

South Pacific Cruise Shipping Development Workshop



Nuku'alofa, Tonga
October 25, 2007



Workshop Programme

09:00-09:15	Welcome Remarks (Tony Everitt, CEO, South-Pacific.travel)
09:15-10:00	Introduction to the Cruise Ship Study and Workshop Program
10:00-10:30	Issues in <u>Port Development</u> : <i>the cruise line perspective</i> John Nell, Director Land-Based Operations, Carnival Australia
10:30-11:00	Refreshment Break
11:00-12:00	Four Beacons of South Pacific Cruise Tourism Development
12:00-12:30	Morning Session Discussion and Questions/Answers
12:30-13:30	Lunch Break
13:30-15:30	Case Studies in South Pacific Cruising
15:30-16:00	Refreshment Break
16:00-16:45	Agreeing on a Way Forward for South Pacific Cruising
16:45-17:00	Closing Remarks (Tony Everitt, CEO, South-Pacific.travel)

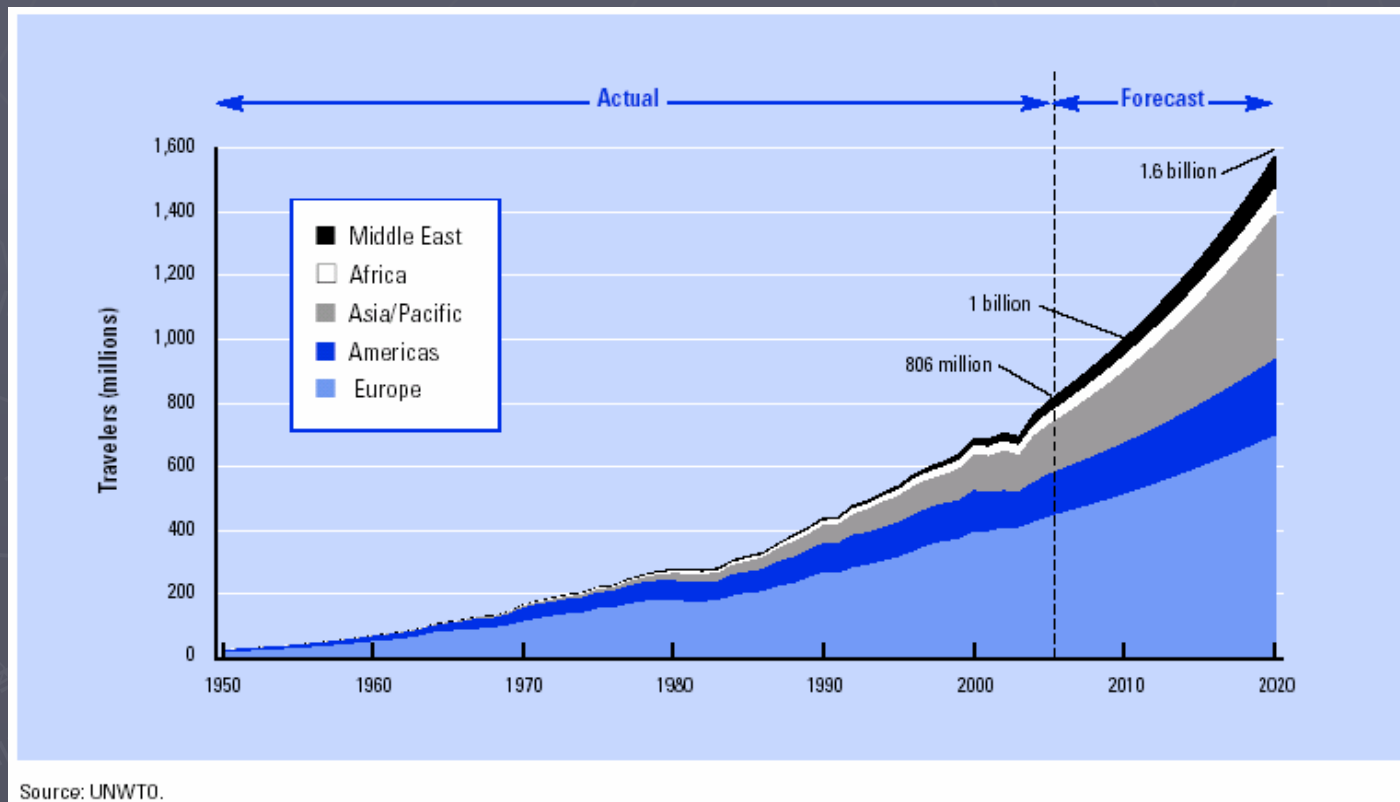
Section I: Scope of Project

1. Background
2. Objectives
3. Methodology

Section II: Global and Regional Trends in Travel and Tourism

1. Tourism in the New Millennium
2. South Pacific State-of-Play
3. Economic, Social and Environmental Impact of Tourism

By 2020 Global Tourism Demand will DOUBLE



Why the Travel Boom?

