



BROOME CRUISE SHIP INDUSTRY 3-STEP ACTION PLAN

2016 to 2020

For presentation to council

By

BROOME CHAMBER OF COMMERCE AND INDUSTRY

STEP 1 – Build an invested stakeholder body

STEP 2 – Sell Broome / grow cruise ship arrivals

STEP 3 – Infrastructure Investment

3-Step action plan for development of Cruise Ship Industry in Broome

PREFACE

In 2012, Tourism Research Australia in collaboration with Tourism WA released a destination visitor survey titled [Strategic Regional Research – Western Australia: Evaluating the WA cruise visitor experience](#) which summarised the below in relation to Broome:

“Broome was the WA port that most influenced the selection of a cruise, which indicates a strong desire to see the town and area. However, the passenger experience at the port and destination was the lowest of all four ports.

“This suggests that investment in port services and facilities is important to improving the passenger experience as well as managing passenger expectations.

“Broome had the strongest potential to generate a return on investment with the highest passenger expenditure.”

Since 2012, Broome has come a long way with the support of the Shire of Broome and invested suppliers, coordinators and volunteers.

According to a Cruise Downunder report (the leading body of industry in Australia) Broome was the second-most visited port in 2014/15. During the same period Broome recorded among the lowest days at port for passengers and crew yet the third-highest expenditure behind Fremantle and Geraldton.

Source: <http://www.australiancruiseassociation.com/sites/default/files/cruise-down-under-eia-2014-15-report-executive-summary.pdf>

In 2016, Broome will build on the basic infrastructure and planning to further increase the passenger experience on-ground.

Cruise ship operators take into great consideration feedback from passengers as a driver for their future planned routes. With an investment from the stakeholders who capitalise on the increasing visits to Broome, further efforts can be instigated to make this a must-stop destination for all carriers.

This proposal by the Broome Chamber of Commerce and Industry suggests to the Shire of Broome that it becomes the primary liaison to the cruise ship industry, while building on forward thinking solutions to secure the industry's growth in Broome.

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According to the Tourism WA 2012-2020 Strategic Plan Broome is slated to become a Tier 1 destination alongside Fremantle for WA cruise ships. (double arrival =30 ships)

CRUISE DESTINATIONS - CURRENT AND FUTURE STATUS *CONTINUED*

In the following table each port is assessed as high (H), medium (M) or low (L) against the four strategic business areas.

CURRENT STATUS OF KEY CRUISE DESTINATIONS

PORT	DESTINATION AWARENESS AND MARKETING	PORT INFRASTRUCTURE AND POLICY	INDUSTRY CAPACITY AND OWNERSHIP	LANDSIDE DESTINATION DEVELOPMENT	TIER RANKING
Fremantle	H	H	H	H	1
Broome	H	M	M	M	2
Bunbury	M	M	H	M	2
Albany	M	M	M	M	2
Esperance	M	L	M	L	2
Geraldton	M	L	M	L	2
Exmouth	M	L	L	L	3
Port Hedland	L	M	L	L	3
Augusta*	L	L	L**	M	3

* Due to open tender facility by October 2013

** Non-operational as at 2012 therefore no experience in servicing cruise ship arrivals

The following table shows each cruise destinations assessed 2012 Tier Status, and its planned Tier Status during the Strategy timeframe at 2016 and 2020.

YEAR	TIER 1	TIER 2	TIER 3
2012	Fremantle	Albany	Augusta
		Broome	Exmouth
		Bunbury	Port Hedland
		Esperance	
		Geraldton	
2016	Fremantle	Albany	Augusta
		Broome	Exmouth
		Bunbury	Port Hedland
		Esperance	
		Geraldton	
2020	Broome	Albany	
	Fremantle	Augusta	
		Bunbury	
		Esperance	
		Exmouth	
		Geraldton	
		Port Hedland	

**PROPOSAL TO THE SHIRE OF BROOME FROM THE BROOME CHAMBER OF COMMERCE & INDUSTRY
(BCCI) RE FUTURE MANAGEMENT OF CRUISE SHIPS IN BROOME**

The BCCI proposes to create a centralised organising body of investors who are prepared to ‘buy in’ to the Cruise Ship investment opportunity.

It was referenced by a report commissioned by the Broome Chamber of Commerce in 2010, “Broome Cruise Ship Development Strategy”:

Already Broome has tried on a number of occasions to have volunteer cruise ship committees but for a number of reasons these have not worked. There has been no structure and really it is because of a lack of understanding of the cruise ship industry and how it works.”

So why, in 2016 have we not progressed to a more sophisticated cruise ship organising body who are the central point of contact for facilitation and *growth* of the industry for Broome?

