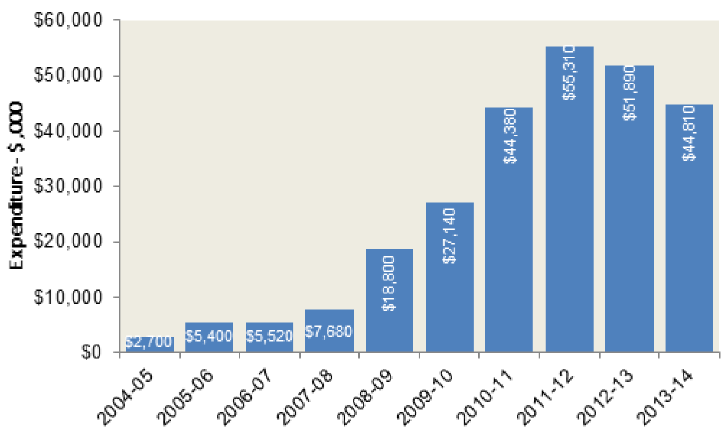
Darwin reached a peak of cruise ship visits in 2011-12, with a total of 43 visits. The Australian market recorded annual growth that year of 29.6%, with strong growth in both international transit ships and ships based in Australian ports. As a gateway port, Darwin received many of these international transit ship visits.

FIGURE 5: DIRECT EXPENDITURE BY PASSENGERS AND CREW - NT



The average passenger spend has increased from approximately $160 per visiting passenger in 2004-05 to approximately $211 per passenger in 2013-14. This figure includes spend by passengers on official shore excursions, as well as spend by independent visitors in local shops, cafés and restaurants and tours booked directly in the destination.

FIGURE 6: CRUISE SHIP OPERATOR EXPENDITURE - NT

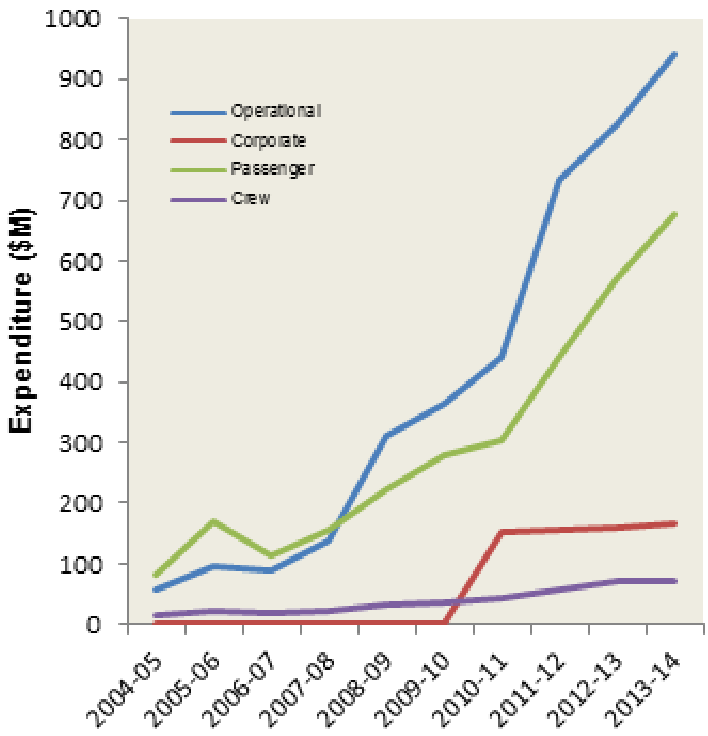


Figures 4 and 6 show a recent decline in passenger and crew days in port, and operational expenditure, over the last two years. While the number of visits has only slightly decreased, a greater proportion of smaller ships visited over this period, carrying fewer passengers and crew. Many operational expenses are based on vessel tonnage (i.e. the size of the ship), hence the corresponding decrease in expenses. The activities outlined in this document will contribute to minimising the impact of these fluctuations.

Source: Economic Impact Assessment of the Cruise Shipping Industry in Australia 2004-05 through 2013-14.

THE VALUE OF CRUISE SHIPPING IN AUSTRALIA

FIGURE 7: CRUISE INDUSTRY EXPENDITURE IN AUSTRALIA 2004-05 TO 2013-14



Source: Economic Impact Assessment of the Cruise Shipping Industry in Australia 2004-05 through 2013-14.

OPERATIONAL EXPENSES

Expenditure such as navigation, berthing, pilotage and towage fees; supplies such as fuel, food and beverage provisions and potable water; services such as wastewater and garbage removal; and passenger related services such as security, baggage handling and passenger levies.

CORPORATE EXPENSES

Expenditure by cruise operators excluding operational expenses. This includes corporate head office activity, advertising, sales activities, commissions, and general administration costs. It is based on assumptions made in regards to base ship activity and corporate office locations.

PASSENGER EXPENSES

Expenditure by passengers in their ports of call, including transit ports and base ports. Data is drawn from various sources such as passenger surveys and cruise line data, and includes shore excursions, meals, taxis, admission to attractions, shopping and accommodation.

CREW EXPENSES

Expenditure by crew members in their ports of call, including transit ports and base ports. Data is drawn from various sources and includes meals, taxis, admission to attractions, telecommunications, shopping, accommodation and other recreational spending.

The value of cruise shipping in Australia has grown substantially over recent years. According to Cruise Down Under, in 2013-14 the estimated total output of the Australian cruise shipping industry was $3.2 billion, including direct expenditure of approximately $1.86 billion. The economic benefits of the cruise shipping industry continue to be felt beyond the tourism sector, with operational costs accounting for the bulk of direct expenditure.