- ✓ The Emergence Leisure Lifestyles as the Norm
- ✓ Burgeoning Middle Class due to Globalization
- ✓ Improved Aviation and Land Access
- ✓ Greater Tourism Supply : Opening of More Destinations

Overcrowding of Tourism Destinations





Be the first to see this film
...and you will never look back.

an inconvenient truth

A GLOBAL WARNING

ALICE SWAGARTT
ALICE SWAGARTT
ALICE SWAGARTT
ALICE SWAGARTT
ALICE SWAGARTT

Triple Bottom Line



Source: UNWTO

Section III: The International Cruise Industry

1. Dynamic International Expansion
2. Today's Cruise Tourist
3. Impact of Cruise Tourism on Destinations

Global Cruise Demand

	Annual Passenger Growth		
	Actual (000's)		
	North America	Foreign	Worldwide
1980	1,431		
1990	3,496	278	3,774
1991	3,834	334	4,168
1992	4,023	362	4,385
1993	4,318	410	4,728
1994	4,314	486	4,800
1995	4,223	498	4,721
1996	4,477	493	4,970
1997	4,864	516	5,380
1998	5,243	625	5,868
1999	5,690	647	6,337
2000	6,546	668	7,214
2001	6,637	862	7,499
2002	7,472	1,176	8,648
2003	7,990	1,536	9,526
2004	8,870	1,590	10,460
2005	9,671	1,509	11,180
Average Growth Rate 1980-2005			7.6%

Source: CLIA 2005 Year End Passenger Carrying Report as reported by CLIA member cruise lines only.

Global Cruise Supply

INDIVIDUAL LINE DETAIL AT YEAR-END 2005

<u>CRUISE MEMBER LINES</u>	<u>NO. OF LOWERS</u>	<u>NO. OF SHIPS</u>
CARNIVAL CRUISE LINES	47,908	21
CELEBRITY CRUISES	14,762	9
COSTA CRUISE LINES	17,265	10
CRYSTAL CRUISES	2,014	2
CUNARD LINE, LTD.	4,411	2
DISNEY CRUISE LINE	3,508	2
HOLLAND AMERICA LINE	16,929	12
MSC CRUISES USA	9,073	7
NORWEGIAN COASTAL VOYAGES	5,923	13
NORWEGIAN CRUISE LINE	20,950	11
OCEANIA CRUISES, INC.	2,052	3
ORIENT LINES, INC.	845	1
PRINCESS CRUISES	28,800	14
REGENT SEVEN SEAS CRUISES	2,410	5
ROYAL CARIBBEAN INTERNATIONAL	45,570	20
SEABOURN CRUISE LINE	624	3
SILVERSEA CRUISES	1,356	4
SWAN HELLENIC	360	1
WINDSTAR CRUISES	<u>604</u>	<u>3</u>
TOTAL	225,364	143

Forecast 2009

+300,000

168

Section IV: The South Pacific and Cruise Ship Tourism

1. Regional Cruising Performance in the South Pacific
2. The Deployment Decision
3. South Pacific Cruise Destination Information

Section V: South Pacific and Cruise Tourism Case Studies

1. Fiji
2. Kiribati
3. Papua New Guinea
4. Vanuatu

Section VI: Summary of Key Regional Cruise Tourism Issues

1. Regional SWOT
2. Identification of Key Issues

Section VII: Recommended Strategies and Actions

1. The Four Beacons
2. Twenty-two Checklist Sub-themes
3. Regional Cruise Tourism Action Plan

List of Appendices

1. The Regional Cruise Tourism Action Plan
2. South Pacific Cruise Tourism Destination Fact Sheets
3. List of Panel of Experts
4. Bibliography

Making the Strategy Work!

1. Released to South-Pacific.travel on 31 October 2007
2. A Living Document
3. South-Pacific.travel as Lead Organisation with Support and Commitment from Member Countries
4. Regional ↔ National ↔ Local

BEACON



- ▶ a signalling or guiding devise, such as a lighthouse, located on a coast
- ▶ a source of guidance and inspiration

