Defence White Paper Public Consultation

Submission of Carnival Australia
Introduction

Carnival Australia represents the world’s most popular cruise brands, including Carnival Cruise Lines, Cunard Line, Princess Cruises, P&O Cruises and Seabourn, Holland America Line. Together, Carnival Australia brands represent 80 per cent of the Australian and New Zealand cruise market.

As we celebrate the ANZAC Centenary, Carnival Australia recognises the long, historic, and mutually beneficial tradition of cooperation and collegiality between commercial and merchant shipping in Australia and the Royal Australia Navy (RAN). In peacetime and at war, commercial and merchant shipping has worked side-by-side with the RAN to defend Australia and advance her national interests.

As the Australian Government now considers the future of Australia’s defence forces, we hope that nothing will interfere with that ongoing tradition, and that more can be done to build closer ties between commercial shipping, like Carnival Australia, and the RAN.

Carnival Australia appreciates this opportunity to contribute to the Australian Government’s considerations of Australia’s long-term defence capability, and how the Australian Defence Force’s (ADF) assets and capabilities can better align with the Government’s strategic, fiscal, and whole-of-government policy priorities.

In line with the long tradition of cooperation and collegiality between commercial and merchant shipping and the RAN, Carnival Australia believes that there is an opportunity for more to be done to bring about closer professional and cultural relationships between the officers and crews of our respective fleets. Carnival Australia has, for example, in the past arranged opportunities for Navy officers and crew to experience the shipboard operations of our fleet. We see an opportunity here to create a more formal exchange arrangement between our highly skilled and experienced officers and crews, one which could allow professionals to increase their operational awareness and range of professional experiences in a practical way, while also building a closer working relationship between organisations who already share facilities and amenities onshore.

It is worth considering too that it is an exciting time for both Carnival Australia and the RAN, with new and advanced additions to both fleets. We look forward to discussing such an opportunity with the RAN further in coming months.

Cruise shipping in Australian Ports and waters

The Australian cruise industry is growing at a remarkable rate. The latest indications from the Cruise Lines International Association (CLIA) show the number of Australians taking cruises has grown, on average, 20 per cent per year for the last 11 consecutive years.\(^1\) CLIA data also indicates that New South Wales accounts for 41 per cent of the cruise tourism market.\(^2\)


Cruising is now just one decimal point from being a $3 billion-a-year industry. According to a Cruise Down Under (CDU) study, Australia’s cruise industry contributed $2.9 billion in total economic activity in 2012-2013. In particular:

- Passenger expenditure was $574 million – 29 per cent more than the previous year
- Port-related spending totaled $908 million – up 23 per cent
- Corporate expenditure totaled $160 million – around 2 per cent more

All Australian states and territories benefit from Australia’s cruise industry. According to the CDU study:

- New South Wales accounts for just over $1 billion in direct cruise-related spending
- Queensland is next at nearly $400 million
- Victoria – around $135 million
- Western Australia – nearly $70 million
- Tasmania – nearly $15 million

There are numerous other ways in which the cruise industry directly benefits the Australian economy, including goods sourced from Australian-based primary producers. For example, the three ships in the current P&O fleet (to increase to a five ship fleet in 2015) collectively purchase the following on an annual basis:

- 465,000kg of beef
- 589,000kg of poultry
- 217,500kg of pork
- 148,000kg of bacon
- 3.3 million eggs
- and from Tasmania alone, 20,000kg of ocean trout and 40,000kg of salmon

Cruising is an Australian industry success story. The Cruise industry in Australia is contributing handsomely to the national economy and all indicators point to strong and sustained success over the long term. Looking toward the future, this sustained growth means that the RAN should look forward to sharing Australian waters and ports with even more cruise ships than they do today.

**Garden Island**

With more cruise ships, and greater demand for access to Sydney by the world’s leading flagship vessels, Carnival Australia has been working for some time now with the RAN, the Australian Government and the New South Wales Government to find a long term, sustainable solution to this issue.

As expressed in our 2011 submission to the Hawke Review,\(^3\) when it comes to these facilities, Carnival Australia fully accepts the primacy of Defence and the RAN on Garden Island. It has never been our intention to displace the RAN, or to see its operational use of the facility degraded. We do however believe that by working together, commercial and Defence users can both benefit from this essential piece of public infrastructure. Garden Island is at the doorstep of Australia’s largest city, and in the heart of the world’s most beautiful harbour. We see an opportunity here for it to benefit more than just one of Australia’s national interests.

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The New South Wales Premier, Mike Baird, recently wrote to the Prime Minister of Australia in support of a permanent shared access solution at Garden Island. We welcome the strong support from the Premier and the New South Wales Government.

Carnival Australia proposes a six to eight week window at Garden Island every cruise season where cruise ships could berth, with facilities provided for on-site passenger processing. By doing this Carnival Australia would, for example, be able to have all three Cunard ships (Queen Mary 2, Queen Elizabeth and Queen Victoria) to be in Sydney on the one day in summer of 2016/17. This would represent a landmark tourism event for Australia.

Permanent shared access represents a “win-win” for both the navy and the cruise ship industry. The cruise industry has no interest in moving the RAN out of Garden Island – for example doing so would jeopardise the financial viability of Australia’s only dry-dock facility that can accommodate cruise ships. Furthermore, cruise terminals operate at the same security standards as international airports – meaning no additional security arrangements would be required of the RAN.

Carnival Australia looks forward to continued cooperation with the Australian Government and the RAN to establish a permanent shared access arrangement to the Commonwealth’s Garden Island facilities; one that allows access for the world’s premier cruise ships to visit Sydney more often, and one which accommodates and manages the strategic defence interests of the ADF.

**Dry Dock Infrastructure**

In considering the future of Australia’s defence forces and the resources and facilities they will require, Carnival Australia recognises that there are many shared interests between the RAN and cruise shipping in Australia.

Australia’s maritime capacity, in particular dry docking infrastructure, is of critical importance not only to Australia’s defence interests but also continued sustainability and resilience of Australia’s cruise and other commercial shipping industries.

With the loss of every dry dock, Australia loses resilience and capacity. Local and state economies lose hundreds of direct jobs and many times that number in related and indirect employment. Every dry dock across Australia contributes between $15-$25 million to the economy, and helps maintain our domestic skills-base.

Access to dry dock facilities across Australia is an important consideration for the ADF, as it is for cruise and other commercial shipping, and it is of mutual benefit to maintain domestic capacity and a depth of strategic resilience in this area.

**Conclusion**

Australia has a healthy maritime tradition and Carnival Australia looks forward to continuing to work constructively with the ADF, and the RAN in particular, to meet shared future challenges. Carnival Australia welcomes the opportunity to contribute to this consultation, and would welcome the publication of our submission.