



Regional NSW Cruise Industry Development Specialists Project

BUSINESS CASE

October 2023



Supported by



Project Context

This project has been delivered by Destination Southern NSW ¹ and funded by a Regional NSW Business Case and Strategy Development grant.

“The Regional NSW Business Case and Strategy Development Fund aims to support local councils, joint organisations of councils, not-for-profit, industry and Aboriginal community groups develop business cases or strategies for projects delivering significant economic or social benefits to regional communities, with a focus on infrastructure.

The funding will help organisations build their capacity to plan for and deliver projects and regional development initiatives. The program will also help to build a pipeline of investment-ready projects for future funding opportunities” ²

The business case presents a powerful argument to support investment into cruise coordinator roles.

Thank you to Destination Sydney Surround South, Destination Sydney Surround North, Destination North Coast, Destination NSW, and our very engaged Steering Committee ³ for your contributions. Thank you cruise industry specialists Tammy Marshall, The B Hive, Simon Smith, AEC Group, and James Paterson, JMP Consultants for your expertise in producing the business case.

And finally, thank you to our wonderful cruise coordinators, their teams, and the volunteers who have done so much to establish the cruise sector as a key element of the NSW tourism industry.

Next Steps

The next step in this project is to deliver this business case to potential funding agencies or programs. If you are aware of such a program, please get in touch, info@dsnsw.com.au. We are committed to realising the full potential of our industry via the pivotal role played by our cruise coordinators.



Richard Everson
General Manager
Destination Southern NSW



¹ <https://dsnsw.com.au/>

² <https://www.nsw.gov.au/grants-and-funding/regional-growth-fund/regional-nsw-%E2%80%93-business-case-and-strategy-development-fund>

³ See Attachment B for a list of project Steering Committee members

KEY PROPOSAL DETAILS

PROPOSAL INFORMATION	
Proposal name	Regional NSW Cruise Industry Development Specialists Project
Lead proponent	TBC
Lead proponent ABN	TBC
Proposal partners	TBC
LEAD CONTACT	
Name	TBC
Position	TBC
Phone	TBC
Email	TBC
Address	TBC
PROPOSAL SCOPE	
Proposal summary for publication	<p>The cruise industry is a key economic driver for the NSW visitor economy, and the NSW Government has readily identified the value of the cruise industry by investing significantly in regional port infrastructure.</p> <p>With increasing cruise visits to regional NSW ports, the current cruise coordinators, who are responsible for coordinating the on-shore experience of over 85,000 cruise passengers per annum along with the local volunteers who support them, are now at unsustainable workload levels. Despite significantly increasing cruise passenger visitor numbers, these critical roles within the cruise tourism eco-system are not currently being sufficiently or sustainably funded.</p> <p>This Proposal outlines the rationale for on-going funding for scalable cruise coordinator positions in regional NSW.</p> <p>These proposed positions will capitalise on existing and future demand for cruising in regional NSW, increase visitor expenditure, advocacy and repeat visitation and address key capacity constraints across regional NSW ports.</p> <p>The investment for this Proposal over ten years is expected to be between \$2.25 million (low scenario) and \$3.75 million (high scenario) (in \$2022/23).</p> <p>Over 10 years, the total net benefit, less net cost, would yield between \$41.8 million and \$94.0 million for regional NSW.</p>
PROPOSAL LOCATION	
Proposal address	TBC
Local government area	TBC
NSW electorate	TBC
Federal electorate	TBC
SUPPORTING INFORMATION	
Attachments	<ul style="list-style-type: none"> A. Stakeholder consultation B. Case Studies from domestic & international cruise destinations C. Letters of support from key stakeholders

DOCUMENT INFORMATION

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GLOSSARY

\$ 2022-23	Dollar values in 2022-23
ACA	Australian Cruise Association
CBA	Cost benefit analysis
CLIAA	Cruise Line International Association Australasia
Crew expenditure	Expenditure by crew onshore
Cruise line expenditure	Expenditure by cruise lines on administrative and professional expenses (including advertising and promotion), fuel, food and beverages, travel agent commissions, port charges and fees, shore excursions, ship maintenance and other operating expenses
Economic output	Output or more accurately cruise tourism output is estimated by removing cruise taxes and subsidies and imports from cruise tourism expenditure
Passenger expenditure	Expenditure by passengers onshore. Does not include the cost of the cruise.
Total economic output	Economic output plus indirect and induced economic output from subsequent spending rounds in the economy from the cruise tourism expenditure

CONTENTS

1	EXECUTIVE SUMMARY	6
2	CASE FOR CHANGE	7
2.1	BACKGROUND	7
2.2	RATIONALE FOR INVESTMENT	17
2.3	STRATEGIC ALIGNMENT	20
2.4	EXPECTED OUTCOMES	22
2.5	STAKEHOLDER & COMMUNITY SUPPORT	24
3	ANALYSIS OF THE PROPOSAL	32
3.1	OBJECTIVES & INDICATORS	32
3.2	THE BASE CASE	33
3.3	OPTIONS CONSIDERED	33
3.4	INFORMATION ABOUT THE PROPOSAL	35
3.5	PROJECTED COSTS	36
3.6	COST BENEFIT ANALYSIS	36
3.7	PROPOSED FUNDING OPTIONS	42
4	IMPLEMENTATION CASE	44
4.1	PROGRAM & MILESTONES	44
4.2	GOVERNANCE	44
4.3	KEY RISKS	44
4.4	LEGISLATIVE, REGULATORY ISSUES & APPROVALS	47
4.5	PROPOSED MANAGEMENT ACTIVITIES	47
5	REFERENCES	48
6	ATTACHMENTS	49

1 EXECUTIVE SUMMARY

The cruise industry is a key economic driver for the NSW visitor economy, and the NSW Government has invested significantly in regional NSW port infrastructure. COVID-19 had an enormous negative impact on the cruise related economy and the many NSW businesses that rely on it. Post COVID-19, the cruise industry has made a strong recovery which sees it almost back to pre-pandemic levels.

NSW is home to one of the world's most iconic and sought-after ports, the Sydney Harbour. The unsurpassed views of the Sydney Opera House, Sydney Harbour Bridge and the Harbour's iconic vista saw 1.3 million passenger visit days in 2022-23.

Port Authority of NSW (PANSW) has looked to maximise the demand for Sydney from the cruise industry to drive cruise ship visitation to regional NSW ports like Eden, through key incentive programs for cruise lines. These incentives have proved highly effective, and PANSW are now looking to introduce similar incentives to encourage increased stopover visits to the port of Newcastle.

Unfortunately, the lack of sustainable funding for cruise coordinator staff in key regional NSW ports is set to put the Federal, Local and NSW Government's significant investment in regional NSW port infrastructure, along with the economic output derived by regional NSW from cruise tourism, at risk. as there has been no on-going provision for funding of critical cruise coordinator staff in key regional NSW ports.

Cruise coordinators play a critical role in planning with cruise lines, tour operators and volunteers on cruise visits, dispersal, transport, timing and other on shore logistics. They also play a vital key role in pre and post visit planning, reporting and evaluation, volunteer management and vital local community and business engagement. If there is an increasing lack of organisation, coordination and structure around cruise ship visits to regional NSW ports, this will not only frustrate the cruise lines and their passengers, but also the local regional communities and with it the potential social license to operate.

Extensive consultation revealed that key stakeholders across the cruise tourism eco-system recognise that cruise coordinators are essential to ensuring the on-shore cruise ship passenger experience is a positive one. Key feedback from cruise line executives suggest that a positive passenger experience is the key decision maker as to whether a cruise line will continue visiting a particular port. These cruise executives stated that is easier and cheaper for ships to remain at sea rather than visiting regional ports, so the overall visitor experience must be compelling for them to come to shore, and as it evidenced later, this visitor experience is heavily dependent upon the cruise coordinator.

The current cruise coordinator roles are either not being funded, such as in Newcastle, or they are under-funded, as is the case in Eden. Despite significantly increasing cruise passenger visitor numbers, these critical roles within the cruise tourism eco-system are not being sufficiently or sustainably funded.

As a result, the Australian, Local and NSW Government's significant infrastructure investment in regional ports and NSW's overall reputation as a cruise destination may be at risk. This Proposal outlines a clear rationale for on-going funding for scalable cruise coordinator positions in regional NSW, which would grow in line with the former PANSW Cruise Development Manager's resourcing ratio matrix to enable the effective management of the projected increase ship visits to regional NSW ports. The proposed funding for cruise coordinators will help regional NSW to capitalise on existing and future demand for cruising. The roles secured with the funding will enable regional NSW to increase visitor expenditure, advocacy and repeat visitation while addressing key capacity constraints and leverage significant existing NSW Government investment in the cruise industry across NSW.

The expected investment for this Proposal over ten years is expected to be between \$2.25 million (low scenario) and \$3.75 million (high scenario) (\$2022/23). Over 10 years, scenario analysis indicates that the proposed cruise coordinator positions are expected to assist in delivering additional cruise visitor expenditure of between \$26.7 million and \$61.7 million in regional NSW (\$2022/23). The total net benefit less net cost would yield between \$41.8 million and \$94.0 million for regional NSW.

2 CASE FOR CHANGE

2.1 BACKGROUND

2.1.1 THE CRUISE INDUSTRY IN AUSTRALIA AND THE POST COVID-19 RECOVERY

Australia's last full year of cruise operations before COVID-19 was in 2018/19, when there were 3.5 million passenger days spent in Australian ports. Cruise tourism's total annual economic value to the Australian economy was valued at \$5.2 billion across 2018-19 and it supported more than 18,000 Australian jobs. (CLIA, 2019)

Despite the impact of COVID-19 on global and local cruising, and despite a limited number of ships in the Australian region (and what amounted to only half a year of full operations), the Cruise Line Industry Association (CLIA) Source Market figures for 2022/23 showed that the Australian cruise market made a swift recovery from its pandemic suspension.

CLIA Chairman for Australasia, Ben Angell, recently commented that cruising's revival had continued to gather pace well into 2023.

"Cruising resumed in Australia with just a handful of ships, but by the end of summer this year [2022/23] we had welcomed more than 40 international vessels to local waters. By next summer [2023/24] we expect to welcome around 60 international cruise ships to local waters, which is similar to 2019 levels."

"Worldwide, CLIA forecasting shows that cruise passenger volumes will return to pre-pandemic levels by the end of this year [2023] and that cruiser sentiment is going from strength to strength. In a recent CLIA survey, 81% of Australian cruisers said they will cruise again, which is back at similar levels to 2019. Travel agents are reporting strong demand for cruises well into the future and the Australian cruise industry is on track to catch up to the rest of the world quite swiftly."

Cruise tourism in Australia has seen significant average annualised growth of over 17.5% between 2004/05 and 2018/19¹, and while COVID-19 had a negative impact on Australia's cruise industry the data points toward a reasonably swift recovery.

But what exactly is meant by the term cruise tourism? Joel Katz, CEO of CLIA, summed it up this way during the stakeholder consultation process.

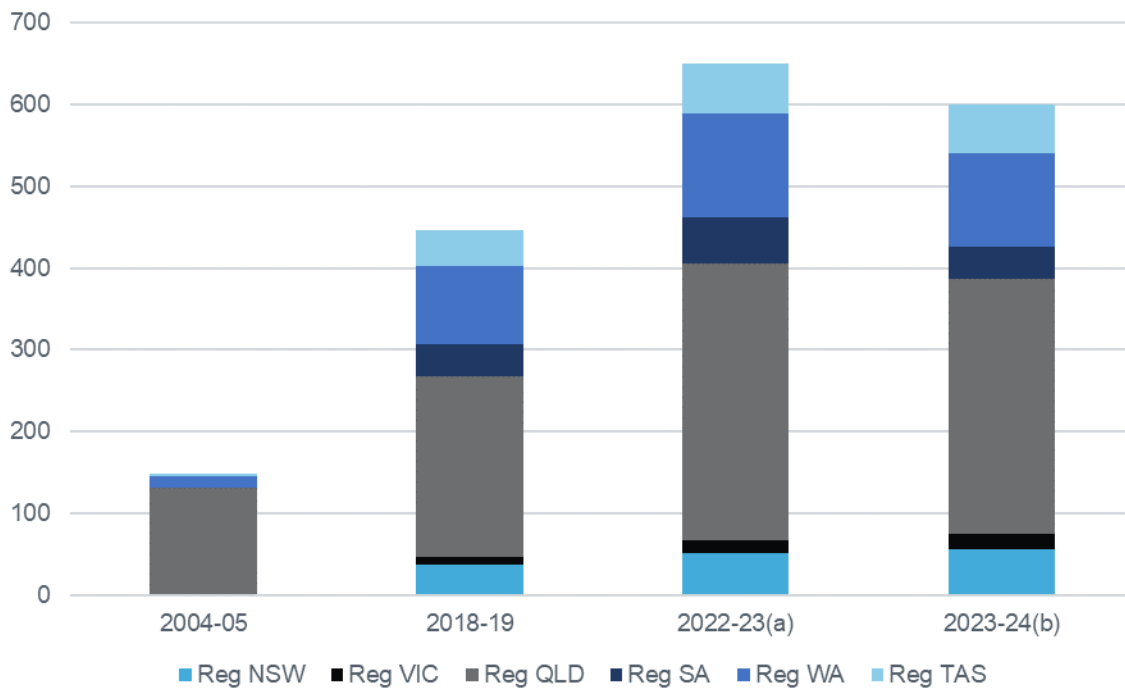
"To say 'cruise tourism' is to say, 'managed tourism'. It is planned and scheduled tourism. Ports and communities know who is coming and when, often months and years ahead. They can therefore use the opportunity to work with cruise lines and tour operators on planning, dispersal, transport, timing and other logistics."