Cruise Down Under estimates that cruise ship visits to Australian ports are expected to increase in line with the growth trend over the last decade. This growth is expected to be focussed on major city ports (Sydney, Melbourne, Brisbane, Fremantle and Hobart) where a number of large cruise ships are likely to be based either permanently or for part of the year, during the Australian summer[6]. This coincides with Northern Australia's low season.

The sharp increase in operational expenditure between 2010-11 and 2011-12 coincided with an almost 35% increase in the total number of ship visits over that period. Around this time, port fees and fuel costs also increased substantially over previous years. Passenger and crew spend increased steadily over this period.

Corporate Expenditure was separated out of Operational Expenditure for the first time in 2010-11. This provided a more accurate representation of administration expenses (sales teams, marketing activities, etc.) related to cruise operations in the NT as opposed to costs associated with operating cruises in the region. Corporate expenses are mainly associated with home-base cruise activities.

[6] Economic Impact Assessment of the Cruise Shipping Industry in Australia 2012-13, Cruise Down Under (September 2013)

DARWIN AS A CRUISE DESTINATION AND HOME-BASE

STRENGTHS

- Geographic location and proximity to Asia make Darwin an ideal Australian gateway port for visiting international cruise ships.
- Darwin provides good access to the NT's natural and cultural tourism assets, including national parks and World Heritage areas, Darwin Harbour and cultural groups such as the Larrakia people, that provide compelling shore excursions and overland excursion experiences.
- Darwin Cruise Ship Terminal is located adjacent to the CBD, with easy access to tourism infrastructure as well as main services.
- The purpose built cruise ship terminal has the capacity for small-medium cruise ship home-base operations; and has a proven record of handling the largest ships in Australian waters on transit visits.
- Darwin has strong aviation connections to domestic Australian centres and to Asia.
- An established local network of service providers (fuel, food & beverage, water, waste, hotel supplies, etc.) has developed in Darwin as the cruise sector has grown.
- Darwin has ample tourism infrastructure to support turnaround cruise ship business, as well as large embarkations for sectors commencing in Darwin.
- The dry season period is ideal for expedition cruise ships to explore the area and home-port in Darwin as large cruise ship traffic is minimal.

WEAKNESSES

- The Australian cruise season coincides with Northern Australia's tropical summer when access to some outlying areas, such as Litchfield National Park and Kakadu National Park, can be restricted due to flooding or road access issues.
- Australia's regulatory environment is not conducive to attracting smaller (under 5000GRT) foreign-registered expedition cruise ships, limiting the range of coastal cruising experiences on offer. This is currently under federal government review.
- The Darwin Cruise Ship Terminal can only accommodate one large vessel at a time, which can lead to schedule conflicts and double-bookings. Overflow facilities at Stokes Hill Wharf are only available for smaller vessels, and East Arm Wharf is considered undesirable due to distance from the CBD and total lack of suitable passenger facilities.
- Darwin Cruise Ship Terminal was built to cater for turn-around services for ships of up to approximately 400-500 passengers which limits the range of ships that can consider Darwin as a home port.
- During inclement weather, there is a lack of all-weather passenger and crew access to the Waterfront Precinct and Darwin CBD via walkway. Guests are reliant on the user pays shuttle service between the Darwin Cruise Ship Terminal and the Tourism Top End visitor information centre.
- Darwin has a small population which presents limited opportunities for turn-around business opportunities from the local source market.

OPPORTUNITIES

- Remote and rarely visited Indigenous communities, with exciting Indigenous art offerings, along the Northern Australian coastline to the east and west of Darwin could attract expedition cruise ships.
- Development of wharf infrastructure to establish Darwin as a turn-around port for larger cruise ships during Australia's winter, attracting locally based cruise lines to offer itineraries from Darwin.
- Development of the region as a Rail/Cruise port, connecting cruise ship itineraries with the regular services of The Ghan train service from Adelaide.
- Promotion of Central Australia as a pre or post cruise destination for visiting international cruise ship passengers sailing out of other ports (e.g. Sydney, Brisbane, Melbourne).
- Development of Indigenous tourism product in Darwin to showcase unique cultural experiences not found anywhere else in Australia.
- Continuing growth of the aviation sector in the Northern Territory to provide even more connections with regional Australia, domestic tourism centres and international hubs.
- Increase in cruise activity in Asia, particularly in China, attracting a greater number of larger cruise ships to Northern Australia for the Australian cruise season
- Relaxation of cabotage regulations as a result of the federal government review of the Coastal Trading Act (Revitalising Australian Shipping) 2012 could entice more expedition cruise lines to deploy tonnage to the region and operate itineraries along Australia's remote northern coastline.

THREATS

- Cruise lines are unfamiliar with political and operating environments in Indonesia, East Timor, Papua New Guinea and other regional Asian countries which could deter cruise lines from deploying vessels to the region.
- Economic instability in major source markets (USA, UK, Europe, Australia) could impact on demand for cruising in the region as travel is often one of the first items restricted when discretionary income is at risk.
- Imposition of significant costs due to current Australian federal government cabotage, taxation and importation regulations could force cruise lines to deploy their vessels to regions that offer more incentive to engage.
- Lag time of emerging markets in Asia to generate cruise passengers, or attract cruise vessels.
- Darwin and the Top End's tourism and retail sectors not embracing opportunities from the cruise sector, leading to passengers rating Darwin unfavourably and cruise lines abandoning Darwin as a port of call.
- Lack of understanding by cruise lines and ground handlers of the Northern Territory's key points of difference as a port of call.
- Competition from other regional ports along Australia's northern coastline offering gateway services (e.g. Broome, Port Hedland, Cairns).
- Competition from regional international ports attracting cruise ships away from Australian waters for the season, offering more commercially attractive regulatory or taxation environments.