This statement demonstrates that the issue of ownership for this industry has been neglected for a long time. Possibly because it falls within an arguable niche responsibility and the organising body has been unsuccessful in reaping ROI for time spent on the process; thus the BCCI proposes to approach cruise ships as an economic driver for Broome by pulling together together key stakeholders to spawn a stand-alone business prospect and start the process of momentum.

If we don’t do so now, we risk losing a major prospect of industry in just 4 years’ time.

STEP 1 – INVESTED STAKEHOLDER BODY

To create an invested body to represent the forward planning and attraction of cruise ships to Broome.

“i.e. Broome Cruise Ship Co-op.”

This body will be a group of business who recognise the return on investment that cruise ships bring to them. The terms of investment and return to members will need to be determined with much further consideration, understanding businesses in Broome already commit to membership fees for BCCI, ANW and BVC. Additionally the group should not be considered a ‘committee’ in order to offer confidence that there will be an ROI to members. The BCCI will facilitate this process of setting up the ‘Co-op’ with an aim to have it in full establishment early 2017.

Based on all private enterprise involved in cruise ship arrivals, as well as conglomerates of smaller tourism operators, a business model will be created where ‘Co-op’ members will have their investment returned in due course alongside the additional prospects of ‘foot in door’ to industry. This model will need to be explored in further consultation.

The below targets will be invited to join the ‘Cruise Ship Co-op’ and be represented in discussions involving industry development:

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- Shire of Broome
- Broome Tourism Leadership Group
- Kimberley Ports Authority
- Large enterprises acting as suppliers, producers and users;
- Small enterprises acting as suppliers, producers and users;
- Financial institutions;
- Vocational and training organisations (KTI);
- Universities and basic research agencies (UNDA);

It's proposed that the BCCI will develop this 'Co-op' with stable leadership, vision, policy and direction and a governance structure to promote this direction from the elected future leader, the key to success being;

- institutional infrastructure including a clear Corporate Plan backed by professional staff who have the trust of the group and are given the opportunity to make decisions and take action in a competitive market place;
- the strategic application of State and Federal grant funds to leverage the maximum level of resource stretch, which can deliver on the ground employment and economic benefits;
- a clear understanding of the potential benefits of tourism, the nature of how the tourism system works at a local and regional level and the 'Co-op's' role in leveraging buy-in and involvement from the private sector, the local community and the regional/state tourism organisations;
- the ability to promote sub-regional and regional outcomes, linkages and partnerships, which can grow the economic pie at a local and regional level. This includes knowing who to contact at a state and regional level and establishing strategic networks of business and funding contacts;
- local product champions who can recognise market opportunity and have the resources to invest.

Systems of innovation which are identified as essential to the 'Broome Cruise Ship Co-op' to be successful must possess a number of elements:

- Economic competence;
- Clustering of resources;
- The existence of networks;
- The presence of productive development blocks;
- Entrepreneurial activity;
- An effective critical mass of resources;
- Institutional infrastructure;
- A leading role of local government;
- The production and distribution of knowledge; and
- The quality of social capital.

The BCCI proposes to use these elements as guiding body to build the 'Co-op' by which coordination and growth of the industry will be managed.

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Forms of revenue for the 'Co-op' to exist will be explored, including a bespoke cruise ship publication. These will be developed on a small-yet-regular scale to cater specifically to each cruise arrival and their timings of visitation offering great benefits to the guests finding their way around Broome to maximise their turnaround time, and those businesses catering to the arrival and departure times.

In order to carry out the vision of the 'Co-op' a Broome Cruise Ship Coordinator will be recruited by the BCCI to focus solely on this role. It is proposed that this role be 20-hour week with a break off-season.

STEP 2: SELL BROOME / GROW CRUISE SHIP ARRIVALS

Marquee ports are world-famous ones, absolutely necessary for every itinerary, as they attract passengers and form the most selling feature of the cruise itinerary. A discovery port is one that is not world-famous, but provides the sense of discovering an unknown treasure.

Broome is arguably a 'Discovery Port' and as such should trade on the excitement of letting guests discover an 'unknown treasure.'

Where can guests discover Broome within a one-day visit?

How can we promote these enhanced experiences to attract further visitation?

How do we communicate to carriers that Broome is capable of fulfilling their destination needs?

How can we involve as many business operators in Broome as possible to build maximum gain potential and momentum for future involvement?

The BCCI will build stronger engagement with Tourism WA's cruise ship division to identify cruise ship companies interested [but not yet committed] to Broome with the aim of directly engaging with those companies. With guidance from the 'Co-op' it will create destination marketing materials to deliver to cruise ship operators in efforts to secure further vessels to Broome.