The ability to take advantage of the growth in cruising in Australia's regional NSW ports is being constrained by the current lack of operational funding for cruise coordinators.

Later in this section, further detailed analysis is undertaken of the critical role local cruise coordinators play in the cruise ship eco-system which demonstrates their value and the risks associated with not adequately resourcing them in a sustainable way. Other States of Australia have seen the growth in cruising as an opportunity to boost their economies. As such, they have placed a strong emphasis on supporting and growing the positive impact of cruise tourism on their visitor economies. These other States have done this by committing financial and human resources to maximise the economic and social benefits of cruising across their States.

As can be seen by the chart and table below, other States of Australia are growing regional cruising at a greater rate than NSW.

¹ Source: AEC

Figure 2.1 Regional cruise ship visits


Destination	2004-05	2018-19	2022-23(a)	2023-24(b)
Regional NSW	1	37	51	56
Regional VIC	0	10	16	19
Regional QLD	131	221	338	312
Regional SA	0	39	57	39
Regional WA	14	95	127	115
Regional TAS	3	44	61	59
Regional NT	0	3	0	NA
Other Territories	0	11	7	NA
Regional Australia	149	460	657	600

Note: (a) Preliminary. (b) 2023/24 includes only the following ports:

- Reg NSW = Batemans Bay, Eden, Port Kembla, Newcastle, Trial Bay
- Reg VIC = Geelong, Phillip Is, Portland
- Reg Qld = Moreton Is, Mooloolaba, Gladstone, Whitsundays, Townsville, Cairns, Yorkeys Knob, Port Douglas, Cooktown, Lizard Is, Thursday Island
- Reg SA = Kangaroo Is, Port Lincoln
- Reg WA = Albany, Broome, Esperance, Exmouth, Geraldton, Margaret River, Wyndham
- Reg TAS = Burnie, Port Arthur

Source: ACA, CLIA, AEC

The NSW Government, via Destination NSW, is increasing support for the cruise industry to ensure tourism, jobs and economic growth across NSW.

In line with the NSW Visitor Economy Strategy 2030, Destination NSW has appointed new roles to work with the cruise sector to develop new opportunities for Sydney and regional NSW. This includes:

- Destination NSW's Product Development team, delivers initiatives that build business capability to help visitor economy businesses to develop, promote and sell their products.

- Product Managers support visitor economy businesses to further develop experiences aligned to the state's key strengths including cruise, rail, road and air.

Further the NSW Government has established seven Destination Networks as the 'shopfront' for Destination NSW in regional NSW that work closely with local government, local tourism organisations and a diverse network of visitor economy businesses. These Destination Networks work with Destination NSW to develop and deliver regional funding programs and promotional activities; product development including cruise-related on-shore attractions; supporting the development of visitor experiences, products and building industry capacity and local skills.

Opportunities for further collaboration will also be leveraged via Destination NSW's 2023 Gold Executive Partnership with CLIA and a Platinum State Tourism Organisation membership of the Australian Cruise Association (ACA).

Destination NSW also worked earlier this year with PANSW to produce a revised Cruise Sydney & NSW – *Along the Blue Highway* guide, which is used to showcase NSW cruise ports and experiences to cruise lines and other key stakeholders.

The development and distribution of cruise shore excursions, including tours and visitor attractions, is also being supported in order to increase visitor economy outcomes from visiting cruise ships. This includes workshops and resources through the NSW First Program and familiarisation visits for cruise ground handlers.

2.1.2 THE CURRENT CRUISE INDUSTRY IN NSW & A KEY RISK TO ITS FUTURE SUCCESS

Currently, Sydney Harbour is the marquee port destination in Australia with both domestic and international cruise passengers able to enjoy the sights of Sydney including the Sydney Opera House, Sydney Harbour Bridge and the ability to berth in the heart of Sydney's CBD. As such, Sydney consistently attracts cruise ships to its port, and indeed, during cruise season there are more cruise ships wanting to berth in Sydney than there are berthing facilities, with many of the newer and larger ships only able to berth at the Overseas Passenger Terminal (OPT) at Circular Quay as they are too high to fit under the Sydney Harbour Bridge in order to access the White Bay Passenger Terminal.

As such, very little needs to be done to attract ships to Sydney during peak cruise season, and demand for its port facilities are unlikely to decline, even if a solution is found to enabling more ships to berth elsewhere in Sydney, other than at the OPT.

As both a key turnaround and stopover port, ships berthing in Sydney generated in excess of \$3 billion in 2018/19 in total economic output to Sydney. By comparison, the estimated economic impact of cruise tourism on regional NSW ports and their surrounding regions was \$24.7 million.

NSW has a total of eight regional ports, namely:

1. Batemans Bay
2. Coffs Harbour
3. Eden
4. Kiama
5. Newcastle
6. Port Kembla
7. Trial Bay
8. Yamba

Of these regional NSW ports, only four are currently active, with Eden the most significant with 41 cruise ships scheduled² to visit over the upcoming 2023/24 cruise season. The other active ports are Newcastle,

² As at 03/09/2023 according to Eden Cruise Schedule | Port Authority New South Wales (portauthoritynsw.com.au)

which receives only around 50% of the cruise ship visits that Eden does, as well as Batemans Bay and Trial Bay in South West Rocks. Both of these latter ports receive very few cruise ships each year (i.e., 1-2) and although both local regions are keen to support the sustainable growth of cruise tourism, logistically they can only take smaller ships (most often Expedition ships of less than 100 passengers) and they both require anchorage in sheltered bays as there are no berthing facilities. Therefore, cruise passengers have to disembark onto smaller boats (tenders) before being able to visit either destination.

Currently, both Port Kembla and Newcastle are the largest regional NSW ports, however, both are active working ports. In the past these ports have focussed on maximising the number of container and raw material ships using their port facilities. Both ports are privately owned and have made a commercial decision to focus on catering for container and raw materials ships, which has seen limited numbers of cruise ships visit these ports.

The other ports along the regional NSW coastline such as Coffs Harbour, Kiama and Yamba either suffer from; the inability to host larger ships as their bays are too shallow; no existing wharfs or pontoons; no accessible anchorages; or they are located in communities which may not fully understand the value of cruise tourism.

To encourage cruise line operators to visit regional NSW ports, PANSW implemented a highly strategic incentive scheme, which incentivises cruise lines by allocating points for berthing in Eden, NSW, which provides preferential aggregated access to use the Sydney Harbour's highly desired OPT. At present, Newcastle has not been a port that is part of the PANSW incentivisation scheme above.

However, the biggest and most critical challenge for the active regional ports is having sufficient human resources not only on cruise ship days, but also for pre and post visitor planning as well as a designated cruise coordinator and assisting Destination NSW with cruise-ready tourism product and capability. Currently there is only one partially funded casual cruise coordinator resource in Eden, supported by volunteers, while discussions are continuing regarding potential funding for a casual cruise coordinator resource in Newcastle.

2.1.3 THE FUTURE OF REGIONAL NSW CRUISING – GROWING BUT STILL AT RISK

The short and long-term future for the cruise industry in NSW, at least in theory, appears very promising, and therefore the NSW Government has the potential opportunity to further leverage its existing significant investment in port infrastructure and services across the entire State.

Demand from cruise lines to berth cruise ships at the OPT in Sydney continues to be during peak cruise season. However, in key regional port locations across NSW, a key element of ensuring that cruise passengers have an excellent on shore experience is at significant risk, as a result of a lack of on-going funding for cruise coordinators in regional ports in NSW.

The NSW Government has invested tens of millions of dollars into new port facilities to assist and grow the cruise industry in NSW. For instance, the NSW Government invested in three major projects in Eden alone, including the following:

- Eden Cruise Wharf - \$44 million of NSW, Australian and Local Government funding.
- Eden Welcome Centre - \$7 million of NSW Government funding (PANSW)
- Eden Safe Harbour project - \$27 million of NSW Government funding (Transport for NSW)
- Batemans Bay floating pontoon (Transport for NSW)

In addition, the successful incentive scheme put in place by PANSW has seen increasing growth in the number of cruise ship visits to Eden, which is providing a significant return on investment to the NSW Government via a boost to the regional NSW visitor economy.

However, there has been a lack of additional funding for the cruise coordinator role in Eden, as the funding for the role has not grown in line with the significant number of ships now arriving in Eden each cruise season. For example, there were 34 cruise ship visits in 2022/23, 41 are scheduled to visit during 2023/24, 54 ships are currently booked for 2025/26 and there are already over 60 ships booked for the 2026/27 cruise season.

Similarly, the temporary funding of the casual cruise coordinator role located in Newcastle ran out after the end of the 2022/23 cruise season, and there is currently no agreement in place for such a role for the upcoming 2023/24 cruise season, when Newcastle has 18 cruise ships already booked for the season.

As a result, the NSW Government's significant infrastructure investment in regional ports and NSW's overall reputation as Australia's premier cruise destination is now at risk.

This is due to key cruise industry stakeholders failing to provide the necessary funding to ensure a positive experience for both the cruise line operators and their many disembarking passengers in regional NSW.

2.1.4 THE VITAL ROLE OF CRUISE COORDINATORS IN THE CRUISE ECO-SYSTEM

Cruise coordinators play a critical role in planning with cruise lines, tour operators and volunteers on cruise visit planning, dispersal, transport, timing and other on shore logistics.

Cruise coordinators are essential to ensuring that the on-shore cruise ship passenger experience is a positive one, and ultimately, the feedback from cruise line operators is that a positive passenger experience is the key decision maker as to whether a cruise line will continue visiting a particular port. Ultimately, the cruise line operators' feedback is that it is easier, and cheaper for cruise ships to remain at sea, rather than visiting regional ports, so the visitor experience needs to be compelling for them to continue to want to do so.

Claire Willis, Commercial Manager from A&K summed up the critical role that cruise coordinators play in the cruising eco-system:

“Success is found in ports where a single point of contact becomes the glue. A cruise coordinator plays a pivotal role on cruise days as they are the bridge, and act as the operations expert and the communicator between all stakeholders”.

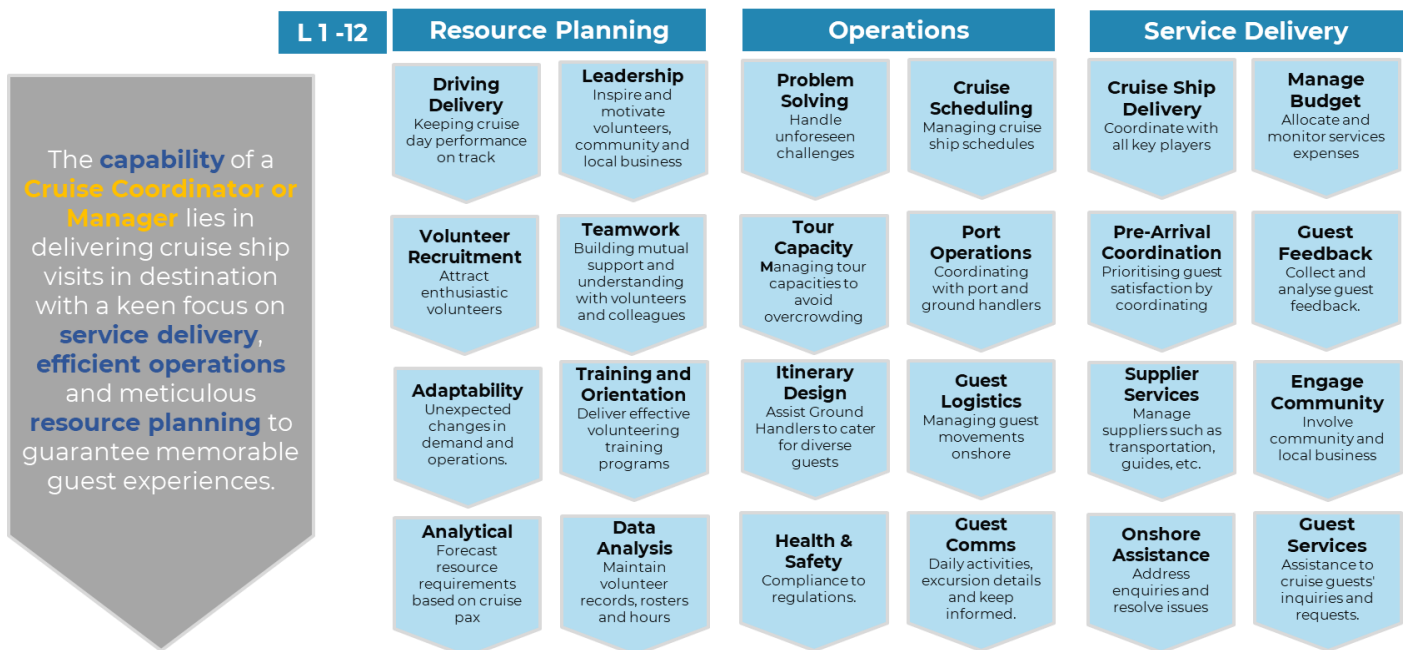
Cruise coordinators are quite often overlooked and sometimes viewed as only important on the day that the cruise ship comes into port. However, as Joanne Brown, Commercial Development Officer for *Intercruises*, stated:

“Preparing for a ship visit is like organising an event every time a ship comes in.”