A cruise sector reference group was convened to provide a multi-stakeholder perspective to the challenges and opportunities facing the cruise industry in the Northern Territory. The reference group consists of representatives from Tourism NT, Darwin Port Corporation, Tourism Top End, City of Darwin, NT Department of Business, NT Department of Lands, Planning and Environment and a representative of the local tourism sector.

CRUISE SECTOR ACTIVATION PLAN

The reference group discussed various aspects of the cruise shipping sector. These discussions informed the development of a framework of activities relating to the cruise sector.

The three key areas of focus are:

1. Cruise Ship Attraction
2. Infrastructure and Facilities
3. Experience Development

The Cruise Sector Reference Group has agreed on the actions outlined below for each of these areas, and will convene regularly to discuss progress, identify new opportunities, work through challenges and report to various NT and federal government bodies as appropriate.

Members of the Reference Group who represent other NT government agencies will report through their respective departments on relevant achievements.

Tourism NT will maintain responsibility for regular reporting on the outcomes of this Activation Plan, and how these activities are driving results that are aligned to the objectives of Tourism Vision 2020: Northern Territory's Strategy for Growth.

CRUISE SHIP ATTRACTION

Economic benefits for the NT are generated by home-based cruise shipping operations and transit visits of large vessels through the port of Darwin. The port of Darwin must maintain its position as a full service gateway port in order to attract more of both kinds of visits to the region.

It is essential that Darwin works to attract cruise ships on two levels:

1. As part of the overall Australia and South Pacific offering to influence cruise lines to deploy their vessels to this region over other regions; and
2. As an attractive and appealing destination in its own right to influence cruise lines to either base a cruise operation here or include Darwin as a port of call on various Australian and regional itineraries.
3. Cruise lines consider a range of factors when deploying vessels to a particular region, and when designing itineraries once they have deployed a vessel to that region.

Deployment decisions are motivated by economic objectives. Cruise lines will position their assets where they can achieve the greatest profit. Factors such as the potential local or regional source market, aviation access, port infrastructure and support services, tourism infrastructure, climate and the overall appeal of a region are considered carefully when deciding where to deploy vessels. Australia and the South Pacific, as one region, offer an attractive commercial proposition in this regard, as evidenced by a sustained increase in the number of ship visits over the last 10 years.

It is essential that Darwin maintains its position as a full service gateway port in order to influence deployment of cruise ships to the Australia and South Pacific Region. Further, Darwin must promote its tourism appeal as an attractive region in order to influence itinerary planners to include Darwin in their ports of call in Australian itineraries.

The benefits of attracting a home-base or transit cruise operation to Darwin extend beyond tourism, providing opportunities for port service providers, ships' agents, fuel, food and beverage suppliers, and will rely on continued supply of government services including customs, quarantine, immigration and maritime administration.

Home-based cruise operations bring additional benefits to local accommodation and hospitality providers as well as providing support for aviation routes.

In 2012, Tourism NT conducted a feasibility study of Darwin as a home-base port. More information on Infrastructure and Facilities is detailed in the next section.

The stakeholders in the NT cruise shipping industry will endeavour to attract more cruise business by targeting opportunities for home-base operations as well as an increase in transit visits.

As stakeholders in the NT cruise shipping industry, we will do this by:

1. Establishing strong commercial business cases for home-base operations to be presented to cruise lines operating in this region. This activity will consider potential markets, identify suitable cruise line partners, formulate economic modelling, and recommend marketing support options and potential itinerary suggestions for a viable, sustainable home-base cruise operation in Darwin.
2. Cruise lines will be targeted in an effort to increase the number of transit calls made to Darwin. Considering the capacity constraints of the Darwin Cruise Ship Terminal for home-base operations for larger ships, transit visits by large cruise ships will remain a vital contribution to the visitor economy of the Northern Territory. Transit visits provide a welcome injection of visitor spend into the local Darwin economy during a traditionally slow commercial time of year. Local tour operators are also able to take advantage of increased visitation during this usually slower business period.
3. Regional Northern Territory will be promoted to cruise lines in an effort to increase visitation by cruise passengers. Remote areas of the Top End, including Kakadu National Park and Arnhem Land, will be promoted as ideal pre- or post-cruise excursion destinations for passengers embarking in ports in NT. The Wilderness Lodge experiences in the NT complement expedition style cruise experiences and are gaining popularity among this market. In addition to these destinations, Central Australia will also be promoted to international cruise ship passengers sailing in Australia, spreading the economic benefit of the cruise sector beyond the main ports.

	ACTION	RESPONSIBILITY
1	Gather, analyse and distribute market intelligence to identify and present opportunities for cruise lines visiting the NT	TNT, DPC, TTE
2	Leverage cruise industry events and associations to raise the profile of the NT as a key strategic port in Northern Australia and South East Asia regions	TNT, TTE
3	Continue to promote transit visits and encourage extended length of stay in NT ports	TNT, DPC
4	Identify and promote regional NT destinations, especially in Arnhem Land, to offer a unique on-shore proposition in the NT	TNT
5	Establish and maintain relationships with military personnel to harness benefit from visiting military vessels	TTE, DoB
6	Continue to advocate for policy and regulatory settings that foster growth in the NT cruise sector	TNT, DPC, TTE

INFRASTRUCTURE AND FACILITIES

Robust port and support infrastructure is essential to ensure the continued servicing and growth of cruise shipping activity in the NT. A feasibility study was conducted in 2012 to provide insight into Darwin's capacity to handle home-base cruise ship operations. The key findings from that study showed:

1. Darwin Port infrastructure is adequate to handle small-medium cruise ships of around 400-500 passengers.
2. Darwin is a logical turnaround port for cruises that connect Australia to SE Asia, in particular Benoa (Bali) in Indonesia.
3. The dry season (April-October) would be the ideal months to operate a turn-around cruise operation from Darwin to SE Asia due to favourable sea and climate conditions.
4. Hotel and aviation infrastructure, at the time of the study, showed that existing capacity towards the end of the week and on weekends was sufficient to handle additional cruise traffic during this usually peak period for tourism in the region.
5. The principal shortcoming of the cruise ship terminal for home-based operations was the lack of dedicated fuel bunkering facilities. At the time of the study, fuel options were restricted to road tankers or the fuel facilities at East Arm Wharf[7].