BEACON I



**Shore Excursion
Activities &
Land Based
Services**

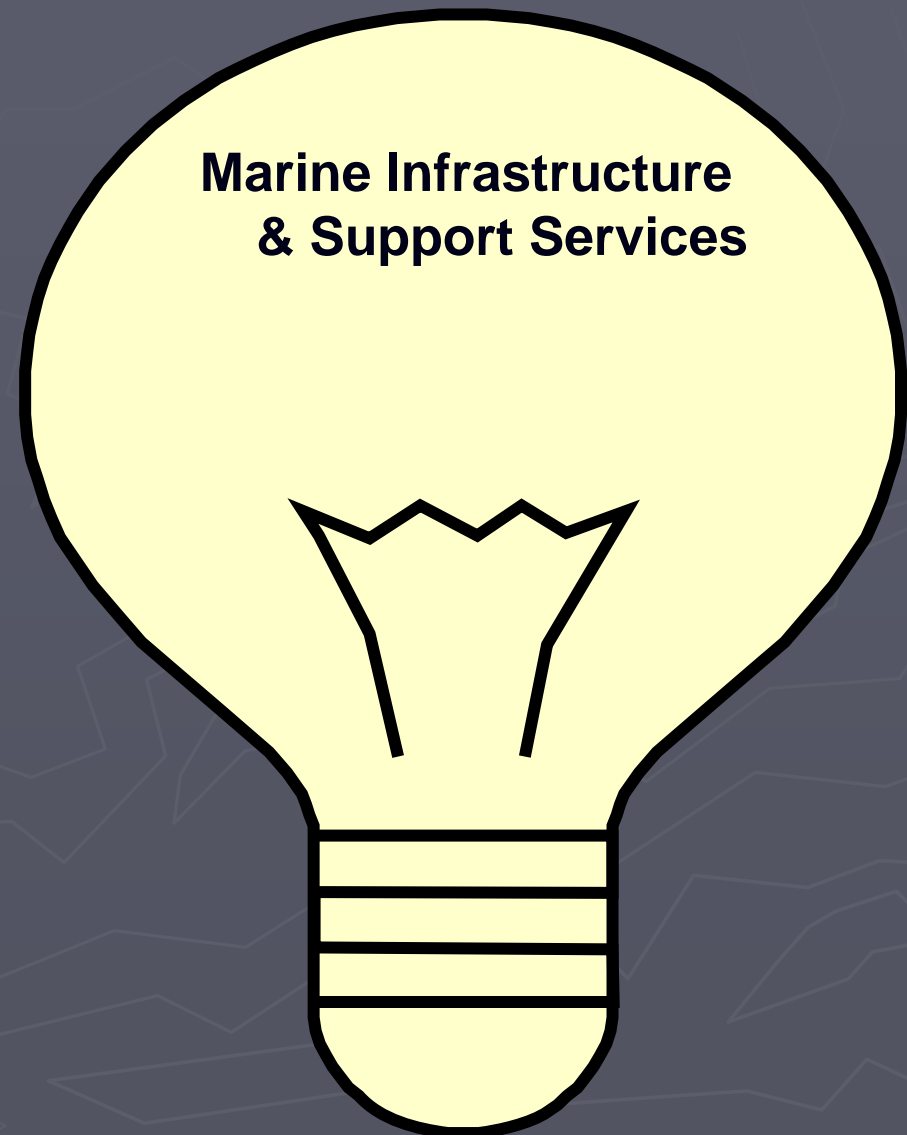
Checklist

- ✓ Variety of Creative Shore Excursions
- ✓ Safety, Security and Duty of Care
- ✓ Professional and Fully Insured Tour Operations
- ✓ Quality Shopping
- ✓ High Standard Guiding
- ✓ Economic Integration and Product Development at Community Level

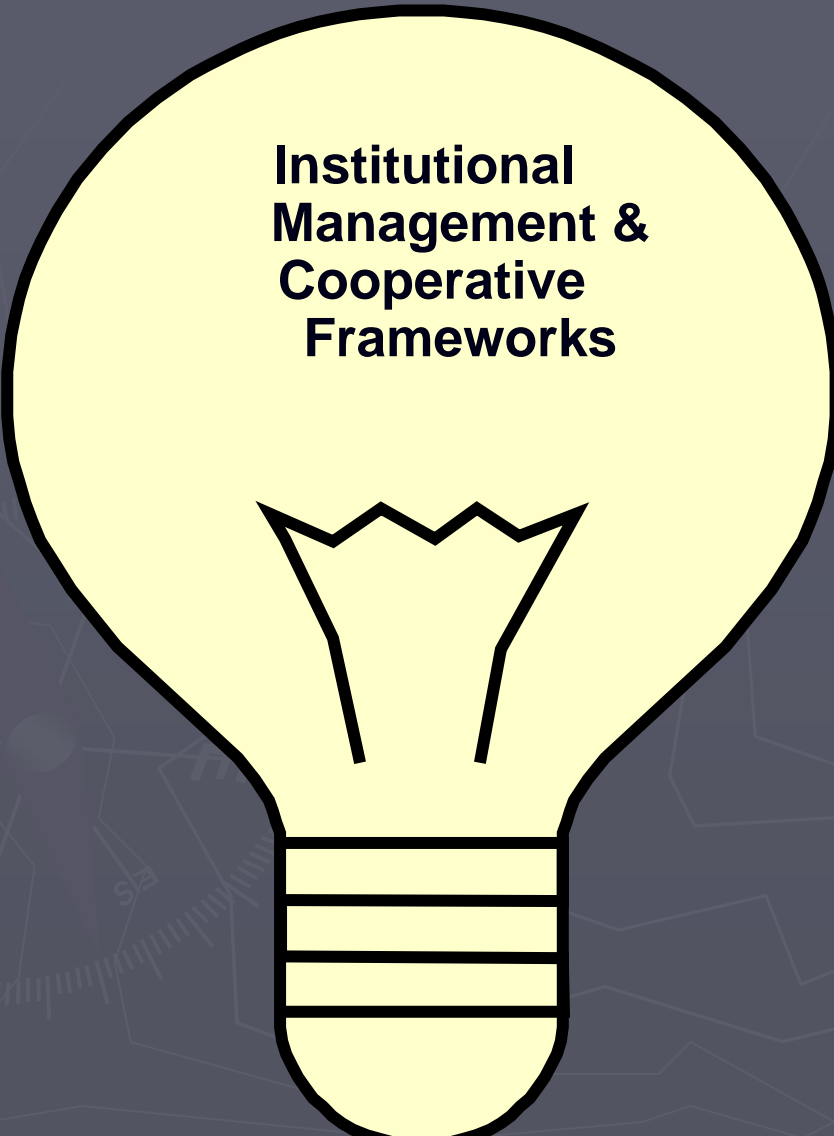
BEACON II

Checklist

- ✓ Operable and Well Maintained Navigational Aids
- ✓ Accurate Hydrographic Information (Charts)
- ✓ Investment in Landing Infrastructures
- ✓ Professional Port/Shipping Agency Services
- ✓ Streamlining of CIQ Procedures