Events are not simply planned and put on the same day they occur. They take significant organisation and bringing together of all key stakeholders. It is exactly the same scenario for cruise coordinators. While they are often working 12-hour days, or longer, when a ship comes into port, they undertake significant planning and logistical organisation, some of which needs to be undertaken sometimes many months in advance.

The below diagram articulates the detailed intricacies of a cruise coordinator's role, which are extensive and require a very unique skill set. It should be noted that other key cruise stakeholders also assist in some of the role undertaken by a cruise coordinator role, such as, but not limited to; Destination NSW (product development and familiarisations), ground handlers (cruise line liaison) and PANSW (end of cruise season data and debriefs).

Figure 2.2 Cruise coordinator's role



To provide additional context, the cruise coordinator for Eden (called the Cruise Eden Manager) was able to outline their role and break it into their key tasks and responsibilities over three key time periods, namely:

1. Pre-cruise season which encompasses the months from July through until early September;
2. Cruise season which encompasses the months from mid-September through until March; and
3. Post-cruise season which encompasses the months from April through to June.

Figure 2.3 Cruise coordinator's seasonal key tasks & responsibilities

July / August / September Pre Cruise-Season	September - March Cruise Season	April - June Post Cruise Season
<ul style="list-style-type: none"> EOFY Reporting to MOU Partners Financial Reconciliations Taste of Eden (TOE) planning, funding, grant applications, coordinating all stakeholders and stall holders Contracting Sapphire Coast Bus lines Supplier Engagement – Tour operators, attractions (old and new) and introduce to ground handlers and visitor centre. Debrief on cruise season and prep for new season Release next season cruise schedule Open Cruise Market Applications including T&C's Update cruise ship portfolio of information Recruitment of volunteers and paid staff Uniforms Attend ACA Conference Port Authority Inductions – onboarding security and safety Pre-season Community Meeting including local businesses Training of Tour Guides / Welcome Ambassadors Ground Handler Communications – what tours are selling Event Planning and set up of Taste of Eden Festival 	<ul style="list-style-type: none"> Preparation for each cruise ship arrival Stakeholder Comms Social Media posts Handle enquiries – passengers, community, local businesses Support ground handler with logistic issues and itinerary edits Liaise with buses, routes, drivers Rosters for volunteers and shuttle coordinator Liaise with independent tour operators Coordinate and arrange maiden visits plaque exchange and guests. Management of Youth Welcome Ambassadors and liaise with school coordinators Roster and allocate cruise market stalls for each cruise visit. Maximise cruise market revenue Manage shuttle bus shoreside ticket sales for a select number of cruise calls Accounting for shuttle bus services Accounting for cruise markets Monthly Board Presentations and Reporting Cruise Days (41) 	<ul style="list-style-type: none"> End of season statistics End of season debrief all stakeholders Feedback to Ground Handlers Finalise Accounts Product Development Community and Media Engagement Cruise Readiness Workshops with local businesses and tour operators Cruise Line liaison Product Development and Famils

As can be seen from the lists above, the need to ensure a positive experience for all key stakeholders, requires cruise coordinators to be responsible for a large range of detailed tasks and responsibilities across the entire year. In essence, the key skill set required of a cruise coordinator are as follows:

- Effective communication skills demonstrated across all levels of seniority including grassroots operational interactions.
- Strong interpersonal skills and strategic management of relationships across diverse stakeholders and fostering collaborative partnerships including managing and motivating a large team of volunteers.
- Event management skills required to deliver multiple cruise ship visits which encompasses planning, coordination and organisational abilities, effective logistics management and adept problem-solving capabilities.
- Operational management background with skills in planning, process optimisation, resource allocation and quality control.
- Understanding the tourism carrying capacity of their destination.
- Being a superior project manager.

The critical issue, however, is that in order to adequately undertake the significant workload requirements above and to deliver it effectively to meet all key stakeholder requirements, has meant that this role in Eden has become essentially a full-time role.

However, the current situation is that this role only has current funding for a maximum of \$30,000 per annum as a casual position, based on the total number of hours worked.

This current funding is only guaranteed for the upcoming 2023/24 and 2024/25 cruise seasons, but even it is not sufficient to cover the Cruise Eden Manager's casual hours for the upcoming 41 scheduled cruise ships visits when they work over 12 hours per day on the day the cruise ships are in port.

Similarly for the port of Newcastle, there is currently no funding for a cruise coordinator to manage the 18 cruise ships booked for this coming 2023/24 cruise season.

2.1.5 DETERMINING THE SCOPE OF A CRUISE COORDINATOR ROLE

Given that some NSW regional ports like Eden receive far more cruise ship visits than other ports, the role of the cruise coordinator naturally becomes more time consuming and complex, the greater the number of cruise ship visits increase.

So how can a clearly articulated role for a cruise coordinator, and the time required to fulfil that role, be determined?

To deal with this key issue, the former PANSW Cruise Development Manager designed the following human resourcing ratio matrix below, which provides clear guidelines on the number of days per year (where ship visits exceed 30) or during the cruise season (where ship visits are less than 31) a cruise coordinator is required for each regional NSW port where cruise ships will be visiting.

Figure 2.4 Workdays required to ship visit ratio

Ship visits	Workdays	Duration required
1 - 9	1 day per week	Only during the cruise season
10 – 20	2 days per week	Only during the cruise season
21 – 30	3 days per week	Only during the cruise season
31 - 50	4 days per week	Required for the full year
50+	5 days per week	Required for the full year

Note: Cruise season is generally 6-8 months September/October to March/April.

Source: PANSW

Based on the above guidelines above for cruise coordinators:

- The port of Eden should have a cruise coordinator working 4 days per week across each year. This equates to a total of 208 workdays across any given year.

- The port of Newcastle should have a cruise coordinator working 2 days per week during the cruise season duration of six months. This equates to a total of around 52 workdays across any given year.

As is clearly articulated below, neither port currently has a funded cruise coordinator to these minimums stipulated.

2.1.6 THE CURRENT CRUISE COORDINATOR ROLES IN REGIONAL NSW PORTS

Currently the only funded human resourcing dedicated to regional NSW **cruise development** (i.e. maximising the number of cruise ships visiting NSW ports) and **cruise experience delivery** (i.e. cruise coordinators ensuring the on-shore experience is both a positive for disembarking passengers and maximising the economic benefits to the local NSW region where the port is located) are as follows:

Table 2.1 Current regional NSW cruise resourcing

Position	Funder	Total level of Funding	Number of days worked / funded
PANSW Cruise Development Manager	PANSW – 100%	Circa \$135,000 including on-costs	365 days per year
Cruise Eden Manager (cruise coordinator role)	PANSW - \$15,000 Bega Valley Shire Council (via a grant) - \$15,000	\$30,000 to an independent contractor	@ casual rate of \$60 per hour = 500 hours Which essentially only equals the hours required to attend 41 x 12.5-hour cruise days, with no allowance for any pre or post cruise tasks and responsibilities.
Newcastle Cruise Coordinator	For the 2022/23 cruise season, PANSW and Dest. Sydney North & Surrounds both contributed \$15,000 each. No funding as yet for 2023/24 cruise season.	2022-23 - \$30,000 2023/24 - \$0	@ casual rate of \$60 per hour = 500 hours Which essentially provides for 18 x 12.5-hour cruise days plus an additional 275 hours (or just over 34 x 8-hour days) to undertake the pre and post cruise tasks and responsibilities.
Other regional NSW ports	Local regional Councils	\$0 or absorbed by local regional Councils	As most of the other regional NSW ports either do not have any cruise ship visits or the cruise ship visits are so low any required time and the human resourcing has been absorbed by the respective local Councils in the case of Batemans Bay (Eurobodalla) and Trial Bay (Kempsey).

Source: PANSW

As can be seen from the table below, Eden is expected to have at least 41 cruise visits over the 2023/24 cruise season, which is an increase of 128% since the time the cruise coordinator role was initially funded.

However, there has been no commensurate funding increase to take into account this significant increase in cruise ship visits from 34 in 2022/23 to 41 in 2023/24.

Similarly, Newcastle is scheduled to have 18 cruise ship visits over the 2023/24 cruise season which is 29% increase in the cruise ship visits from 2022/23, and yet there is currently no funding for a cruise coordinator role in this port.

Table 2.2 Regional NSW cruise activity

Port	Cruise Ship Visits 2019/20	Cruise Ship Visits 2022/23	Cruise Ship Visits 2023/24(b)	Percentage increase in cruise ship visits since funding provided	Number of Cruise Passengers 2022/23
Eden	18	34	41	128%	50,217
Newcastle	12	14	18	29%	12,846
Batemans Bay	2	2	2	0%	530
Trial Bay	1	1	1	0%	104
Port Kembla	0	0	0	N/A	0
Yamba	0	0	0	N/A	0
Kiama	0	0	0	N/A	0
Coffs Harbour	0	0	0	N/A	0

Note: (a) scheduled – see Table 3.3

Source: CLIA, PANSW, AEC

2.1.7 THE SIGNIFICANT RISKS OF NOT FUNDING NSW CRUISE COORDINATOR ROLES

While NSW has arguably Australia’s most iconic port in Sydney Harbour and it has benefited greatly from the increase in popularity of cruising in Australia, the same cannot be said for regional NSW.

Eden has undoubtedly been an outstanding case study in how to turn a small fishing village into a major transit port which will see 41 ships docking over the upcoming 2023/24 cruise season spending an estimated \$9 million.

This regional economy benefit and success story has been driven by the NSW Government’s (along with both local and Australian Government) investment in strategic port infrastructure, along with the work of dedicated, but overworked casual staff and large numbers of volunteers.

However, in Eden’s case, there is a very real risk that the current workloads on both these key critical sets of cruise service deliverers could easily see Eden incapable of dealing with this increase in port visits.

Indeed, Eden’s ability to deal with 34 cruise ship visits during the 2022/23 cruise season was stretched towards breaking point. It was due to the commitment and support of the Cruise Eden Manager (cruise coordinator) and the Cruise Eden Welcome Ambassadors that the season was considered successful.

During the 2022/23 cruise season, the Cruise Eden Manager worked hundreds of hours of unpaid work to ensure that the cruise passenger visitor experience was a positive one for these 34 visits. Similarly, the mostly elderly, Cruise Eden Welcome Ambassadors (volunteers) were overworked which led to decreasing numbers and increased pressure on the remaining volunteers.

The operation of cruise days has relied primarily on casual resources, a not-for-profit organisation and volunteers. As the cruise ship volume continues to grow, this approach has become unsustainable. Currently there is also no strategic destination delivery plan to drive cruise growth. The absence of a well-defined strategic plan will also likely lead to difficulties in handling the increasing number of cruise ships and passengers.

With 41 ships booked to visit Eden over the 2023/24 cruise season (let alone the 54 ships currently booked for 2025/26 and over 60 ships for 2026/27), Eden is currently facing a major challenge. The current lack of sustainable funding for this cruise coordinator role therefore poses a major challenge for the long-term success of cruise tourism in Eden.

As such, Eden’s (and indeed NSW’s) reputation as a transit port could be significantly impacted in the short term, and possibly be irreparably harmed in the medium term, if urgent funding measures are not implemented to deal with the increasing number of port visits.