Suitable cruise ship infrastructure will be an essential element of a healthy cruise industry in the NT. As new ship builds continue to increase in size, cruise lines continue to deploy larger ships to the region, and cruising around Australia and into Asia becomes more popular, demands on existing infrastructure will increase accordingly. It will be essential to maintain hard infrastructure at Fort Hill Wharf to accommodate larger cruise ships, as well as options to accommodate more than one cruise ship visit on the same day.

Growth in cruise shipping in the NT will also affect service providers such as border protection agencies, immigration, maritime administration, health and bio security agencies. There are likely to be opportunities for local suppliers of fuel, food and beverage, waste management, port pilots and towage operators.

Tourism infrastructure developments are essential to keep pace with the growth of cruise ship visitors to the NT. This will include additional port infrastructure for marine tourism operators and alignment of the NT's aviation strategy with the cruise industry to provide adequate air-lift for home-based cruise opportunities.

The establishment of separate infrastructure to specifically accommodate military vessels will need to be considered in order to free up berth space for cruise vessels at Fort Hill Wharf[8].

Commercial opportunities may evolve for suitable hotel accommodation developments for extended shore excursions, language guiding services and high volume transport providers.

[7] At the time of the study, there were only two fuel options available: Road tankers, which may not have been able to supply enough fuel and could pose a wharf hazard to passengers and crew; and the pipeline facility at East Arm Wharf, which is considered too far from the CBD, not adequately equipped for passenger loading, and would have involved additional port movements to relocate the vessel for fueling. In July 2014, a private enterprise bunker service commenced operations on Darwin Harbour and is currently available to service cruise ships.

[8] Fort Hill Wharf is a purpose built, dedicated passenger cruise ship facility. Darwin Port Corporation, which manages the facility, does give preference to cruise ships, but military requirements have the potential to create competition for berth space from time to time.

	ACTION	RESPONSIBILITY
7	Assess current cruise ship tourism infrastructure and identify areas for potential development	DPC
8	Explore opportunities for multiple berths for cruise ships in Darwin Harbour	DPC, DLPE
9	Monitor market growth in the cruise sector and identify future impacts and potential for the NT	TNT
10	Identify potential impact of major projects on Darwin Harbour infrastructure and address requirements to minimise the impact on cruise shipping activities	DPC, DoB, TNT
11	Maintain relationships with non-tourism cruise ship service providers	DPC
12	Identify, promote and facilitate commercial opportunities for development of essential services to the cruise shipping industry (e.g. fuel bunker barge, providores, etc.)	DPC, DoB
13	Identify and progress improved services at Fort Hill Wharf Cruise Ship Terminal for passengers and crew (e.g. ATM, Wi-Fi, all-weather walkways from ship to transport, etc.)	DPC
14	Assess current marine tourism infrastructure to identify opportunities for potential development and implement change to address those needs	TNT, DoB, TTE, DWC, DLPE
15	Identify and communicate development opportunities to address infrastructure and facilities requirements of marine tourism operators at city wharf infrastructure	DPC, TNT, DWC, DoB

EXPERIENCE DEVELOPMENT

The onshore experience is a key factor considered by cruise lines when deploying vessels to a region or deciding which ports to include in an itinerary. Darwin's success as Australia's northern gateway port will depend on the destination's ability to consistently deliver quality experiences that meet or exceed expectations of cruise ship visitors.

The onshore experience encompasses all overland pre- and post-cruise excursions, official shore excursion programs and the experiences of those passengers and crew who choose to do their own thing while in port.

Cruise lines analyse two measurements when evaluating the onshore experience:

1. Revenue generated from their official overland and shore excursion programs
2. Overall passenger satisfaction ratings with each port.

SHORE EXCURSIONS

Shore excursions are a major revenue centre for every cruise line. The tour desk on board, and reservations and product development teams in cruise line head offices are required to achieve ambitious commercial targets in terms of sales and overall profitability of official shore excursion programs. Their performance is measured internally against the hotels division, food and beverage, other recreational and retail cost centres (casino, beauty salon, retail, and photography, for example), and the operations team.

Cruise lines rely heavily on their locally based ground handlers to provide solid advice on the experiences that best represent a particular port, and that have the best potential to generate maximum profit. To make shore excursions more attractive, cruise lines (through their ground handlers) will be more likely to offer tours or experiences that:

1. can only be experienced in a particular port (for example, the Defence of Darwin Experience, and Jumping Crocodiles)
2. have good marketing appeal (for example, Indigenous Welcome to Country ceremony on arrival)
3. involve some level of interaction with local people (for example, display garden visits, home visits, interaction with local Aboriginal people)
4. leave enough time on the schedule to explore the port independently (for example, half day tours with the option to return to the city rather than the port).

Preference for smaller group tours or independent touring options, and a growing preference to explore the port without a structured tour, are two trends emerging in the Australian cruise sector, especially among Australians cruising domestically. This suits tour operators in the NT who are predominantly small group specialists and have the flexibility to adapt their experiences to align with ships' schedules without impacting on their scheduled touring programs in the low season.