BEACON III



**Institutional
Management &
Cooperative
Frameworks**

Checklist

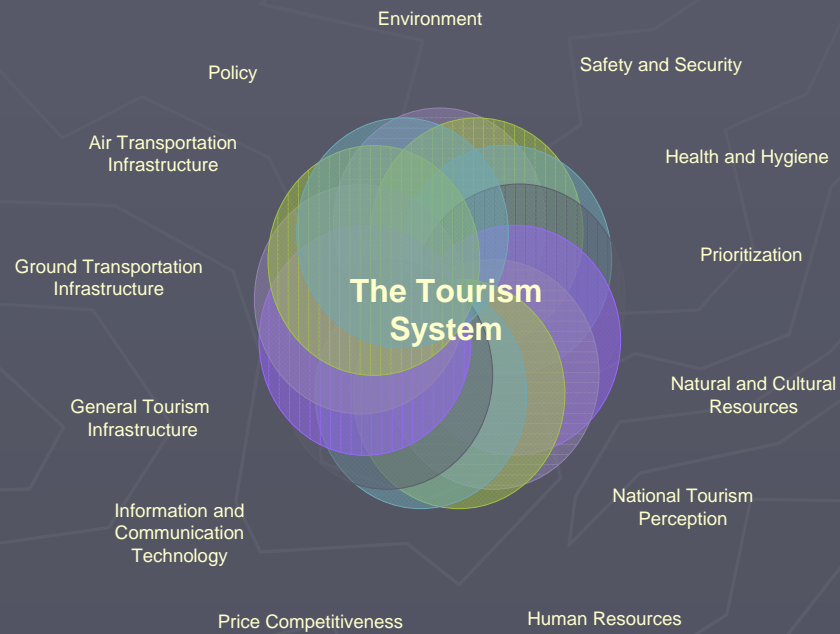
- ✓ Public Private Partnership
- ✓ Government and Community Awareness and Commitment
- ✓ Leadership Structure and Empowerment
- ✓ Regional Cooperation
- ✓ Removal of Barriers to Competition and Development
- ✓ Capacity Building at Local Level

World Economic Forum

Travel and Tourism Competitiveness Report

- ✓ Covers 124 economies
- ✓ Measures 'the factors and policies that make it attractive to develop the Travel and Tourism sector in different countries'.
- ✓ Three (3) Primary Sub-Indexes:
 - ✓ T & T Regulatory Framework
 - ✓ T & T Business Environment and Infrastructure
 - ✓ T & T Human, Cultural and Natural Resources
- ✓ Thirteen (13) Pillars
- ✓ Fifty-eight (58) Variable
- ✓ www.weforum.org

The Policy Connectivity of Tourism



BEACON IV

Checklist

- ✓ South Pacific Cruise Zones
- ✓ Comprehensive Cruise Destination Information
- ✓ Succinct, Professionally Produced Proposals
- ✓ Build Personal Relationships with Cruise Lines
- ✓ Marketing, Promotions and Public Relations





South Pacific Cruise Zones



Regional Cruise Tourism Action Plan

- Four Beacons
- 22 Checklist Sub-themes
- 57+ Initiatives / Actions

Action Plan Format

						<u>Level</u>	<u>Of</u>	<u>Priority</u>
<u>Strategic Beacon</u>	<u>Checklist Sub-Theme</u>	<u>Initiatives / Actions</u>	<u>Objective</u>	<u>Funding Source</u>	<u>Proposed Lead Organization (s)</u>	High (12 mos)	Medium (2-3 yrs)	Low (4-5 yrs)

Situation Highlights

- ❑ Cruise Policy in Place with Cruise Tourism Task Force
- ❑ Suva
- ❑ Pacific Harbour
- ❑ Denarau
- ❑ Lautoka – Air Access
- ❑ The Yasawas and Fiji's Outer Islands
- ❑ Public/Private Sector Support for Cruise Tourism





Yasawa Pontoon



Navigational Mark – Diamond Rock, Dravuni



Canoe adjacent to the only remaining beacon. No lights on the beacon.
It is essential that entry through the reef is made in daylight.

Navigational Mark – Diamond Rock, Dravuni



Canoe and Green Flag-very difficult to see when the Sun is low in the morning.

Beacon – Herald Passage, Dravuni



This beacon helps. If it were lit with a RACON it would be substantially better.