A potential counter argument could be raised that most cruise lines have locked in their itineraries for the next two years, meaning many of them are booked to visit Eden across the 2023/24, 2024/25 and 2025/26

cruise seasons due to the two-three-year itinerary planning nature of the cruise industry. In essence, the counter argument would be that the passenger experience does not matter, as the cruise lines will continue to visit.

However, this appears to be a very short-sighted view and will likely lead to even more detrimental long-term visitor economy outcomes. Indeed, this scenario was raised with a senior cruise line executive during the stakeholder consultation process, as follows:

“Should a destination and port experience fail to offer our passengers a positive experience, the most pragmatic course of action becomes clear: to drop the port visit and add another sea day to the itinerary. In this scenario, we not only economise on port fees but also ensure we do not disappoint our passengers.”

Therefore, while NSW is unlikely to suffer significant negative regional economic impacts over the next 2-3 years, its reputation as the leading cruise destination in Australia is likely to suffer considerable damage, and ultimately, the cruise lines will simply no longer visit regional NSW ports where the passenger experience is likely to be disappointing.

Indeed, the very high expectations of cruise lines of the port destinations they visit was summarised by the Chair of *Cruise Broome*, Shayne Murray, who commented:

“Cruise lines have high expectations. You need to ensure you have quality product, that is reliable and can be delivered.”

Therefore, the current funding of the cruise coordinator roles in Eden and Newcastle is not sustainable on a longer-term basis to ensure that the cruise line’s high expectations of the shore excursion experience is delivered. It is also not scalable, which will be the case as regional NSW ports begin to receive more cruise ship visits into the future.

2.2 RATIONALE FOR INVESTMENT

The current funding arrangement for cruise coordinators lacks scalability to accommodate future growth of cruise ship visits to regional NSW ports, but it also cannot adequately deal with the current levels of cruise ship visitation.

It also fails to take into account the other key tasks cruise coordinators need to undertake, beyond the focus of managing the day when the cruise ships actually arrive, such as:

- Key functions before cruise ship arrival are being neglected such as rostering volunteers and guides, liaising with stakeholders, booking shuttles and event planning;
- Post-ship requirements, including financial reconciliations, research and evaluation, and reporting are also not considered; and
- Critical activities like contracting, and assisting with product and itinerary development, volunteer recruitment and training and community engagement are also ignored.

Therefore, a viable and sustainable resourcing and funding model for regional cruise coordinators in regional NSW ports needs to be found.

If this critical issue is not addressed imminently, there are likely to be key staff losses and cruise visit volunteers who cannot continue any longer.

The implication of not sustainably funding these regional NSW port cruise coordinators, as well as introducing scalability to how they are funded, would almost certainly lead to:

- An increasing lack of organisation, coordination and structure around cruise ship visits to both Eden and Newcastle, frustrating the cruise lines, their passengers and the local regional communities where they disembark;
- Increasingly poor (or unavailable) on-shore experiences for cruise ship passengers in those regional NSW ports and destinations;
- Cruise line and passenger dissatisfaction with the port and destination experience;
- Increasingly poor reputational issues for these regional NSW destinations;
- Steadily declining regional NSW port bookings;
- Broader reputational issues for NSW's primacy as the leading State for domestic and international cruise visitors;
- An increasingly diminishing return on investment for the large-scale investments that the Australian, Local and NSW Governments have made in regional NSW port infrastructure;
- Revenue shortfalls for PANSW, as fewer cruise ships visit its controlled regional NSW ports;
- Rapidly declining levels of economic impact from cruise tourism across regional NSW;
- Putting at significant risk \$24.7 million regional visitor economy total economic output (AEC, 2019); and
- Longer term significant economic and reputational damage to regional NSW destinations, NSW as a whole and the NSW Government.

This Proposal seeks to ensure not only that the sustainable funding of cruise coordinators in regional NSW is addressed, but that it can also maximise the future number of cruise ships visiting regional NSW ports. This in turn will ensure that the growth of on-shore cruise passenger expenditure is maximised, and that those on-shore experiences are very positive for disembarking cruise passengers.

In order for this to occur, there has to be:

- Recognition amongst key cruise industry stakeholders that the current funding of cruise coordinators in regional NSW ports is unstructured, unscalable and unsustainable;
- Significant collaboration needs to occur between key NSW Government stakeholders such as, but not limited to, Destination NSW, PANSW, Department of Regional NSW and Transport for NSW, local

councils and the cruise line industry and each of the key individual cruise lines, in order to maximise the number of cruise ships visiting regional NSW ports;

- Significant collaboration will also need to occur between the incoming cruise lines and each individual ship visiting a regional NSW port, with the local cruise coordinators. These coordinators will be responsible for managing the positive on-shore experience for disembarking passengers in those regional NSW ports;
- Agreement on what the funding mechanism is and who are the funding organisations the roles will reside with.

This rationale is supported by an extremely strong cost-benefit outcomes with projected net benefits less net costs of between \$41.8 million and \$94.0 million for regional NSW.

Given the significant negative implications above of not sustainably funding these cruise coordinator positions, the expected investment for this Proposal of between \$2.25 million (low scenario) and \$3.75 million (high scenario) appears to be a sound investment.

2.2.1 INCREASE CAPACITY TO MEET BOTH CURRENT AND FUTURE VISITOR DEMAND

The Proposal's recommended funding levels and the objective manner this funding level would be decided upon each year would provide the necessary certainty to key cruise industry stakeholders, in particular the funding organisation. It will also provide job certainty to the cruise coordinators themselves, leading to likely greater continuity and ensuring that there is a greater level of consistency in the cruise sector across regional NSW.

As the funding will be governed by the human resourcing guidelines for cruise coordinators (previously outlined), it would enable key stakeholders to understand the number of days that a cruise coordinator would be required for, because each regional role would be linked to the number of cruise ship visits to each and every regional NSW port. This therefore provides certainty of resourcing, cost and the number of days of engagement.

All of these factors will enable the key stakeholders to move forward with confidence, thus enabling the NSW to increase the number of cruise ships visiting regional NSW, and in doing so maximising the economic and future visitation impacts to destinations along the NSW coastline.

2.2.2 PROVIDE HIGH IMPACT, TARGETED REGIONAL NSW SUPPORT FOR CRUISING

NSW is already a nationally and internationally recognised cruise destination and this proposal, builds on that success by providing the capacity for capitalising on the established and growing consumer demand for cruising globally. It not only facilitates NSW's ability to benefit from the current global growth in cruising, but it also enables it to be ready for its increasing growth into the future.

This Proposal is not speculative in its nature. It directly responds to the resourcing and capacity issues which if not addressed imminently, will likely prevent NSW from being able to take advantage of the growth in cruise tourism. It will also prevent a scenario whereby the regional cruising ecosystem in NSW breaks down, and with it, multiple regional NSW jobs, businesses, and NSW's cruising reputation.

The returns on this modest level of investment are very significant, particularly when the negative implications of doing nothing are highlighted, along with its ability to drive significant additional returns into the future (see below).

2.2.3 PROVIDE A COMPELLING REGIONAL NSW PROPOSITION FOR CRUISE PASSENGERS

COVID-19 caused the cruise industry to virtually cease to operate, however, there were significant signs of improvement starting to appear in the latter half of 2022. However, as has been outlined, cruise passenger numbers are expected to be very close to the 2018/19 cruise season by the end of the 2023/24 cruise season.

Regional NSW ports therefore have the opportunity to become compelling propositions for cruise ships to visit, as they offer natural beauty, space, fresh air, nature and new tourism experiences for both domestic and international cruise passengers alike.

2.2.4 SIGNIFICANT NET BENEFITS AS DETAILED IN THE COST BENEFIT ANALYSIS

Over 10 years, the scenario analysis indicates that these sustainably funded and scalable cruise coordinator positions are expected to assist in delivering additional cruise visitor expenditure of between \$26.7 million and \$61.7 million in regional NSW (in 2022/23 dollars). The total net benefit less net cost would yield between \$41.8 million and \$94.0 million for regional NSW.

The above metrics confirm that funding of this Proposal will provide a significant return on investment to the people of NSW, and in particular, regional NSW.

2.2.5 LEVERAGE EXISTING NSW GOVERNMENT INVESTMENT IN KEY TOURISM ASSETS

Critically this proposed Proposal will also capitalise on the strengths of the NSW Government's significant investment in existing regional port infrastructure and its brand reputation as a cruise destination of choice.

The proposed new cruise coordinator funding will be scalable in order to account for the likely future growth in cruise ship numbers, which in turn, will drive increased consumer demand and ultimately make regional NSW ports, cruise destination attractions in their own right.

The Proposal will also enable more NSW, interstate and overseas visitors to experience the diversity of regional tourism experiences that NSW has to offer. It will also provide a key sampling opportunity, which in turn, will likely increase repeat visitation, any by doing so, increase visitor length of stay and expenditure throughout regional NSW.

Both the NSW Government and local tourism operators across regional NSW are set to benefit from this Proposal which is designed to not only address the critical current resourcing constraints, but also enable the cruise coordinator roles to increase to adequately service and manage increasing future demand for cruising driven by the improved visitor experience.

2.3 STRATEGIC ALIGNMENT

The NSW Premier, Chris Minns', stated priority of **building a resilient economy** is in complete alignment with this proposed Proposal funding. In addition, the NSW Government has again recently displayed how important the cruise industry is to NSW, when the Premier personally announced the Government's commitment by lifting COVID-19 protocols related to compulsory vaccinations and mask-wearing for all passengers and crew protocols. NSW tourism Minister, John Graham stated:

"The decision to bring the sector in line with other forms of travel is a sensible way to give visitors an unforgettable and safe experience across NSW's beautiful coastline."³

The cruise industry is also identified as requiring NSW Government support, and that it is a key driver of the NSW visitor economy, in numerous NSW Government plans including, but not limited to the following:

NSW Government

Cruise specific strategies, plans and resources

- NSW Cruise Development Plan, July 2018
- Cruise Sydney & NSW, Along the Blue Highway, March 2023
- NSW Ports 2019–2023 Port Development Plan

Tourism specific strategies and plans

- NSW Visitor Economy Strategy 2030
- NSW Statewide Destination Management Plan, February 2019
- South Coast Marine Tourism Strategy

NSW Regional Destination Networks

Destination Management Plans

- Destination Southern NSW
- Destination Sydney Surrounds North
- Destination Sydney Surrounds South
- Destination North Coast

Australian Government

- THRIVE 2030

Local Government

Economic Development/Tourism

- Bega Valley Shire Council (Port of Eden)
- Coffs Harbour City Council
- Newcastle City Council (Port of Newcastle)
- Wollongong City Council (Port Kembla)
- Kiama Municipal Council (Kiama)

Tourism

- Macleay Valley Coast DMP, 2019/29
- Destination Wollongong DDP, 2013

³ NSW sails towards normality with the lifting of COVID cruise ship protocols, NSW Government Press Release: 28 Aug 2023. Released by: The Premier, Minister for Health, Minister for Tourism

In particular, the NSW Cruise Development Plan 2018 states the following in relation to the impact of the cruise industry in regional NSW:

“As interest in Australian coastal cruises grows, development of regional ports and communities will also increase. When cruise ships visit regional ports local businesses benefit leading to jobs creation, which further benefits the local and broader regional community.⁴”

It also clearly recognised that the NSW Government needed to capitalise on its investment in regional NSW port facilities:

“The regional ports of Newcastle, Eden and more recently Port Kembla are increasingly being added to cruise itineraries, rewarding the commitments made by the NSW Government and these regional port communities to developing tourism products and port facilities needed to support cruise industry growth.⁵”

It also highlighted how important NSW’s reputation as a world-class cruise ship destination is and that this is dependent upon a consistently high level of customer experience.

“To ensure that NSW builds on its existing reputation as a world-class cruise destination, the NSW Government will work with industry to:

- *ensure cruise infrastructure is fit-for-purpose in Sydney and at major transit ports in Newcastle, Port Kembla, Eden and other potential locations along the NSW coast;*
- *reduce regulatory barriers inhibiting emerging cruise and cruise related markets;*
- *encourage the industry to source goods and services from NSW suppliers;*
- *support a consistently high standard of customer experience; and*
- *support strong promotion of NSW cruise destinations to global and domestic target markets.⁶”*

The NSW Cruise Development Plan 2018 also stated how critical it was to:

“Support a consistently high standard of customer experience at all NSW cruise ports to encourage visitation to and promotion of NSW as a destination of choice.”

“Increased passenger visits to a port are more likely when visitors have a good port and destination experience. Good, easy-to-navigate facilities, quality visitor services and a range of attractions offered in the destination for onshore excursions make passengers more likely to talk favourably about a destination. Working with cruise operators to provide local tours at a competitive price point to encourage day tours into regional NSW will be further explored. Educating tourism providers and regional destinations on how to work with and cater for the cruise sector will increase the tourism industry capacity to cater for cruise passengers. Quality destination experiences will contribute to increasing cruise calls at NSW ports and the economic benefit from the sector to the State⁷.”