Additional to marketing collateral to offer passengers, the 'Co-op' will build revenue by clustering small enterprise to offer Broome experiences tailored to suit different tastes – coordinated and delivered to agent for pre-sale on ship from 2017 and beyond [in consultation with agents Abercrombie and Kent]. These could cover interests such as:

- Food
- Fishing
- Photography
- Dinosaurs
- Art Galleries
- Sailing
- Sport (i.e. golf)
- Yawuru traditional Culture
- Broome multi-cultural History
- Music and dance
- Retail therapy

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- Religion (Catholic | Anglican | Baptist | Jahova's Witness etc)
- Meditation and natural therapies
- VVIP (i.e. helicopter to Cygnet Bay)
- Nature and environmental tours (i.e. turtles | birds | seagrass etc)

"To reach an increased number of calls, and the subsequent direct economic benefits, cruise port develop marketing and promotional activities that are not limited to the promotion of the terminals, or other port infrastructure capacities. Cruise ports also promote port-cities and nearby cultural/tourist sites, in an attempt to generate passenger interest and influence the cruise lines' route schedules. Beyond marketing per se, cruise ports develop cluster activities aiming to coordinate operations and allow for uninterrupted processes; or collectively promote the destination with other stakeholders." <http://www.internationaltransportforum.org/jtrc/DiscussionPapers/DP201514.pdf>

Each experience will incorporate retail exposure to maximise opportunity for spend in town.

STEP 3 – INFRASTRUCTURE INVESTMENT

Once the 'Broome Cruise Ship Co-op' is established, it will focus on long term investment to infrastructure such as a cruise ship terminal at the Port of Broome, exploring viability for government assistance (i.e. NORTHERN AUSTRALIA INFRASTRUCTURE FUND).

The aim could be to have a purpose-built terminal in Broome by 2020 with the invested interest of a cruise line company – a trend which has started abroad.

"The cruise industry has grown considerably over the past 25 years. Within this context, the ports and passenger terminals" organization and services offered to the cruise line companies has subsequently undergone a substantial transformation. We can observe that at present an increasing number of cruise terminals are managed or partially managed by the cruise line companies, so the possible partnerships between private and public actors (port authorities, cruise terminals, cruise line companies) play a significant role in the management decisions and in the level of efficiency and performance of cruise terminal operations.

... technical handling capacity is often inadequate, so in recent years cruise companies have begun to invest in companies that manage port infrastructure through concessions. This trend is confirmed in an analysis of the Italian Mediterranean ports Di Vaio et al. (2011), where we observe a growing presence of cruise companies in the ownership structure of cruise terminal companies so that they may directly control the operation of the passenger flows. According to the World Bank (2008), terminal investments are attractive to the cruise companies because their aim is to improve the efficiency and quality of the cruise services. In Italy this privatization process has been growing rapidly since 2004; and we can observe that some cruise companies are progressing from cruise infrastructure customer to cruise terminal owner. "

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BUDGET

It's requested that the Shire of Broome offer an up-front commitment for FY 2016/17 of \$50,000 in order to have the above plan in full activation by early 2017.

With further consultancy and organisational structure of the 'Co-op' the aim is to have the entire venture self-sustainable by July 2018.

Cruise ship budget March - Jun 2016			
	Expense	Income	
Remaining funds from JV		9000	
Coordinator March to June 2016 (6 x 1200)	7200		
Welcome facility Chinatown	0		
Welcome facility Cable Beach	1000		
Administration	2000		
Marketing and consumables	3800		
	14000	9000	-5000
<i>N.B. Shortfall would need to be met by interested stakeholder</i>			
Cruise ship budget FY 16/17			
Cable Beach welcome party	5000		
Chinatown welcome party	5000		
Develop strategy for 2020	5000		
Coordinator ongoing (\$30 x 20hr week)	30000		
Travel expenses	3000		
Printing and design - brochures	20000		
Initial investment private enterprise		20000	
Targeted industry marketing for fleet growth	20000		
Administration	7200		
Publicity and promotion c/- BCCI	0		
Shire funding FY 16 17		50000	
	95200	70000	-25200
<i>N.B. Shortfall will be applied for via 2016 Community Chest funds via KDC</i>			

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CASE STUDY 1: PortMiami

Cruise lines are increasingly funding their own ports rather than waiting for the countries and destinations to take on the projects, as two recent examples demonstrate.

In the Dominican Republic, Carnival Corp. is getting ready to open an \$85 million port on the country's north coast, where it will shoulder the cost of construction along with a local partner.