Tourism NT, Tourism Top End and local tour operators will need to work closely with ground handlers to ensure that a range of appealing, authentic and engaging experiences continue to be included in shore excursion programs in Darwin and to outlying areas like Litchfield and Kakadu National Parks. This will include ongoing famils, site inspections, and workshops with operators, ground handlers and cruise line executives to showcase the depth of experiences on offer, and the options for combining complementary experiences to demonstrate a favourable value proposition for passengers and profitable outcome for the cruise line.

PORT SATISFACTION

Cruise passengers are asked to rate their satisfaction with every port they visit on each cruise. The results of these surveys are analysed and the outcome can determine whether a destination remains in a cruise itinerary or is bypassed on future deployments.

Passenger satisfaction relates to the official shore excursion program as well as each passenger's general experience during their port of call, from shop assistants, wait staff in cafés and restaurants and taxi drivers to any interactions with the general public.

[8] Fort Hill Wharf is a purpose built, dedicated passenger cruise ship facility. Darwin Port Corporation, which manages the facility, does give preference to cruise ships, but military requirements have the potential to create competition for berth space from time to time.

To maximize opportunities from the growing trend of passengers opting out of official shore excursion programs, the local community will have to become more integral to the passenger experience of Darwin and surrounding regions.

Tourism NT, Tourism Top End and City of Darwin will need to work together to promote the economic and social benefits of visiting cruise ships to the local community. Engaging local retailers and encouraging them to open on all cruise ship days, including weekends and public holidays, will ensure visitors leave with a good impression of the port.

Technological advances continue to present new opportunities to engage free and independent cruise ship visitors. Tourism NT, Tourism Top End and City of Darwin will continue to promote free Wi-Fi hotspots, and will investigate options to develop digital assets that promote stronger interaction between cruise passengers and the local community, enabling them to confidently explore local shops, restaurants, cafes, museums and galleries to maximise their time in port.

Ships' crew are a vital community for whom services must be enhanced and maintained. Crew often visit a port more frequently than passengers, and can be on-board advocates for the destination in the lead up to a port of call in Darwin. Services for crew members, such as crew-only shuttles to shopping centres, free Wi-Fi hot spots, tour vouchers or crew-only short experiences, should be considered by tour operators and local stakeholders, and can be promoted via the ground handler in the lead up to each visit.

	ACTION	RESPONSIBILITY
16	Develop digital technology opportunities to engage passengers and crew to enhance access to tourism services on arrival	TTE, TNT, CoD
17	Explore options to improve access and traffic systems between Fort Hill Wharf and city centre	DoB, CoD
18	Engage local retailers in the opportunities presented by visiting cruise ships	DoB, TNT
19	Lobby attractions, tour operators and retailers to align availability with cruise ship calendar, especially on public holidays and weekends	TNT, TTE
20	Assess current shore excursion programs and identify opportunities for further development to increase dispersal into regional areas and to increase number of attractions and tourism enterprises involved	TNT, TTE, DoB
21	Promote wider range of unique NT shore excursion options to cruise lines and ground handlers	TNT
22	Identify tourism operator champions to develop cruise-specific touring programs for independent visitors and shore excursion programs	DoB, TTE
23	Identify opportunities to engage local community members to provide welcome services for visiting cruise ships (e.g. school bands, city council members, etc.)	DoB, TNT, CoD
24	Regularly gather and disseminate key market intelligence relating to the visitor experience to NT stakeholders	TNT, TTE
25	Develop educational tools for industry to encourage engagement in the cruise sector	DoB, TNT
26	Monitor the visitor experience and identify opportunities for improvement in comfort levels and sense of arrival	TNT, DPC, TTE, DWC, DLPE
27	Promote regional NT as desirable pre- or post-cruise overland excursion options to maximise benefits of the cruise sector beyond ports.	TNT, TTE, TCA

IMPLEMENTATION

The Cruise Sector Activation Plan for the Northern Territory is an integral resource in ensuring Tourism NT is meeting the objectives of the Tourism Vision 2020: Northern Territory's Strategy for Growth.

Tourism NT will take the lead in implementing this plan, working closely and collaboratively with key stakeholders from cruise lines and related services, government, local tourism and retail associations and tour operators.

Actions outlined in this document will form the basis of operational plans for organisations involved in the Cruise Sector Reference Group, the details of which will be incorporated in divisional plans of relevant NT Government agencies.

Tourism outcomes will be reported within the scope of the Tourism Vision 2020.

APPENDIX A: UNDERSTANDING THE CRUISE SECTOR

DEFINITION OF CRUISE SHIPPING

Cruise Down Under (CDU), the peak industry marketing body for Australia and the Pacific cruise destinations, defines cruise shipping as:

"A vessel undertaking scheduled deep water cruises of two days or more with a passenger capacity of 100 or more."

Although cruise shipping is an emerging industry segment within the Australian context, it is reasonably mature in a global context with a high level of product differentiation. Cruise ships range from three stars, for example the P&O Pacific Pearl, through to six star vessels such as the Silver Shadow.