SWOT Fiji

Strengths

- ✓Excellent Pier Facilities in Suva (483 meters long/11.2 meters deep) and Lautoka (290 meters long/10.5 meters deep)
- ✓Unique Portable Tourism Information Center at Suva Pier
- ✓Dedicated Cruise Tourism Policy Task Force
- ✓Tourism Master Plan which includes Cruise Tourism
- ✓Excellent product (existing and potential) particularly in outer islands
- ✓New facility at Port Denarau for yachts and smaller vessels
- ✓Pacific Harbour which possesses cultural village, shops, hotels and other attractions is seen as excellent potential port-of-call

Weaknesses

- ✓Much of Fiji – particularly Suva - closes on Sunday with little available in terms of shopping and activities
- ✓Poor communication and cooperation between government departments and private sector entities
- ✓Poor follow up on key issues
- ✓No heavy fuel storage facilities available in Lautoka which makes it complicated to host home port operations
- ✓Air Capacity and Coverage make it difficult to home port in Suva
- ✓Navigational (hydrographic) charts outdated and inaccurate
- ✓Poor conditions of landing jetties and pontoons in outer islands
- ✓The cruise tourism industry is fragmented
- ✓Minimal government funds for tourism marketing and promotion
- ✓Weak investment incentives
- ✓Slow and inefficient CIQ

Opportunities

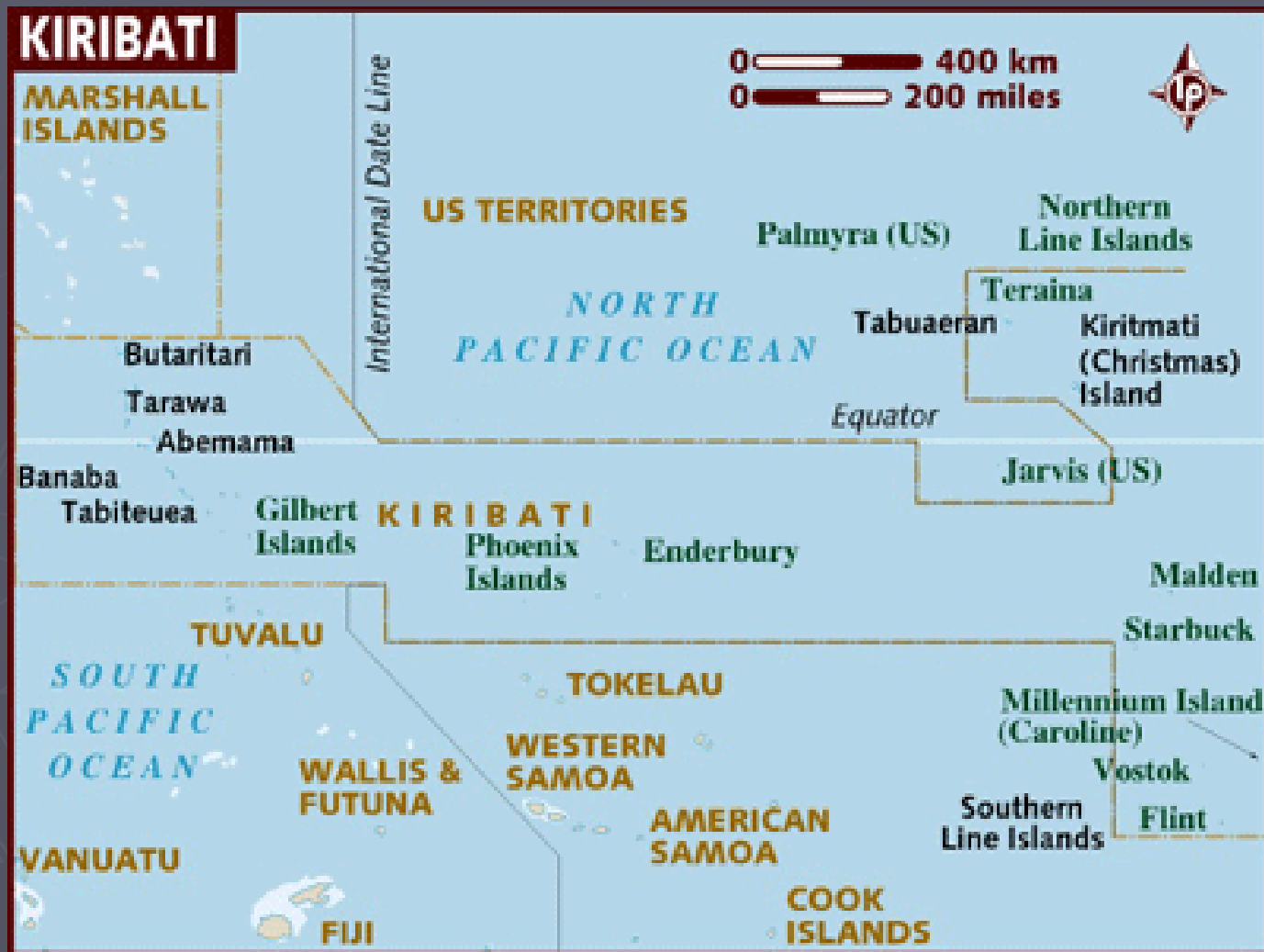
- ✓Development of Walking Tours in Suva
- ✓Development of the Suva Museum and connecting botanical gardens
- ✓Development of Pacific Harbour as a anchorage point (survey of anchorage required to establish depths and reef configuration)
- ✓Expressed desire by cruise lines for establishment of new ports-of-call in Fiji
- ✓Potential to develop home port facilities in Lautoka
- ✓Increased demand for 14 and 28 day cruises from Australia and New Zealand which will be Fiji, Tonga and Samoa inclusive