It also identified how essential it is to recognise the contribution of so many volunteers in meeting and greeting the cruise ships, particularly in regional ports.

“Local ambassador programs in NSW, including the NSW Destination Ambassador program see hundreds of dedicated volunteers warmly greeting international and domestic passengers who arrive in Sydney, Newcastle, Eden and Port Kembla. Ambassadors give personalised advice on what the destination has to offer such as attractions, dining, shopping and other entertainments. The NSW Government will

⁴ NSW Cruise Development Plan 2018, p.9.

⁵ NSW Cruise Development Plan 2018, p.18.

⁶ NSW Cruise Development Plan 2018, p.4.

⁷ NSW Cruise Development Plan 2018, p.20.

support locally run ambassador programs through assistance in training volunteers, providing materials as needed, and recognition⁸.”

It also recognised how important it was to:

“Increase economic benefits to regional NSW destinations. Promote cruise calls to regional NSW ports and encourage cruise lines to work with ground handling companies to increase shore excursion programs and their affordability.⁹”

A lot of the above was specifically identified in the NSW Cruise Development Plan’s clear action plan items:

Table 2.3 Relevant actions from NSW Cruise Development Plan, July 2018

Action Item	Description	Lead Agency	Key Partners	Timing
6	The NSW Government will investigate funding options for suitable infrastructure to support calls at current and potential regional ports, in partnership with local authorities.	Dept. of Industry	Dept. of Premier & Cabinet	2018
7	The NSW Government will investigate opportunities to remove regulatory barriers to entry for emerging cruise markets, including the expedition cruise market, and will seek an inter-jurisdictional policy position with other governments.	Transport for NSW	NSW Treasury Department of Premier & Cabinet Department of Industry	2018
9	The NSW Government will support the growth of the cruise industry in key NSW regions and potential emerging destinations through: education and training programs to build the tourism industry capability to cater for cruise calls. supporting locally run ambassador programs. working with local government to explore ways to improve wayfinding at port facilities.	Destination NSW	Local Governments Port operators PANSW Transport for NSW Destination Networks	On going
10	The NSW Government will build the profile and appeal of NSW as a leading cruise destination by reviewing funding options for a cooperative marketing fund that could be used for initiatives including: data collection, acquisition and analysis targeted trade (cruise industry) and consumer marketing programs in partnership with Destination NSW, regional destinations and the cruise industry.	Destination NSW	Local Governments Port operators PANSW Transport for NSW Destination Networks	2018

Source: NSW Government’s NSW Cruise Development Plan 2018, p.6.

2.4 EXPECTED OUTCOMES

The Proposal and its proposed sustainable and scalable funding of cruise coordinator positions is expected to deliver the following key outcomes:

- Protect and preserve the \$24.7 million total economic output to regional NSW as a result of 37 regional port visits in NSW during 2018/19 (AEC 2019). In 2022/23 there were a total of 51 regional port visits resulting in total economic output of \$29.1 million (AEC 2023).
- Ensure that the Australian, Local and NSW Government’s significant investment in the cruise industry, and in particular in its port infrastructure in Eden, is not negatively impacted by an inability to ensure that the 85,000 plus cruise passengers over the upcoming 2023/24 cruise season have a positive on-shore experience provided by an experienced cruise coordinator accompanied by a team of highly engaged, well supported and motivated volunteers.
- Protect NSW’s reputation as a world-renowned cruise ship destination.

⁸ NSW Cruise Development Plan 2018, p.20.

⁹ NSW Cruise Development Plan 2018, p.21.

- Increase direct visitor expenditure from disembarking cruise passengers of between \$26.7 million and \$61.6 million to regional NSW over 10 years (\$2022/23).
- Generate a net benefit less net costs to the state of NSW of between \$41.8 million and \$94.0 million for regional NSW over 10 years (\$2022/23).
- Increase tourism and hospitality skill capacity and training in regional NSW.
- Create two initial (one 4 days a week year-round and one for 2 days a week during the cruise season) jobs in regional NSW.
- Ensure that previous NSW Government funding into cruise and port infrastructure and spending is optimally leveraged.

The following key Benefit Summary outlines the range of benefits of this Proposal to key stakeholders across NSW including the cruise industry; PANSW; Local regions where ports are located; the NSW Government; and NSW residents and taxpayers.

Table 2.4 Benefit Summary to Key Stakeholders across NSW

Benefit Summary	Cruise industry	Port Authority of NSW	Local region where port is located	NSW Government	NSW Residents
Increased revenues and visitor expenditure through increased numbers of cruise passengers disembarking in regional NSW ports	✓	✓	✓	✓	
Enable the growth of existing and new iconic visitor experiences and tourism products in regional NSW	✓	✓	✓	✓	✓
Increased sampling opportunities to drive repeat visitation, and increased visitor length of stay and expenditure multi-day attraction	✓	✓	✓		
An engaged, respected, organised and valued volunteer workforce	✓	✓	✓	✓	
A new and enhanced port visitor experience for cruise passengers	✓	✓	✓	✓	
Increased positive perceptions and an enhanced reputation for regional NSW	✓	✓	✓	✓	✓
Increased interstate and international visitation to regional NSW, achieving increased economic activity	✓	✓	✓	✓	✓
Job creation in regional NSW	✓	✓	✓	✓	✓
Increased training and education the tourism industry	✓	✓	✓	✓	
Operational efficiencies	✓	✓		✓	
Increase visitor dispersal to regional NSW		✓	✓	✓	
Increase visitor expenditure and yield through additional tourism product development	✓	✓	✓	✓	✓
Increase the social license for the cruise industry in regional NSW communities by showcasing the regional benefits of cruise ship visits	✓	✓	✓	✓	✓

2.5 STAKEHOLDER & COMMUNITY SUPPORT

Extensive key stakeholder consultation was undertaken through targeted engagement with known stakeholders and other interested parties. A list of these key stakeholders can be found in Attachment A.

To initiate this project, assessment of the current situation was undertaken for cruise in regional NSW destinations. Regional NSW has four active ports and three major ports within the region.

- Eden: Leading cruise volume, shore excursions and infrastructure development.
- Newcastle: Infrastructure is in place, but improvement is needed in terms of the quality of the experience and the range of available tourism products.
- Smaller emerging ports: Have limited cruise volume.
- Coffs Harbour, Yamba, and Kiama: These ports face maritime infrastructure challenges that need to be addressed to enhance the cruise potential.

Table 2.5 Current situation of existing regional ports and destinations

Port	Active Port	Infrastructure	Cruise Volume	Pax Forecast	Community Sentiment
Eden Vision: Cruise is a vital segment for Eden, embraced by the community. Want to remove cruise ship cap and ensure sustainable growth.		Alongside Eden Cruise Wharf Max LOV = 300m+	41 ships	70,000	The community welcomes cruise guests but some question the value of cruise
Batemans Bay Vision: Recognise the potential in the cruise sector, understand its value, and identify it as a key market.		Anchorage Sheltered Bay Max LOV 200m	2 ships	1,000	Community keen to support growth of cruise
Newcastle Vision: Increase buy-in from LGA's which in turn will attract more cruise ships. Need more product development.		Alongside Western Side Hunter River Max LOV = 300m+	18 ships	16,000	Local support to focus and grow cruise
Port Kembla Vision: To create a new cruise turnaround port in the outer harbour to alleviate capacity constraints at current berths.		Alongside Berths 105, 106, 107 Max LOV = 300m+	0 ships	0	Limited berth availability
Coffs Harbour Vision: Multiple camps on value of cruise, increasing interest, open to exploring cruise feasibility.		Anchorage Berth in small bay Max LOV = 100m	0 ships	0	Competing views on whether to support cruise
Trial Bay Vision: Clear proposition and high aspirations for cruise with good local support to develop small category of cruising.		Anchorage Sheltered Bay Max LOV 200m**	1 ship	60	Positive supportive community to develop cruise
Yamba Vision: Lack of understanding of cruise and not a lot of local support for cruise.		Anchorage Berth Inside Harbour Max LOV 100m	0 ships	0	Competing views on whether to support cruise

Port	Active Port	Infrastructure	Cruise Volume	Pax Forecast	Community Sentiment
Kiama** Vision: Need to collaborate with Jervis Bay, anchor Kiama overland and exit Jervis Bay.		Exposed Anchorage Berth offshore Max LOV 200m	0 ships	0	Tidal and weather conditions are a barrier to development

Note: Green is for active port and red is for a port that currently not active. LOV = Length of Vehicle. ** Draft and length constraints variable depending on how far offshore the vessel is anchored. Cruise volume is based on 2023/24 season.

2.5.1 SUMMARY OF OVERALL STAKEHOLDER FEEDBACK

Overall, regional NSW is viewed as a developing cruise market with a mix of inactive ports, small anchorages, and notable growth in Eden and Newcastle. The key points raised during the stakeholder consultation are summarised below.

- **Whole-of-government approach:** The cruise tourism industry should be approached as a whole-of-government endeavour due to its multifaceted nature and involvement of numerous and varied key stakeholders.
- **Varying cruise focus:** Cruise priorities vary across destinations, with Eden experiencing strong growth, Newcastle reaching pre-pandemic levels but lacking substantial growth, and Batemans Bay and Trial Bay showing positive interest. Some smaller ports are also demonstrating increasing interest.
- **Regulatory challenges:** The regulatory environment poses challenges, with ships often required to go offshore and confusion surrounding compliance requirements.
- **Lack of a defined cruise strategy:** Regional destinations lack a defined cruise strategy, although some local councils make a minor mention of cruise tourism in their respective Destination Management Plans (DMPs).
- **Delivering a quality experience:** Destinations need to deliver a quality experience for passengers as this is the key foundation for increasing repeat visits. Achieving this requires sufficient human resources and seamless logistics.
- **Community education:** There is a need to educate the community on the value of cruise and how the local economy does benefit, as well as how it can benefit even further. Misconceptions, such as perceiving all ships as mega ships, need to be addressed.
- **Shoreside logistics:** Wanting to strike the balance of delivering an immersive passenger experience while maintaining the harmony of the destination.

2.5.2 STAKEHOLDER VIEWS ON NSW REGIONAL PORT DESTINATIONS

Coffs Harbour & Yamba

- Needs to work on improving the perception and understanding of cruise tourism in the local community. There is a misconception that all cruise ships are large, carrying over 3,000 passengers.
- No strategy or budget dedicated to cruise tourism. Coffs Harbour shows a clearer vision for cruise tourism and would allocate resources if the potential opportunity arises.
- Coffs Harbour views cruise tourism as a segment worth pursuing, while Yamba sees cruise tourism as less important and too small to justify financial contributions.
- Ideally, both ports need to replicate the Trial Bay model, where local teams were educated on welcoming cruise ships, providing guidance and assistance on cruise ship delivery which worked well.

Trial Bay

- South West Rocks township and Kempsey Shire Council are proactive toward cruise tourism, but currently there is no cruise strategy and limited budget and resources at the local and regional level.

- Developing cruise tourism at Trial Bay is a high priority, with a clear proposition and strong support from the council. Cruise tourism is seen as an important future segment.
- Certainly, there was much excitement and support around the success of the first ship arrival in Trial Bay.

Batemans Bay

- Currently cruise is a small part of the tourism mix but it has been identified as a potential growth market. Previous seasons have welcomed five ships.
- The Business and Tourism Chamber considers cruise tourism increasingly vital for the local economy and actively contributes to developing shore excursions and training volunteers.
- Batemans Bay has invested in a floating pontoon to make it easier for right-sized ships. Eurobodalla Shire Council also allocates funds for collateral and maps for any ship visits.
- Batemans Bay has a positive outlook and aims to grow the cruise tourism market, although attracting more ships is a challenge.
- Eurobodalla Shire Council and the Batemans Bay Chamber of Commerce would consider partially funding a part-time role, contingent on a commitment from cruise lines for future visits.

Eden

- The community in Eden is proactive and generally holds positive views on cruise tourism. There has been significant investment in port infrastructure, including a wharf extension and a new welcome centre. However, not all community members understand the economic value of cruise tourism.
- The cruise coordinator role is funded by Eden Tourism (with the title Cruise Eden Manager), PANSW, and Bega Valley Shire Council. The aspiration is for it to become a full-time role.
- The Cruise Eden Welcome Ambassadors (Eden's volunteer cruise ambassadors) are highly regarded and are viewed as the ideal passenger welcome model for regional cruising.
- Cruise tourism is a key segment for Eden, with anecdotal evidence of repeat visitation exceeding 20%. The aspiration is for Eden to grow to 2-3 ships per week during each cruise season.
- PANSW would possibly be open to contributing more to the cruise coordinator role if Bega Valley Shire Council (BVSC), or potentially some other funder, matches and co-funds the position.