Cruise ships can be classified into five broad categories (Tourism Queensland, 2003):

- Expedition and adventure cruise ships: (e.g. National Geographic Orion) characterised by smaller vessels which can access more destinations and because of their size have the lowest infrastructure demands and impacts. This class is also generally characterised by higher passenger return visits and higher base port spends. In some destinations, such as the Great Barrier Reef, this class competes with day trip tour boats putting downward pressure on the cruise operator's yield.
- Boutique cruise ships: (e.g. Silver Cloud) characterised by smaller vessels. The product offer is targeted at quality provision of services and experience with according implications for shore facilities. This product is targeted at the high yield end of the market.
- Mid-size cruise ships: (e.g. Pacific Pearl) these vessels have greater port infrastructure demands than previous classes requiring greater channel depths and generally requiring wharf berthing. Their size generates demand for a range of shore tours and facilities.
- Mega-cruise ships: (e.g. Voyager of the Seas) these vessels are among the largest cruise vessels and have significant port infrastructure needs including greater channel depth, longer wharfs for side berthing, air space under bridges and high quality terminal facilities with baggage handling and international passenger processing facilities. These vessels generally limit visits to major capital city or tourist destination centres.
- Military vessels: visiting military vessels with a 'rest and recreation' component to their visit can have similar economic impacts to more traditional cruise ships. Some military vessels have crews in excess of 5,000 and consultations indicate that crew spend can be as high as $400/day per crew member. Military vessels are not included in this study.

Under the Navigation Act 1912, commercial passenger vessels are categorised based on gross registered tonnage (GRT), the categories are:

- Less than 5,000 GRT.
- 5,000 to 10,000 GRT.
- 10,000 to 20,000 GRT.
- 20,000 to 40,000 GRT.
- Greater than 40,000 GRT.

Cruise ships can also be categorised based on their passenger capacity. Although passenger capacity does not necessarily define the cruise vessel, it does provide an indication of the market segment serviced by the vessel.

Passenger capacity categories include:

- Niche/expedition market – less than 500 passengers.
- Lower capacity – 500 to 1,250 passengers.
- Medium capacity – 1,250 to 2,000 passengers.
- High capacity – more than 2,000 passengers.

SHIP VISITS

Cruise ship data collected in Australia and used to measure the economic activity of the cruise shipping industry counts the number of port visits made by all the cruise ships sailing in Australia for a particular period.

The port of embarkation and disembarkation is referred to as a base port, or a turnaround port. This is where all passengers will begin or end their cruise. The economic activity related to base ports is double that of other port visits as this is where two sets of passengers converge; it is where the ship takes on bulk quantities of supplies and fuel; and the destination experiences a higher rate of pre- and post-cruise spending in local hotels, shops and restaurants, and extended visits to regional areas. Aviation access, tourist accommodation, support services (fuel, food and beverage provisions, waste disposal, etc.) and port infrastructure are the key factors in determining the suitability of a base port.

On a single voyage, a ship will visit a number of ports. These are referred to as transit visits. Ships usually spend daylight hours in transit ports, arriving as early as possible, giving passengers the opportunity to explore the destination on shore excursions or on their own. In measuring economic activity in transit ports, assumptions based on past research are made on the level of spending on various items including tours, souvenirs, general supplies (pharmaceutical goods, snacks, etc.), and meals in cafes and restaurants. Assumptions are also made about the number of passengers and crew alighting at each port of call. In Australia, it is assumed that 10% of actual passengers will remain on the ship during a transit visit.

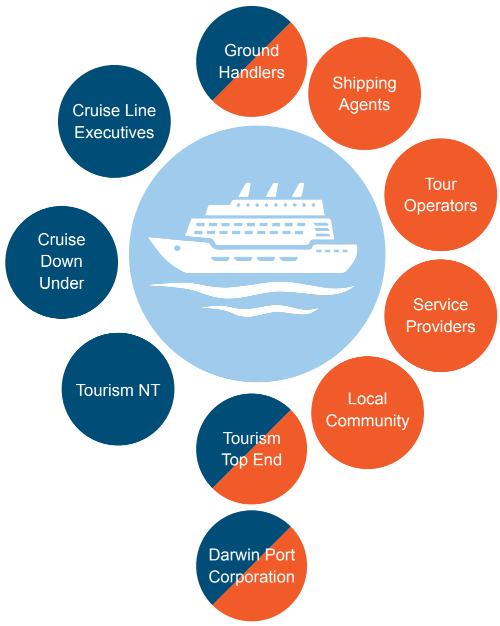
An increasing trend in Australia is the emergence of partial base visits, where passengers can embark or disembark at various ports throughout their voyage.

Destinations generally will strive to attract turn-around business due to the higher economic injection this brings for the local economy. Darwin can currently handle small ships up to around 400 passengers for turn-arounds with the existing infrastructure. Small expedition ships currently use Darwin as a base port throughout the dry season (April-September) offering itineraries along Australia's remote northern coastlines in Arnhem Land and The Kimberleys.

STRUCTURE OF THE CRUISE SHIPPING INDUSTRY

There are a number of stakeholders in the cruise ship industry. The functions of some of the key partners are detailed below.

FIGURE 1: ORGANISATIONS INVOLVED IN SHIP VISITS TO DARWIN



Cruise Down Under

Cruise Down Under (CDU) is the main cruise shipping industry association in Australia. Membership is open to cruise lines, ground handlers, ports, State and Territory tourism offices, regional tourism associations, independent tour operators, shipping agents, retail associations and other cruise-related service providers.

CDU has two main objectives:

1. To promote Australia (and the greater South Pacific region) to the world as a desirable cruise destination; and
2. To represent the interests of the Australian cruise shipping industry to government and other business groups.

Cruise Line Executives and Itinerary Planners

Itinerary planners in cruise line companies identify ports of call and cruising destinations that are most likely to appeal to their target markets. These executives consider a range of factors when selecting their cruise destinations including distances between ports, touring options, capabilities of the port to accommodate their vessels, port fees and charges, reprovisioning services, revenue potential of shore excursion programs, the geo-political stability of the region and most of all, the appeal of the destination to the passenger.