Threats

- ✓Intermittent political unrest and instability
- ✓Terrorist or security incidents would deter travellers
- ✓Intergovernmental conflict resulting in no action
- ✓Insufficient funding by the government to nurture and support the growth of cruise tourism in Fiji

Kiribati

Cruise Development in the Outer Islands



Map Courtesy of Lonely Planet

Situation Highlights

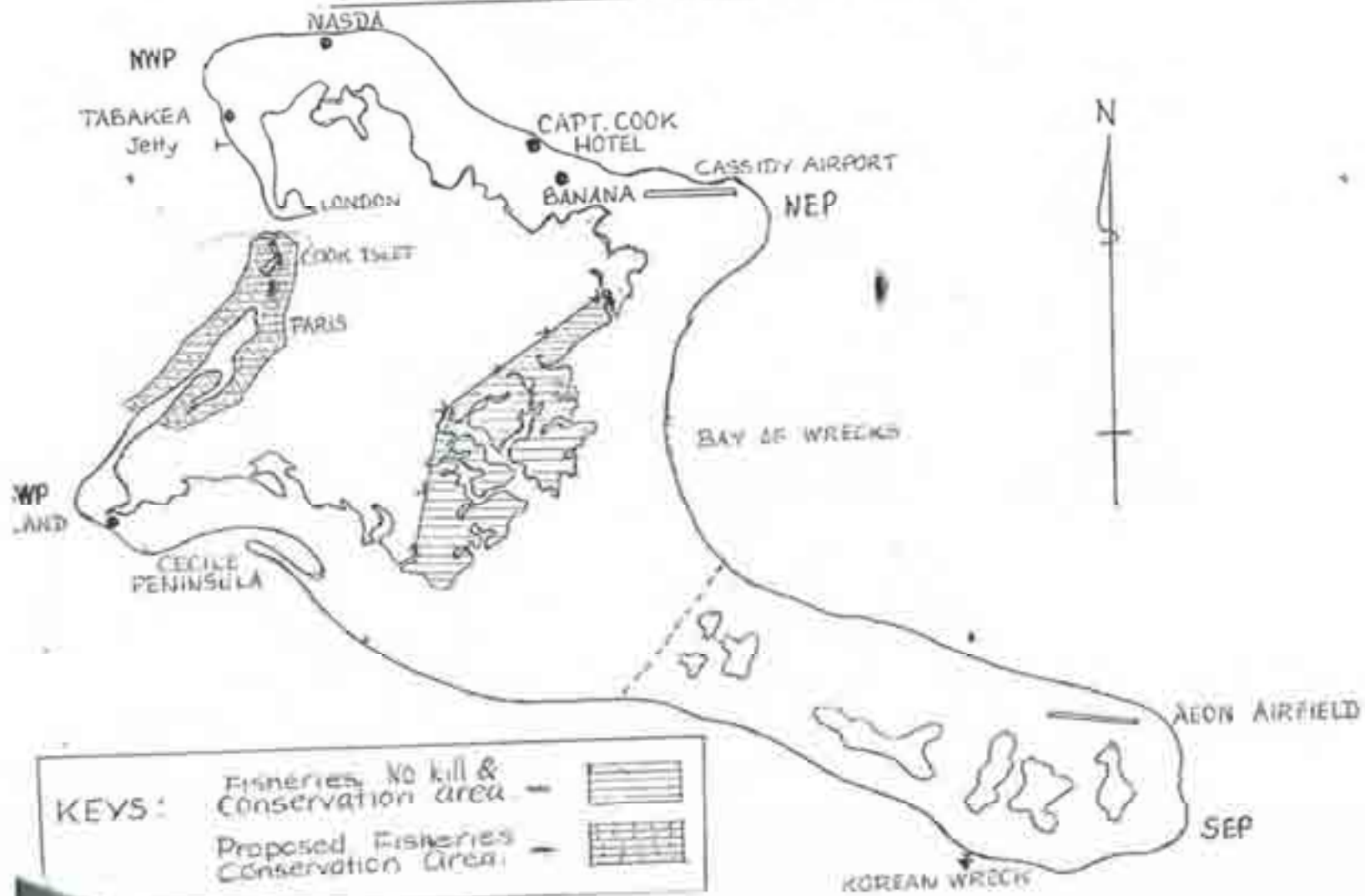
- Distance between Gilberts and Line Island
- Fanning Island
- Christmas Island
- Washington, Millennium, Malden and Starbuck Islands