Port Kembla

- Local perceptions are mixed on the success of cruise tourism, with some feedback highlighting challenges in consistently attracting cruise ships given the port's focus on commercial shipping.
- There was positive feedback from cruise lines from previous visits. There is also an engaged community and as such, there is potential for cruise to develop.
- Cruise operations are not viewed as a priority for the port due to limited capacity for berthing. Despite growing interest from PANSW and Destination Wollongong, berthing constraints hinder a cruise tourism focus.
- In terms of aspirations, differing perspectives exist. There are some concerns about potential hindrances to other sectors versus the vision of Port Kembla as a potential turnaround port. Establishing a dedicated berth in the outer harbor with access to transport and ample parking is the ideal goal.

Kiama

- The local community have concerns about cruise tourism and the potential negative impacts upon it. As such, there is no widespread support for future cruise tourism.
- There is some interest in developing boutique cruising options, however it would need to work in conjunction with Jervis Bay.

- There are also maritime infrastructure challenges with exposed anchorage and weather challenges meaning there are significant timing constraints of when cruise ships can visit.

Newcastle

- The cruise industry in Newcastle is well established and enjoys widespread support within the community. However, cruising to Newcastle has not experienced the same level of growth compared to other states and ports.
- It is expecting 18 ships this cruise season, however Newcastle's cruise industry has not seen much growth in the past 15 years.
- Discussions are currently underway between PANSW, local government authorities, and Newcastle City Council to establish a Memorandum of Understanding (MOU) for cruise coordinator funding support, although finalisation and contributions from all parties are not yet confirmed.
- While there is significant interest and growth potential in the cruise sector, local operators are not currently prioritising this category or investing enough in product development to meet cruise market requirements. However, local councils have shown a focus on the cruise sector in their DMPs which suggests they may embrace its growth in the future.

2.5.3 STAKEHOLDER VIEWS ON EXPEDITION CRUISING IN REGIONAL NSW

Expedition Ship Characteristics

- NSW regulations and paperwork for expedition shipping are more complex when compared to other states. As such, there has been a request for the NSW Government to understand the unique needs of expedition ships and make regulatory changes to support future growth in expedition cruising.
- Expedition ships require different facilities than large cruise ships, and ideally, they should be allowed access to smaller, more remote locations.
- There is currently limited access to national parks and a lack of permits hinder expedition ships from visiting desired destinations.

Desired Destinations and Accessibility

- Expedition ships prefer accessing unexplored and more inaccessible places that larger cruise ships cannot reach.
- There is a desire for collaboration with the NSW Government and stakeholders to develop expedition cruising guidelines and regulations for NSW.
- Examples of specific desired destinations include: Montague Island, Broken Bay, Jervis Bay and Botany Bay.
- Requires a clear understanding of corridors and green zones in comparison to other states, with regulations in other states being less strict than in NSW.

Government Regulations and Permits

- Expedition ships are small and tend to offer all-inclusive experiences with higher per person spending.
- Opportunities exist for NSW to benefit from the growing expedition cruise segment and potential for product and itinerary development.
- Expedition ships have their own guides, expedition teams, and doctors onboard.
- There is a willingness on the part of industry to fulfil regulatory requirements, respect conservation efforts, and engage with local communities and businesses.

2.5.4 CAPABILITY OF CRUISE SHIP DELIVERY COORDINATORS

Key learnings from other domestic and international cruise destinations

- Exceptional cruise ship delivery and passenger satisfaction drives growth by influencing repeat visits.
- Cruise is a multi-layered sector requiring strong relationships with ports, local councils, regional tourism organisations (RTOs), cruise lines and agencies.
- A point of contact is essential to serve as a vital link between the cruise lines and the local community. As Christine Cole, Cruise Tourism Manager at Tourism Western Australia stated:

“Cruise is a relationship-based business. You need to identify, nurture, develop and respond in a very strategic way.”

- The success of Eden is the result of collaboration, partnership, and community involvement with significant commitment from the cruise lines, as well as the strategic nature of the incentives offered by PANSW to receive higher priority at Sydney’s OPT during peak cruise season.
- Establishing a cruise working group or committee involving key stakeholders is critical, as is targeting the right cruise lines based on destination capacity and suitability.
- Key to establish an action group, steering committee, or cruise entity to facilitate co-operation among all stakeholders.
- Important to conduct local community workshops to educate local residents and businesses about the benefits of cruise tourism and how to potentially participate in the shore excursion program.
- Engage and train ambassadors/volunteers to provide a warm welcome to disembarking passengers.

Essential Skills for Cruise Development and Ship Delivery

- Comprehensive knowledge of the cruise or tourism industry.
- Strong relationship-building skills and the ability to connect with stakeholders at all levels.
- Effective communication skills across all levels of seniority including grassroots and operational interactions.
- Event management skills are perfect for cruise ship delivery. Every time a ship comes to port it is like organising a unique event.
- Understand the carrying capacity of the destination.
- Excellent project management skills.
- Ability to proactively solve problems.

Figure 2.5 Cruise delivery & development skills

CRUISE SHIP DELIVERY SKILLS

- **Effective communication** skills demonstrated across all levels of seniority including grassroots operational interactions.
- Strong **interpersonal skills** and **strategic management of relationships** across diverse stakeholders and fostering collaborative partnerships.
- The skills of an **event manager** in delivering a cruise ship visit encompasses planning, coordination and organizational abilities, effective logistics management, and adept problem-solving capabilities.
- **Operations** management background provides skills in planning, process optimization resource allocation and quality control.
- Understand the **carrying capacity** of your destination.
- Be a good **project manager**

CRUISE SHIP DEVELOPMENT SKILLS

- Need to develop long term plans and **strategies for the growth** and enhancement of the port and destination.
- **Sales and marketing** skills to attract and retain cruise lines, develop product/itineraries, sell the destination and build relationships with cruise lines and the sector.
- Strong **stakeholder management** and negotiation skills, with the ability to **build and maintain relationships**.
- **Negotiating agreements** and partnerships with cruise lines, LGA’s, destination networks and government authorities.
- Strong organizational and **problem-solving skills**.
- Ability to work independently and lead projects.
- **Analysing data** related to passenger traffic, cruise schedules and economic impact

2.5.5 CLARIFYING ROLES AND RESPONSIBILITIES

The RACI framework, which stands for Responsible, Accountable, Consulted, and Informed, is a highly effective tool for demonstrating how the integrated web of cruise operations comes together seamlessly at local, state, and regional levels. The diagram below outlines the output of key stakeholder discussions.

Figure 2.6 RACI cruise matrix

RACI CRUISE MATRIX Clarity of roles and responsibilities for Cruise at State, Regional and Local levels			
Destination NSW	Destination Networks	Local Councils	Port Authority
<p>Responsible: Developing and implementing overall NSW Statewide strategic plan for cruise. In line with the NSW Visitor Economy Strategy 2030, Destination NSW will collaborate with the cruise sector to develop new opportunities for Sydney and regional NSW through cruise. This forms part of the agency's internal Product Action Plan, which lays out Destination NSW's commitment to identifying, developing and supporting products and experiences that appeal to cruise visitors and align with the state's strengths.</p> <p>Accountable: CEO of DNSW GM Policy, Product and Engagement Associate Director Product Development</p> <p>Consulted: Regional Tourism Networks, local councils, port authority, cruise lines, local businesses, and relevant state departments.</p> <p>Informed: Local communities, industry stakeholders and other relevant parties that would be kept informed about progress.</p>	<p>Responsible: Destination Management Plans. Regional Tourism Networks collaborate with DNSW and local councils to align regional tourism offerings with the product action plan.</p> <p>Accountable: GM of Destination Networks'</p> <p>Consulted: Local councils, businesses, community groups and port authority.</p> <p>Informed: Destination Networks stakeholders and local communities and businesses would be informed of regional strategies and initiatives related to the strategic plan and product action plan.</p>	<p>Responsible: Coordinate or delegate to tourism entity / third party of local cruise ship arrivals and events. Representing the interests of the local community in cruise industry development.</p> <p>Accountable: GM of Local Council Economic Development Manager Tourism Manager</p> <p>Consulted: Local businesses, community groups, port authority and DNSW and Regional Networks.</p> <p>Informed: Residents, businesses and other stakeholders would be kept informed about cruise industry plans, activities and any decisions that may impact the local community.</p>	<p>Responsible: Maintaining cruise port infrastructure, ensuring compliance with maritime regulations and facilitating smooth cruise operations. Safe Navigation of cruise ship berthing and pilotage.</p> <p>Accountable: CEO of Port Authority Chief Customer and Commercial Officer General Manage Cruise</p> <p>Consulted: State level representatives, regional tourism networks, local councils, cruise lines and other relevant stakeholders who are interested in port operations and development. Also, consult with regional port communities.</p> <p>Informed: Local communities, businesses and other stakeholders in the port area would be kept informed of port development plans, cruise ship schedules and any decisions that may impact the local area.</p>

2.5.6 CURRENT TRENDS IN PASSENGER SHORE EXCURSIONS

There are five distinct shore excursion trends that are shaping the experiences of today's cruise passengers.

- 1. Nature Adventures:** Cruise passengers are increasingly drawn to shore excursions that connect them with nature. Activities like nature walks, hikes, and guided tours through national parks and wildlife reserves provide a sense of exploration and appreciation for the local environment.
- 2. Active Pursuits:** Active shore excursions continue to thrive, catering to passengers seeking outdoor adventure experiences. Whether it is hiking amidst stunning landscapes, biking through scenic routes, experiencing the adrenaline rush of zip-lining, or navigating dune buggies, there is a growing demand for physically engaging adventure activities.
- 3. Learn and Engage:** Passengers are showing an increasing interest in immersive and educational experiences. Shore excursions that blend learning with doing, such as Captain Sponge Oyster Tours in Eden, offer a deeper understanding of local culture, oyster farming, shucking and tasting.
- 4. Culinary Exploration:** Food-related excursions are gaining popularity as passengers increasingly seek the flavours of the destinations they visit. From food and wine tours, to visits to local markets, these excursions provide an opportunity to explore the culinary delights and food culture of each unique port of call.
- 5. Beaches and Water Sports:** Classic beach and water sports excursions remain a staple for cruise passengers. Relaxing on pristine beaches, snorkelling in crystal-clear waters, and diving into marine adventures continue to be favoured activities, appealing to those in search of sun, sea, and serenity.

2.5.7 FINDINGS & CONCLUSIONS FROM KEY STAKEHOLDER CONSULTATION

In regional NSW, there are four active ports, with Eden the most significant, hosting 41 cruise ships this upcoming 2023/24 cruise season. The main challenge for the active regional ports is having enough human resources pre, post and on cruise ship days, as well as a designated cruise champion and cruise-ready product. Currently there is only one casual cruise coordinator resource in Eden, supported by volunteers, and discussions are still underway for a part-time resource in Newcastle.

Key findings

- There is currently no cruise strategy for regional NSW and limited resource budgets available in port destinations.
- The perception of cruise tourism in port communities needs improvement, as there is a lack of understanding of its significant economic value to the local visitor economies. This will likely require independent research analysis to articulate the actual positive and negative impacts of cruise ships visits on regional economies, communities and the local environment.
- Passenger experience on the ground is crucial as cruise ships assess stopover port destinations and track guest ratings and shore excursion spending, which ultimately influences whether those cruise visits are repeated or not.
- Eden sets a great example with enthusiastic Welcome Ambassadors greeting guests, creating a positive atmosphere and making them feel welcome. However, during the 2022/23 they were stretched to capacity with only 34 visits, and yet there will be 41 during 2023/24. The future goodwill of volunteers may be negatively impacted if asked to take on significantly increasing workloads.
- Cruise tourism needs to be viewed as requiring a whole of government approach.
- Contrary to common assumptions, smaller ships are equally demanding, with passengers often participating in multiple excursions daily.

On-shore tourism product

- Shore excursions need to be tailored for cruise lines to avoid direct competition at the destination level.
- Experiential excursions with a focus on learning and doing are a growing trend, such as learning a craft or taking part in local community initiatives.
- The success of the Taste of Eden Food Festival demonstrates its potential to attract and increase cruise deployments.

Concerns

- Cruise tourism is seen as somewhat of a 'homeless child' with insufficient funding and a lack of broader consensus amongst the key stakeholders as to who should "own" and be responsible for key elements.
- Some regional communities have varying views about the value of cruise tourism, and some do not view cruise as an opportunity to be part of a growing regional NSW visitor economy.
- Current regulatory settings do not support domestic cruising, with a constant need to go offshore.
- Eden is the fastest growing port in regional NSW and is reliant on a not-for-profit organisation, a casual resource with limited funding and over-worked volunteers, which is not sustainable.