Darwin Port Corporation

The Darwin Port Corporation manages all Darwin port activities including cruise ship bookings, port pilot coordination, harbour traffic and security, among many functions. The port also manages the retail space within the Darwin Cruise Ship Terminal at Fort Hill Wharf.

In addition to managing wharf logistics, the corporation plays a vital role in liaising with stakeholders associated with each cruise ship visit. The Darwin Port Corporation chairs a meeting between all stakeholders prior to each cruise ship visit to ensure communication between all parties is thorough and smooth. These meetings are usually attended by shipping agents, ground handlers, transport providers and border security agencies.

During the cruise ship visit, the Darwin Port Corporation manages the relationship between the cruise ship and all related service providers, working closely with each of them to ensure operations are smooth and expectations of all parties are met or exceeded.

Darwin Waterfront Corporation

Darwin Waterfront Corporation operates the public space between the Cruise Ship Terminal at Fort Hill Wharf and the Darwin CBD. This key tourism infrastructure is vital in presenting a pleasant, welcoming arrival experience for cruise ship passengers and crew.

Ground Handlers

Ground handlers (also referred to as inbound operators) are based in Australia and act as the tourism representatives for the cruise line. Their main objective is to package and promote tourism experiences which are sold by the cruise line to passengers as shore excursions. The ground handler is also responsible for managing the tourism logistics of these shore excursion programs on the day of the cruise ship visit. Some ground handlers may sub-contract their operations in particular ports to local Pier Managers, who run the logistics in port on the day of a visit. Typically, cruise lines will contract one ground handler to coordinate shore excursions for each of their Australian ports of call. It should be noted that ground handlers do not generally promote independent touring in ports.

Local Community

The local community in a port provides a vital connection to the destination. The local community includes retailers, non-tourism stakeholders, and the general public. Passengers visiting a port like to get an insight into local life, and the people they meet along the way are often the most accessible and authentic way to do this. On a broader scale, the community's response to cruise ship visits can play a part in decisions to include a port in an itinerary. Cruise lines examine various factors when considering ports, including whether shops and attractions are open, or would be prepared to open, after hours, on weekends and public holidays. The public's response to visiting cruise ships could also be considered – if the people in a destination offer a welcoming atmosphere, then the ship's passengers are more likely to rate the port favourably.

Shipping agents

Shipping agents act as representatives of cruise ships while they are in port. In Darwin, shipping agents organise the berthing of the ship, provide information about ship disembarkation processes and liaise with the port authority in relation to security issues. Agents are also responsible for ordering and delivery of fuel and stores, including food, beverages, spare parts, etc., coordinating access to the ship, liaising with border protection agencies and facilitating the removal of waste.

Tourism NT

Tourism NT's role is to promote the accessibility and attractiveness of the NT as a cruise ship destination to decision makers in the cruise shipping industry. This involves working with cruise line executives and ground handlers to position NT destinations as desirable pre and post cruise experiences. Tourism NT is a member of Cruise Down Under and works closely with this organisation to promote the distinctiveness of Darwin and the rest of the Territory among Australia's cruise destinations.

Tourism NT works closely with the Department of Business and other NT government agencies to educate local tour operators, retailers and the wider community about the benefits of servicing the cruise ship industry. Most of the larger cruise vessel visits coincide with the traditionally quiet business season, providing an important economic injection to Darwin.

Tourism Top End

Tourism Top End coordinates volunteer meet and greet tourism ambassadors for the arrival of every cruise ship making a transit visit to Darwin. They are easily identifiable in bright-coloured shirts, distributing Darwin city guides and visitor maps from a tour desk inside the Darwin Cruise Ship Terminal at Fort Hill Wharf. Tourism Top End also operate the Visitor Information Centre on Bennett St in Darwin CBD, where the Cruise Ship Terminal shuttle stops. Tourism Top End offers commercial opportunities to members to target cruise ship passengers who have made no structured arrangements for their time in Darwin. The Visitor Information Centre is a hub for cruise ship passengers and crew on transit visit days.

CRUISE SHIPPING CHARACTERISTICS

Seasons

The cruise season for Australia is generally October through April, when large cruise lines relocate their vessels to Australia and the South Pacific region for the southern hemisphere summer. The relocation voyages at either end of the season offers unique opportunities to visit destinations that may otherwise not warrant a full season of cruising, or those regions where cruising is in its infancy and consumer demand remains largely unknown.

The climate during in Northern Australia during the Australian cruise season is generally very hot and humid. While this provides an economic injection over the traditionally slow business period, the passenger experience can be negatively impacted by climate conditions. It is imperative that shore excursion programs and the visitor experience in general are such that passengers and crew leave with favourable impressions of the destination.

In recent years, a number of vessels have been based in Australia year round. Their permanent presence in Australian waters offers the opportunity for passengers to visit Northern Australia during the dry season. While the number of dry season visits by large cruise vessels remains small, it is anticipated that this will increase as more local vessels are established.

Darwin also enjoys incremental visitation between April and September from small expedition cruise ships. These ships will base themselves in Darwin temporarily, offering itineraries along Australia's northern coastline to Arnhem Land and The Kimberley region. The climate at this time of year is perfect for exploring the remote coastline, with generally calm conditions at sea and extended periods of reliable dry weather.

Itinerary Design

Cruise lines spend significant effort setting itineraries and marketing their cruises. Planning takes place well in advance of scheduled visits. Cruise companies will consider a number of factors when selecting a port of call for an itinerary, including distances between ports, touring options, capabilities of the port to accommodate their vessels, port fees and charges, reprovisioning services, revenue potential of shore excursion programs, the geo-political stability of the region and most of all, the appeal of the destination to the passenger.

Cruise lines will only consider a destination if they are guaranteed a berth. Ships usually confirm their berth at a port of call between six and 18 months in advance. Once dates are set, there is no easy or inexpensive way to change them.