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And closer to home, Royal Caribbean Cruises Ltd. is negotiating to build a terminal at PortMiami in which it will invest in excess of \$100 million, according to a Miami-Dade County document.

Among the factors driving the change is the improved financial capability of the cruise lines and the diminished or continued incapacity of local jurisdictions to fund such projects.

The Dominican Republic, like much of the Caribbean, has more financial needs than resources. Its government is in the midst of a national campaign to raise education from 2% of the national budget to 4%.

To get a new Dominican port built, Carnival stepped in and basically created it. Amber Cove will be the most expensive private port project to date in the region.

PortMiami, as noted in the county document, has taken on several large financings in the past two years in the range of \$585 million.

"While it may have been possible to undertake port-backed financing for this cruise terminal, PortMiami is heavily leveraged and prefers to take on a private partner for this project," the document said.

Royal Caribbean will bear the full construction cost for the terminal, parking garage, ancillary facilities and any bulkhead work. The port will pay for environmental testing and remediation, if needed, provision of utilities and channel dredging.

Royal can bring in partners to help with financing. The county will require it to maintain a 20% ownership stake, however.

As the owner, Royal will pay rent to the county and gets to control the terminal. Although use of the terminal by non-RCCL cruise lines is at the county's discretion, Royal has preferential berthing rights.

Of course, the cruise lines are financing projects that are going to be around for their benefit for a long time. Amber Cove will be heavily used by Carnival for decades, barring an act of God or revolution.

And Royal's understanding with the port calls for a 20-year lease with four optional 10-year extensions. After that, 60 years from now, the project reverts to the county..

<http://www.travelweekly.com/Cruise-Travel/Insights/Lines-port-projects-a-sound-investment>

CASE STUDY 2: Tiwi Islands

French cruise ship docks in NT's remote Tiwi Islands with tourists expected to spend \$250k on art

A luxury French cruise ship is the first international liner to drop anchor at a remote community on the Tiwi Islands north of Darwin, delivering hundreds of high-end tourists hunting for art and unique experiences.

Two hundred international tourists visited the community of Wurrumiyanga on Thursday, curious about the local culture and keen to cash in on high-end local art.

"It's a surprise for us to discover this number of children ... it's very alive, very dynamic," one French visitor said.

"We did not know this kind of dancing and it's a good discovery for us."

There were a few well-healed French art lovers who purchased some very major pieces so we're very excited about that

The tourists packed into the local school hall and battled the extreme humidity to watch a traditional welcome ceremony.

Tiwi locals performed a number of dances including a traditional performance about the Bombing of Darwin.

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"The dancing was very interesting ... we are discovering this culture, we don't know this culture in France," another tourist said.

The ship's captain, Michael Debien, said it was difficult to enter the community because of the narrow channel leading into that part of the islands.

The vessel anchored a few hundred metres from the shore of the community, and visitors took smaller boats to come ashore.

"This is our first time in Tiwi Islands ... we tried and it wasn't so easy to come here but we have a very good reef pilot on board and with his help, we managed to arrive here at anchor," he said.

"It's a very narrow place for this kind of vessel but it's really beautiful."

Chief Minister says cruise ships untapped tourism opportunity

The Northern Territory Chief Minister supported more cruise ships going to remote communities but said infrastructure to support the vessels was one of the main hurdles.

"One of the biggest challenges we have is what I would call the enabling environment or infrastructure to encourage and allow people to come into communities," NT Chief Minister Adam Giles said.

"Those are the sort of investments that are really important."

The French visitors said art was one of the main priorities of the trip.

"I'd like some paintings, paintings on wood and other materials," one visitor said.

The Northern Territory Government estimated the tourists would spend about \$250,000 on art alone in the community.

"There were a few well-healed French art lovers who purchased some very major pieces, so we're very excited about that," Tiwi Arts Centre manager Steve Anderson said.

"The money definitely goes back into community and helps greatly."

Mr Anderson said it was a two-way street, allowing both locals and the tourists to experience different cultures.

"We certainly would like to see more from a financial perspective but just in the case of engaging with the outside world."

Tiwi artist Mario Munkara endorsed the visit and said he wanted continued support from the Government to keep tourism on the islands going.

"We want more tourists to come here and experience our culture and Tiwi life," Mr Munkara said

Source: [http://www.abc.net.au/news/2016-03-03/french-tourists-expected-to-spend-\\$250k-in-remote-tiwi-islands/7218370](http://www.abc.net.au/news/2016-03-03/french-tourists-expected-to-spend-$250k-in-remote-tiwi-islands/7218370)