Opportunities

- Further fostering cruise tourism growth in Eden and Newcastle as well as supporting emerging destinations like Batemans Bay and Trial Bay. This requires highlighting the appeal, value and potential growth of the current inactive ports as desirable cruise destinations and initiate awareness in these communities.
- To identify who "owns" cruise tourism by establishing a collaborative accountability framework that clearly defines the roles of councils, Destination Networks, Tourism Associations, Chambers of Commerce, industry bodies and the NSW Government.

- Aspirations for developing the growth of cruise tourism, although regions need help in building skills and capability to develop cruise ready tourism product and deliver a positive cruise ship welcome and on-shore passenger experience.
- Develop a regional cruise strategy and set up a state-based cruise committee to help develop the sector.

In conclusion, the challenges and opportunities in regional NSW's cruise tourism sector are clear. The need for adequate human resourcing (pre and post planning and also during cruise visit days) and assisting with cruise-ready products remains a pressing issue, especially in ports like Eden and destinations with growing cruise ship visits such as Newcastle.

It is crucial to address the lack of a comprehensive regional NSW cruise strategy and a sustainable funding model for the future for cruise coordinators linked to the number of cruise ship visits. Furthermore, improving the perception of cruise tourism within port communities and emphasising its economic value is essential to ensure continuing social license amongst those communities.

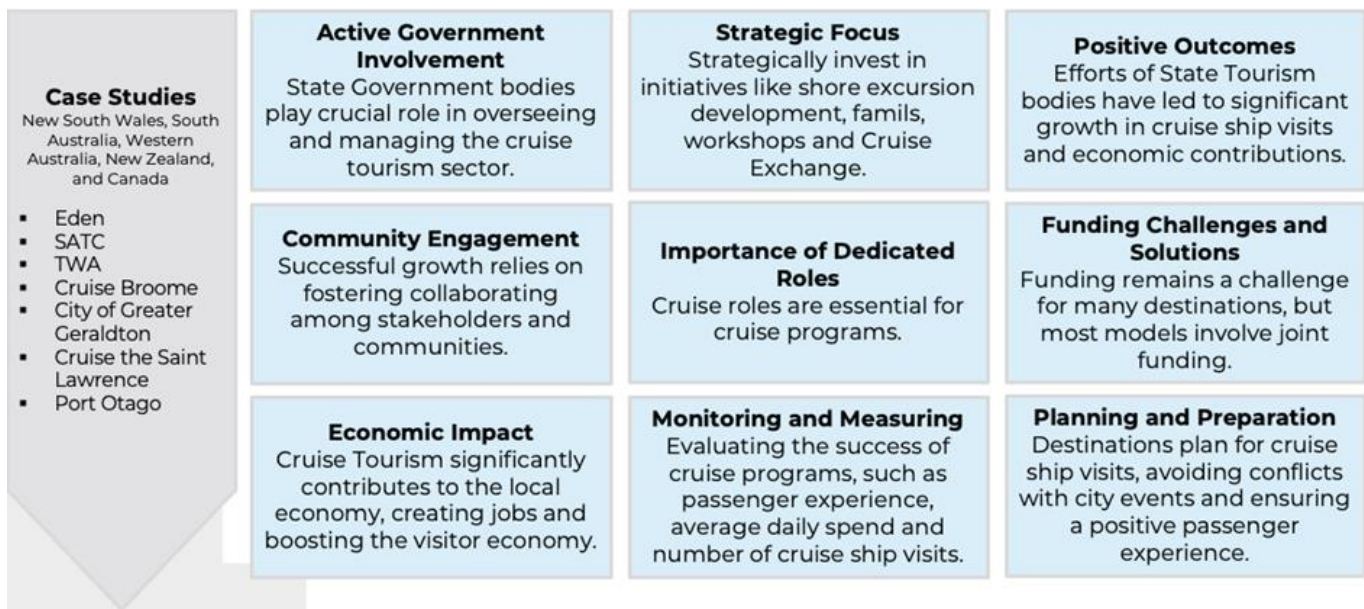
To foster growth and awareness, a collaborative accountability framework involving councils, Destination Networks, Tourism Associations, Chambers of Commerce, industry bodies, and the State Government should be established to clearly define cruise tourism ownership and roles. The potential for regional NSW cruise development is significant, and with the right strategy and funding models in place, regional NSW can become a thriving cruise destination that benefits the regional NSW economy as well as the cruise lines and their passengers.

2.5.8 CASE STUDIES FROM DOMESTIC & INTERNATIONAL CRUISE DESTINATIONS

Please refer to Appendix B for a detailed outline of a number of case studies relating to either domestic or international cruise tourism.

A summary of the key findings from those case studies has been outlined below:

Figure 2.7 Case study summary



2.5.9 STAKEHOLDER SUPPORT

There is significant key stakeholder support for this Proposal. Letters of support for the Project are included at Attachment C from the following: [Note: These will depend upon who is being approached for funding.]

- Destination networks, Councils, PANSW
- Local tourism / cruise organisations
- Peak bodies (e.g. Australian Cruise Association, Tourism and Transport Forum etc.)

3 ANALYSIS OF THE PROPOSAL

3.1 OBJECTIVES & INDICATORS

The below table outlines the objectives and success indicators of the Proposal based on the problems and opportunities detailed in Section 2.2 – *Rationale for Investment*.

Table 3.1: Proposal objectives

Key Problem/Issue	Key Proposal Objectives	Key Success Indicators
Lack of funding to meet the organisational demands from an increasing number of cruise ship visits	Provide funding for cruise coordinators in key regional NSW ports undertake cruise ship visit organisational tasks	Cruise ship visit organisation satisfaction and other cruise coordinator outputs
Not having a scalable process to provide adequate co-ordination resources as the growth in cruise visits increases	Having objective PANSW guidelines which determine the number of days required for a cruise coordinator based on the number of cruise visits	The number of days that PANSW guidelines stipulate, accurately reflects the time required to organise the range of cruise visits
The need to maintain and enhance NSW's reputation as Australia's most sort after cruise destination.	Cruise coordinator positions to ensure the on-shore cruise passenger experience is positive. Enhance NSW's cruising reputation. Leverage existing NSW Government investment in a cruise industry assets for the people of NSW.	High levels of cruise passenger satisfaction measures Increased numbers of visitors to regional NSW. NSW continues to be recognised as the most sort after cruise destination in Australia
The need to ensure the cruise passenger experience in regional NSW is positive	Cruise coordinator positions to ensure the on-shore cruise passenger experience is positive.	High levels of cruise operators' satisfaction High levels of cruise passenger on-shore experience satisfaction
The ability to increase the number of cruise passengers visiting regional NSW.	Ensure that the on-shore regional NSW port experience is positive by appropriately funding the necessary cruise coordinators roles.	Increased numbers of cruise passengers disembarking in regional NSW ports.
The ability to increase the amount of visitor expenditure in regional NSW.	Cruise coordinators will have the time to develop and promote unique and compelling new tourism experiences in the local region thus increasing overall visitor expenditure in regional NSW ports.	Increased visitor expenditure in regional NSW port regions.
To enable more jobs to be created in regional NSW	Creation of on-going tourism and jobs in regional NSW.	Number of new jobs created.
Capitalise on existing tourism demand and increase cruise market share.	Significant net benefits as detailed in the Cost Benefit Analysis.	Net benefits realised.

3.2 THE BASE CASE

The Base Case is for the existing situation to remain in place, such that:

- Current and unsustainable funding arrangements continue despite increased cruise visit bookings in future three seasons. This includes:
 - \$30,000 per annum in Eden and no funding in Newcastle
- No funds for essential cruise tourism activities including:
 - technology for volunteer scheduling, management and training
 - technology (e.g. apps) for passenger destination awareness and tour promotion/booking whilst in the destination
 - data collection such as passenger experience and expenditure surveys
 - community communications on the benefits and sustainability of cruise tourism

Should the base case continue a scenario has been developed where the number of cruise ship visits declines into the future. This results in less regional economic benefit than there may have been experienced in the past and in the next few years.

The Base Case was considered as part of the Cost Benefit Analysis.

3.3 OPTIONS CONSIDERED

Consideration was given to the following options to overcome the current issues:

- **Option 1** is to continue with the existing cruise coordinator funding for Eden for the 2023/24 cruise season and attempt to secure the same funding again for Newcastle.
- **Option 2** involves establishing a single role responsible for on-the-ground cruise delivery across all of regional NSW.
- **Option 3** would see the introduction of sustainable and scalable funding of cruise coordinators across regional NSW ports by linking such funding to the future number of cruise ship visits.

Option 1 is simply maintaining the current situation, and essentially reflects the Base Case or the 'do nothing' option.

Option 2 makes sense in theory, however, the distances between some of the key ports renders this solution practically impossible. In addition, this did not adequately address the need for the cruise coordinator to be constantly involved as a member of the local community. This is critical to understand the unique nuances of the destination, engage and develop the critical volunteers and build key relationships with local businesses and suppliers.

Both of these options were ruled out on the basis that they are not only sub-optimal, but they would both have major negative implications for cruising in regional NSW if they are implemented.

The preferred option or **Option 3** was chosen based on the following criteria:

- It best responds to the current imminent need to deliver organisational requirements for the significant growth in cruise ship visits over the upcoming 2023/24 cruise season.
- It will ensure that the cruise line and passenger experience is optimal and as such ensure that there is not large-scale dissatisfaction should there be insufficient co-ordination in regional NSW ports.
- In doing so, this will likely increase the number of overall cruise passenger visitors and their economic contribution to the regional NSW visitor economy.
- It will enhance NSW as Australia's premier cruise destination.
- It ensures that the key cruise coordinator roles are sustainably funded and not subject to the current funding uncertainty.

- It ensures the scalability of these cruise coordinator roles based upon need, should the number of cruise ship visits in a regional NSW port meet a certain objective PANSW threshold.
- It creates jobs directly in regional NSW.

Each of the Options are compared in terms of the overall Benefits they would provide:

Table 3.2 Benefit of options considered

Benefit	Base Case Option 1	Option 3 (Preferred)	Option 2
Maintain and likely uplift in Cruise ship visits	Red	Green	Yellow
Maintain and likely uplift in PANSW / Govt. revenue	Red	Green	Yellow
New economic activity for local visitor economy	Red	Green	Yellow
Improved visitor experience to drive revisits & advocacy	Red	Green	Yellow
Increase visitation numbers to regional NSW	Red	Green	Yellow
Scalable to deal with increasing cruise ship visits	Red	Green	Red
Increased visitor expenditure in regional SNW	Red	Green	Yellow
Increased cruise passenger satisfaction	Red	Green	Yellow
Increased tourism training and education	Red	Yellow	Red
Maintain and uplift NSW's cruise destination reputation	Red	Green	Yellow
Increased jobs and employment in regional NSW	Red	Green	Yellow
Increased engagement with cruise lines on each visit	Red	Green	Red
Improved volunteer engagement and welfare	Red	Green	Red
Increased level of community & business engagement	Red	Green	Red

Green	Benefit maximised
Yellow	Partial Benefit
Red	No Benefit

3.4 INFORMATION ABOUT THE PROPOSAL

3.4.1 SCOPE OF PROPOSAL

This Proposal aims to build on the strong regional economic success story of Eden for cruise in regional NSW, with sustainable funding for the crucial role of cruise coordinators across regional NSW ports. Critically this proposed funding would be scalable, such that it would be directly linked to the number of cruise ship visits to any regional NSW port.

This Proposal therefore provides an immediate solution to the escalating risks as result of insufficient cruise coordinator funding. It provides a clear outline for better cruise passenger experiences, coordination and planning on the ground in the regional NSW ports. It is based around a model of investment in regional NSW which can facilitate the immediate growth experienced, but it also enables scalability should the significant growth of cruise ships visiting regional NSW ports continue on its current significant upward trajectory.

3.4.2 PROPOSAL EXCLUSIONS

The Proposal excludes any funding for the PANSW Cruise Development Manager role. This Proposal also assumes that PANSW will continue to fully fund this position.

It also assumes that Port Kembla is unlikely to receive any significant cruise ship visits until such time that major port infrastructure works are undertaken. As such, a conservative assumption has been made that there will be no cruise ship visits over the next 10 years to Port Kembla.

3.4.3 RELATED PROJECTS

This proposed Proposal is a stand-alone project and not dependant on any other project other than the continuation of the funding by PANSW of the position of Cruise Development Manager.

Destination NSW is also taking an increasingly strong focus on supporting the cruise industry to ensure tourism, jobs and economic growth across NSW. In line with the NSW Visitor Economy Strategy 2030, Destination NSW has also appointed new roles to work with the cruise sector to develop new opportunities for both Sydney and regional NSW. Again, this included:

- Destination NSW's Product Development team, delivers initiatives that build business capability to help visitor economy businesses to develop, promote and sell their products.
- Product Managers support visitor economy businesses to further develop experiences aligned to the state's key strengths including cruise, rail, road and air.