Fanning Island
120,000 pax/yr



KIRITIMATI ISLAND















SWOT Kiribati

Strengths	Weaknesses
<ul style="list-style-type: none"> ✓ Fanning Island success through NCL partnership ✓ Beautiful natural and cultural beauty, particularly in the Line and Phoenix Islands ✓ Friendly local population ✓ Rich History dating back to the 18th century (particularly X-mas Island) ✓ X-mas Island is world renown fishing attracting high end fly fishermen from the United States and Australia ✓ Ideal geographic location between Hawaii and Tahiti for one day stop ✓ X-mas Island possesses excellent/protected pier facilities left by British and Americans @ London Harbour 	<ul style="list-style-type: none"> ✓ Poor communication channels among government departments ✓ Weak institutional frameworks, particularly in respect to public/private partnership ✓ Access to London Harbour (X-mas Island) pier facilities ✓ Lack of proper dredging equipment ✓ Inadequate staging facilities for tours (no proper public toilet facilities) ✓ Strong current, swells and tradewinds causing delays in getting passengers ashore as well as regular damage to tenders ✓ No credit card facilities available except at the local ANZ Bank ✓ Dissolving of the 'shore excursion committee'
Opportunities	Threats
<ul style="list-style-type: none"> ✓ Further development of Xmas Island <ul style="list-style-type: none"> ○ Community-based tours ○ An international standard pier facility with cruise passenger terminal/staging area ○ Marine-based tours exploring the lagoon area ○ A Kiribati cultural centre ○ A marine tourism activities centre ✓ Attract foreign investment ✓ Cooperate with international donor organizations to raise funds for infrastructure development and micro-credit facilities ✓ Creation of a private sector tour operation company (cruise destination management company) ✓ Development of the other Line Islands (Washington, Millennium, Malden and Starbuck) 	<ul style="list-style-type: none"> ✓ Increasing global oil prices ✓ Terrorist or security incidents would deter travellers ✓ Poor passenger ratings leading to ships cancelling calls ✓ Strong sea trade winds in November – February limiting access ✓ Increased litter and pollution due to inadequate disposal methods ✓ Continued erosion of the coast line resulting in increased complications ✓ Over reliance on fishing tourism and the potential disappearance of the world renown bonefish ✓ Weak local management by Ship Agencies of Kiribati (SOAK) on Christmas Island

Papua New Guinea

Untapped Cruise Tourism Potential





Map Courtesy of Lonely Planet

Situation Highlights

- Port Moresby
- Alotau
- Madang
- Rabaul – East New Britain

PAPUA NEW GUINEA

0  200 km
0  120 miles



INDONESIA (IRIAN JAYA)

AUSTRALIA

Torres Strait

Coral





PNG Ports Operates 16 Piers, including:

- **Port Moresby**
- **Lae**
- **Rabaul**
- **Madang**
- **Samarai**
- **Wewak**
- **Alotau**

SWOT PNG

Strengths	Weaknesses
<ul style="list-style-type: none"> ✓ Unique cultural heritage and appeal ✓ Interesting land-based activities including traditional dances, WW II relics, bird watching and nature tours ✓ Strong commitment to tourism by the national government resulting from enthusiastic leadership from the Tourism Promotion Authority ✓ Increasingly well financed and well managed Tourism Promotion Authority ✓ Existence of a Tourism Master Plan (2007-2017) ✓ Well established Shipping Act within the PNG Constitutional Laws ✓ Numerous existing ports (20+), many of which have been developed in support of agricultural and mining projects for cargo movements ✓ Numerous experienced and qualified tour operators in major tourism destinations/hubs ✓ Short sailing times from major Australian ports and within PNG ✓ Well organize and pro-active Dive Association ✓ Strict adherence to ISPS 	<ul style="list-style-type: none"> ✓ Poor quality infrastructure (roads, pier facilities, etc) ✓ Poor domestic aviation service with frequent delays and cancellations ✓ International reputation for being unsafe, particularly Port Moresby ✓ Inexperienced hospitality employees ✓ Most existing ports are not yet cruise ship suitable and have been built in support of cargo movements ✓ Limited land transportation facilities in most PNG ports in the form of coaches and other suitable tourism transportation ✓ Lack of understanding of issues related to insurance cover as required by major cruise lines ✓ Much of PNG is relatively unknown to the cruise industry ✓ Absence of a clear national cruise strategy and supporting policies, resulting in a lack of direction for PNG cruising ✓ Unclear and often random pricing for pilotage, berthing, CIQ, etc. ✓ Poor institutional capacity to support cruise ship tourism at provincial level
Opportunities	Threats
<ul style="list-style-type: none"> ✓ Liberalization of visa policies could stimulate tourism demand (an issue currently being discussed at the highest levels of government) ✓ Clear expressions of interest from major cruise line marketing departments for itinerary expansion into PNG (24-36 month lead time) ✓ World War II relics are a strong appeal that can be developed ✓ As a first phase of a unified national cruise development strategy, focus on port improvement/expansion at Madang, Rabaul, Samarai, Tufi and one island stop in the Solomon Sea or Milne Bay ✓ Cruising is a mode of transportation that makes inaccessible PNG accessible to tourism activities ✓ Encourage and facilitate local operators like MTS 	<ul style="list-style-type: none"> ✓ Increasing global oil prices ✓ Safety considerations, particularly in Port Moresby and to a lesser extent in Lae ✓ Political volatility ✓ Damage to fragile social and cultural framework ✓ Destruction of natural environment ✓ Impacts of the 'demonstration effect' which may create social and economic jealousies among indigenous population ✓ Inactivity in responding to the increased interest in PNG among international cruise lines ✓ Absence of (or misguided) policies that are not inclusive of public and private sector partnerships (including community)