Cruise lines will consider the activities and appeal of all the destinations on a voyage itinerary, including how each port can complement the next. An ideal itinerary will include very different shore excursion programs in each port to minimise repetition of experiences and showcase the highlights of each individual port.

Shore Excursions

Voyage itineraries are designed with passenger expectations and technical requirements in mind. Itineraries are tightly managed to ensure maximum efficiencies in sailing time and engine speed (and therefore fuel consumption). A range of complementary experiences must be offered in each port, and careful consideration is paid to minimise repetition around Australia.

Shore excursions are designed by the cruise lines, in cooperation with ground handlers, to offer passengers an opportunity to experience something new. Shore excursions are a major revenue stream for cruise lines whose preference, when dealing with a destination, is to maximise sales of their in-house shore excursion programs.

While a growing trend in cruise shipping is for passengers to arrange their own activities at various ports, cruise lines and ground handlers continue to develop innovative shore excursion programs to provide more of what their passengers expect in terms of smaller group sizes, more free time and more authentic local experiences. Cruise lines promote the quality of the experience and the reliability of the operators as the main reasons to book through the official shore excursion programs (e.g. they guarantee that the ship will wait for any official shore excursions in the case they run late, but will leave without passengers if they are on an independent tour are do not make it back to the ship in time for departure).

The length of stay in Darwin for transit visits is usually between six and 12 hours. Shore excursion programs offer a range of tours of various lengths to suit the available time in port. Destinations and attractions as far afield as Kakadu National Park and Litchfield National Park may be included on longer visits. Darwin harbour cruises, city sights tours, jumping crocodile cruises and visits to outlying attractions are incorporated in itineraries from two to six hours in duration.

The cruise industry distribution chain is explained below:

FIGURE 2: CRUISE INDUSTRY DISTRIBUTION MODEL

The lead time for the inclusion of local tourism product in this distribution chain can be over 12 months, sometimes much longer. Ground handlers prefer to deal with medium to large operators who have the capacity to provide a high volume of services for cruise ships. However, there is an emerging trend among cruise passengers who prefer smaller group tours (e.g. around 6-12 passengers rather than 40+), with more free time built in to the shore excursion itinerary (e.g. time to explore local shops during a city sights tour).

Cruise lines generally deal with hundreds or thousands of different ports around the world so they rely on their local ground handlers to provide up to date, relevant and reliable information. The ground handlers work in partnership with local tour operators to develop itineraries that meet passenger expectations and achieve cruise line revenue objectives. It is important for local tour operators to work together to present shore excursion concepts that represent the unique experiences of the destination and provide a commercial opportunity for all parties.

Tour operators working with the cruise shipping industry should have a basic knowledge of the distribution chain and understand the intricacies of the market. They will need to be flexible – plans can change at a moment's notice. Passengers are encouraged to book tours right up to the day prior to arrival in port, so numbers can increase at the last minute. Conversely, ship visits could be cancelled at the last minute due to circumstances beyond anyone's control (e.g. bad weather at sea delaying an arrival so all shore excursions are cancelled).

For operators in Darwin, the cruise season falls in a traditionally quiet business period so does not impact on or displace mainstream tourism business. This presents an opportunity to earn incremental income.

Passenger Profiles

Australians are taking to the seas in greater numbers every year, and Australia's popularity as a cruise destination continues to grow. There is no standard passenger profile as each ship appeals to a different market. Some vessels may have a higher proportion of international passengers; some may appeal more to families; some attract a high-end market; others offer a more moderate three-star level of product.

Globally, cruise ship passengers are emerging as a savvy, well-informed group of people. They conduct extensive research about their cruise prior to booking, including research on the various ports of call on their itineraries. This is done by word of mouth, reading brochures, conducting internet searches and attending consumer nights. Most cruise passengers will book their cruise via a travel agent, although cruise lines are targeting direct business more aggressively. Some cruise passengers may book their cruise through one travel agent, and arrange their travel to and from the port of embarkation, and any additional touring, through a different agent. Others may arrange the cruise through an agent and book all their other travel directly with tour operators, hotels and airlines. Cruise lines also offer very attractive incentives for future cruise bookings on board.

International visitors to Australian ports will tend to have a higher participation rate in official shore excursion programs. These travellers are generally more comfortable taking the ship's recommended tours if they are not as familiar with Australia. However, domestic passengers tend to prefer independent touring, arranging activities and tours in various ports before they board the ship. There are opportunities for local tour operators either way.

Crew

The crew on board should not be discounted as a market. While they generally have much less time available during a transit visit due to on board duties, they will try and explore as much as they can. Wi-Fi services, telecommunications, and pharmaceutical and general supplies are high on the list of needs for crew. And if a crew is welcomed warmly and has a good experience in a port, they become a good advocate of that port on board while they are serving passengers.

ABBREVIATIONS

CDU	Cruise Down Under
CoD	City of Darwin
DoB	Department of Business
DPC	Darwin Port Corporation
DWC	Darwin Waterfront Corporation
DLPE	NT Department of Lands, Planning and the Environment
TCA	Tourism Central Australia
TNT	Tourism NT
TTE	Tourism Top End

CONTACTS

Tourism NT
www.tourismnt.com.au/en/marketing/cruise-sector

Darwin Port Corporation
www.darwinport.nt.gov.au/information-cruise-ships

Tourism NT invites the tourism industry and wider cruise sector stakeholders to review the Draft NT Cruise Sector Activation Plan 2015-2020 and provide comment by 23 March 2015 to: richard.schoonraad@nt.gov.au.


STOKES


SPIRIT
OF DARWIN