Vanuatu

Expanding Cruise Tourism Demand



Map Courtesy of Lonely Planet

Situation Highlights

- Port Vila – US\$6 m/60 cruise ship visits
- Wala Island, Malakula
- Mystery Island and Champagne Beach
- Aneityum , Pentecost and Epi
- Home Porting Prospects
- Public private sector support for cruise tourism



P&O Pacific Star
alongside at Port Vila Pier





SWOT Vanuatu

Strengths

- ✓ Existing Cruise demand with nearly 60 annual visits by cruise lines to Port Vila with some 60,000 + annual visitors, producing some 6,000,000 US\$ in port fees, tour revenues and shopping.
- ✓ A variety of half day and full day tour options (23 tours are offered to P&O passengers when calling on Port Vila.
- ✓ Unique cultural heritage displayed in outstanding community-based tourism products (Ekasup Cultural Village)
- ✓ Excellent marketing and promotion activities lead by the Vanuatu Tourism Office (VTO)
- ✓ Good quality accommodations in Port Vila
- ✓ Frequent international air services between Australia and Port Vila
- ✓ Vanuatu Airport as a privatized entity is agile and able to expand its services in concert with any growth in demand by traditional and/or cruise tourism
- ✓ Quality and professional destination management services by tour operators and shipping agents
- ✓ Excellent organization of pier side vendors and taxi drivers

Weaknesses

- ✓ Port Area disorganized and in need of upgrade (no staging area for tours/bathroom facilities poor)
- ✓ Poor business (financial management) skills among locals, particularly in rural areas
- ✓ Tourism development is too thinly spread across too many agencies within the public and private sector
- ✓ Over reliance on Australian and New Zealand markets
- ✓ Lack of commitment to the growth and investment in tourism by the central and six provincial governments
- ✓ Weak management capacity of marine and port authorities
- ✓ Low marine safety standards
- ✓ Submission of annual port fee revenues (+/- US\$1,000,000) to consolidated government revenue without any provision for maintenance, operation and basic upgrades of pier facilities
- ✓ Breakdown of Wala community relationship with cruise lines
- ✓ Lack of adherence to development timelines, goals and objective as set out in the Tourism Development Plan

Opportunities

- ✓ Produce economic opportunities in hard-to-get rural parts of Vanuatu through cruise ship port calls
- ✓ Expansion of European Markets
- ✓ Development of Port Vila as a home port with fly cruise options
- ✓ Expansion of the Vanuatu airport

Threats

- ✓ Increasing global oil prices
- ✓ Terrorist or security incidents due to poor crisis management capacity on the part of the central and six provincial governments
- ✓ Tribal disputes at the village level due to mismanagement and unclear arrangements
- ✓ Inaction in developing medium term plans for better cruise passenger facilities in Port Vila

Regional SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> ✓ Variety of countries with cruise potential; ✓ Beautiful, scenic and idyllic tropical island destinations; ✓ Fascinating indigenous cultures and traditions; ✓ Generally friendly and hospitable local population; ✓ Extraordinary natural environments, many possessing unique and rare flora and fauna; ✓ Relative closeness to Australian and New Zealand source markets; ✓ Many South Pacific countries have long established relationships with major cruise operators; ✓ Broad commitment to International Ship and Port Security (ISPS) code; ✓ Participation by some destinations in Seatrade International Conference as well as Cruise Down Under; ✓ Interest and commitment among many NTOs to cruise tourism development; 	<ul style="list-style-type: none"> ✓ Vast majority of ports have been developed for cargo movements and not passenger (tourist) activities; ✓ Inefficient CIQ policies, procedures and regulations; ✓ Poor availability of information on ports, shore excursions and other activities; ✓ Ineffective operation and maintenance procedures of marine infrastructure; ✓ Lack of adequate landing facilities; ✓ Weak community integration and management standards in cruise tourism activities; ✓ Lack of political will, leadership and commitment; ✓ Weak public private partnership frameworks; ✓ Insufficient government investment commitment; ✓ Distance from North American and European source markets; ✓ Exorbitant air fares;
Opportunities	Threats
<ul style="list-style-type: none"> ✓ Increased fleet capacity is being deployed by Carnival Australia and other major cruise lines in the Pacific region; ✓ Ongoing development and expansion of niche high yield cruise operators; ✓ Donor interest in supporting the development of cruise tourism in the South Pacific; ✓ Commitment in the form of partnerships (including provisions for investment) by major cruise lines; ✓ The aura and mystic of the South Pacific ✓ Mobilisation of South-Pacific.travel as centralised regional cruise development agency; ✓ Development of additional turn around (home) ports in the South Pacific; ✓ Commitment to regionalism as outlined in the Pacific Plan; ✓ Emergence of the Asian cruiser; ✓ Cruise passengers returning to a destination as a regular long stay tourist; ✓ Positive word of mouth by satisfied cruise passengers; 	<ul style="list-style-type: none"> ✓ Increasing global oil prices ✓ Terrorist or security incidents as major deterrent to travel; ✓ Inaction ✓ Disputes cause by social and economic inequality at the local level; ✓ The effects of climate change; ✓ Political and economic instability; ✓ The emergence of Asia as a new cruise tourism region at the expense of the South Pacific;

Thank You



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