Further the NSW Government has established seven Destination Networks as the 'shopfront' for Destination NSW in regional NSW that work closely with local government, local tourism organisations and a diverse network of visitor economy businesses. These Destination Networks work with Destination NSW to develop and deliver regional funding programs and promotional activities; product development including cruise-related on-shore attractions; supporting the development of visitor experiences, products and building industry capacity and local skills.

Destination NSW also worked earlier this year with PANSW to produce a revised Cruise Sydney & NSW – *Along the Blue Highway* guide, which is used to showcase NSW cruise ports and experiences to cruise lines and other key stakeholders.

The development and distribution of cruise shore excursions, including tours and visitor attractions, is also being supported in order to increase visitor economy outcomes from visiting cruise ships. This includes workshops and resources through the NSW First Program and familiarisation visits for cruise ground handlers.

3.5 PROJECTED COSTS

3.5.1 PROJECTED COSTS

A detailed funding investment is provided in the following Cost Benefit Analysis section, and it outlines the various scenarios, as well as the estimated and expected cruise position costs over a 10-year period.

The total funding investment is currently estimated to cost between a minimum of \$2.25 million in the low scenario, or just over \$220,000 p.a. and a maximum of \$3.75 million, or \$388,000 p.a. in the high scenario.

3.6 COST BENEFIT ANALYSIS

3.6.1 KNOWN REGIONAL NSW CRUISE SHIP BOOKINGS

Cruise ship visit bookings are generally made 2-3 years in advance. The following Table 3.3 indicates the known bookings in regional NSW (grey cells). To give a starting point for the analysis, additional bookings have been assumed for 2025/26 as indicated. As there are currently no official plans to develop cruise tourism in Port Kembla, no cruise visits have been included for Port Kembla¹⁰.

Table 3.3 Regional NSW cruise visit bookings

Destination/Port	2022/23 (a)	2023/24	2024/25	2025/26
Batemans Bay (b)	2	2	2	2 (e)
Coffs Harbour	0			1 (e)
Eden (c)	34	41	35	54
Kiama				1 (e)
Newcastle (d)	14	18	17	17 (e)
Port Kembla				
Trial Bay	1			1 (e)
Yamba				1 (e)
Total	51	61	54	77

Notes: (a) preliminary, (e) assumed.

Source: (a) Figures for 2022/23 are preliminary pending the publication of CLIA/ACA Economic Impact of Cruise Tourism in Australia 2022/23. (b) [Batemans Bay NSW \(NSW Australia\) cruise port schedule | CruiseMapper](#) (c) [Eden Cruise Schedule | Port Authority New South Wales \(portauthoritynsw.com.au\)](#) (d) [Australia Cruise Ports Schedules | Crew Center \(crew-center.com\)](#)

¹⁰ Should Port Kembla be developed as a cruise tourism destination then additional infrastructure will be required. The business case for this investment would be determined against the likely benefits that additional cruise tourism would bring and would be analysed in a traditional CBA. It is also likely that Port Kembla would become a turnaround port taking excess demand from Sydney. Cruise ship visit co-ordination contained in this proposal is for transit visits. Turnaround visits are different in that disembarking passengers are heading directly for shore accommodation or transport options and embarking passengers are arriving at the port to embark the ship and therefore passenger co-ordination for things to do and shore excursions play a lesser role.

3.6.2 FUTURE REGIONAL NSW CRUISE SHIP BOOKING SCENARIOS

In order to assess the proposal a number of future scenarios of cruise ship visits to regional NSW were developed that are linked to, but not solely caused by, the resources provided to co-ordinate and service cruise ship visits in regional NSW destinations. Scenario analysis has been used because beyond 2025/26 the number of cruise ship visits is unknown.

Table 3.4 Regional NSW cruise visit scenario descriptions

Scenario	Description
Base	Effectively a continuation of the status quo resourcing (or do nothing). A less than optimal co-ordination of cruise ship visits resulting in poor passenger satisfaction leads over time to a reduction in the number of cruise ship visits.
Low	Improvement of cruise ship visit co-ordination leads to stabilisation of the passenger experience in Eden. The scenario also includes improved co-ordination in Newcastle and destination development of smaller destinations. Good passenger satisfaction in all destinations.
Medium	Same as the low scenario but with more cruise ship visits to Eden and Newcastle and strong development of all smaller destinations. Excellent passenger satisfaction in all destinations.
High	As per the medium scenario but with further growth in all destinations.

Source: AEC

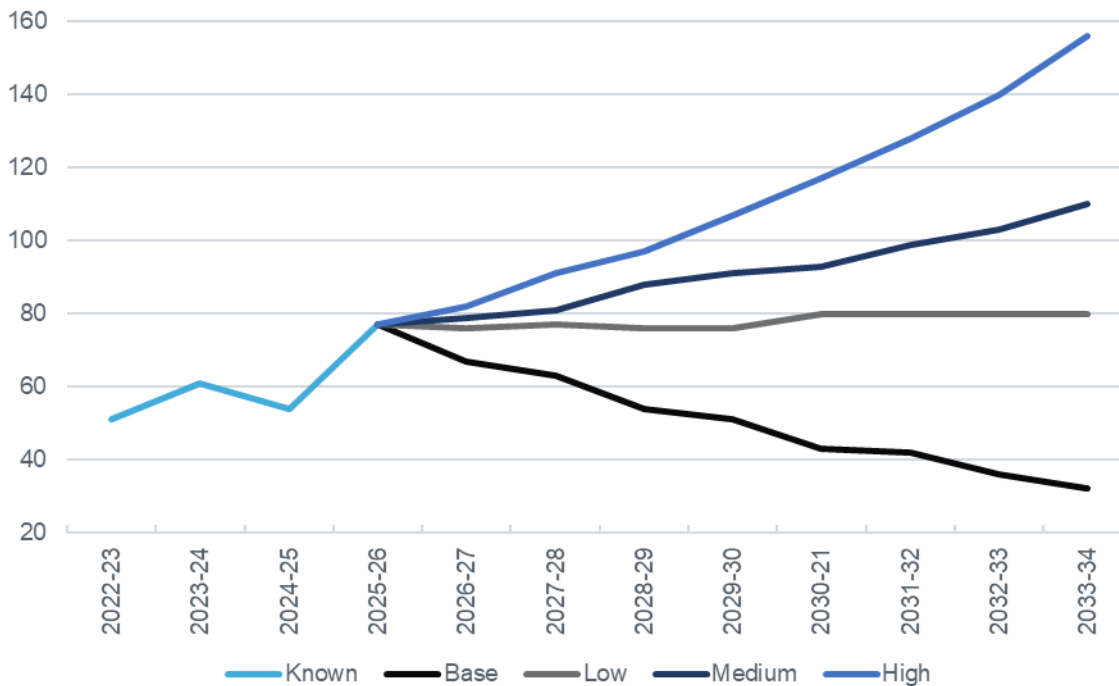
The scenarios above have been translated to the following number of cruise ship visits in regional NSW by destination. The timeframe for these scenarios to be reached is unknown, however, they could be arrived at over ten years, so 2033-34 (see below figure). The pathway of change from 2022/23 is further complicated given for example that there are already 56 existing cruise bookings for Eden for the 2025/26 cruise season.

Table 3.5 Regional NSW cruise visit scenarios

Destination/Port	2022/23(a)	Base	Low	Medium	High
Batemans Bay	2	1	2	4	4
Coffs Harbour			2	4	8
Eden	34	20	50	60	80
Kiama			2	4	8
Newcastle	14	10	20	30	40
Port Kembla					
Trial Bay	1	1	2	4	8
Yamba			2	4	8
Total	51	32	80	110	156
<i>Change from 2022/23</i>		<i>-37%</i>	<i>57%</i>	<i>116%</i>	<i>206%</i>

Source: AEC

Figure 3.1 Cruise ship visit scenarios



Source: AEC

As the actual type of cruise ships that do or do not visit in the future (outside known bookings over the next 2-3 years) is unknown, example ship types have been assumed. The example ship types used are:

- Coral Princess (pax capacity 1,950, crew 900) for Eden and Newcastle.
- Coral Adventurer (pax capacity 120, crew 30) for all other destinations.

3.6.3 FUTURE CRUISE COORDINATOR COSTS

A scalable resourcing/costing model has been adopted to support each scenario based on the following:

- Hours of labour required to coordinate cruise ship visits (according to the guidelines) costed at \$60 per hour but only for Eden and Newcastle, scalable by the number of cruise ship visits. Up to 30 cruise ship visits the period of employment is just for the season (6 months) and for over 30 ship visits a full year. This role then likely becomes a permanent part-time role or a fixed fee contractor role, with the level of remuneration dependent upon the complexity of the port co-ordination involved, and the experience of the selected candidate. For other destinations it is assumed that for the smaller number of visits (i.e. up to 9 visits per cruise season) and smaller cruise ships, local resources will co-ordinate cruise visits assisted by the other funded resources.
- Annual fixed expenses aimed at improving and measuring the passenger experience and communicating benefits to local communities including:
 - Technology for volunteer scheduling, management and training.
 - Technology (e.g. apps) for destination awareness and tour promotion/booking.
 - Data collection such as passenger experience and expenditure surveys.
 - Community and local business communications on the benefits of cruise tourism.

Table 3.6 Regional NSW cruise visit scenario resources/costs, \$2022/23

Costs	2022/23	Base	Low	Medium	High
<i>Labour</i>					
Eden	\$30,000	\$30,000	\$88,320	\$110,400	\$110,400
Newcastle	\$0	\$0	\$22,080	\$33,120	\$88,320
Port Kembla	\$0	\$0	\$0	\$0	\$0
<i>Total Labour</i>	<i>\$30,000</i>	<i>\$30,000</i>	<i>\$110,400</i>	<i>\$143,520</i>	<i>\$198,720</i>
<i>Expenses</i>					
Technology	\$0	\$0	\$20,000	\$20,000	\$20,000
Data Collection	\$0	\$0	\$50,000	\$100,000	\$100,000
Volunteer Management	\$0	\$0	\$20,000	\$40,000	\$60,000
PR & Coms	\$0	\$0	\$20,000	\$30,000	\$40,000
<i>Total Expenses</i>	<i>\$0</i>	<i>\$0</i>	<i>\$110,000</i>	<i>\$190,000</i>	<i>\$220,000</i>
Total	\$30,000	\$30,000	\$220,400	\$333,520	\$418,720
Net cost	-	-	\$190,400	\$303,520	\$388,730

Source: AEC

Total additional proposal costs are therefore \$190,400 in the low scenario ranging to \$388,720 in the high scenario.

3.6.4 QUANTITATIVE BENEFITS OF THE FUNDING PROPOSAL

The benefits are the additional cruise ship visit visits, passengers in port and associated expenditure that occurs under each scenario.

Table 3.7 Regional NSW cruise visit scenario benefits

Benefit	2022/23	Base	Low	Medium	High
Visits	51	32	80	110	156
Pax days in port	63,694	30,235	105,247	143,437	200,836
<i>Expenditure (\$m 2022/23)</i>					
Pax Expenditure (a)	\$7.5	\$3.4	\$13.1	\$20.4	\$29.0
Crew Expenditure (b)	\$0.9	\$0.5	\$1.3	\$1.8	\$2.4
Pax Levy (c)	\$0.3	\$0.1	\$0.5	\$0.7	\$1.0
Cruise Line Expenditure (d)	\$5.8	\$3.8	\$8.4	\$11.1	\$14.8
Total	\$14.5	\$7.8	\$23.4	\$34.1	\$47.3

Note: Methodology and expenditure estimates are as contained in AEC (2023). (a) Calculated as the estimated number of passengers disembarking the ship by the average per passenger onshore transit expenditure. (b) Calculated as the estimated proportion of the crew disembarking the ship by the average per crew onshore transit expenditure (c) This is known as the Site Occupancy charge and is levied at all Eden Cruise Wharf locations. The rate from 1 July 2023 is \$5.54+GST. https://www.portauthoritynsw.com.au/media/5747/z_port-authority-schedule-of-port-charges-fy2324_final_v10_19jun23.pdf (d) Cruise line expenditure is calculated from expenditure surveys of cruise lines operating in Australia and is allocated to individual destinations using a variety of allocation approaches depending on the type of expenditure.

Source: AEC (2023), AEC

The benefits in the base scenario are lower than in 2022/23 due to a reduction in cruise ship visits from 2022/23 levels resulting from poor visit co-ordination causing poor passenger satisfaction and ultimately cruise lines bypassing regional NSW destinations.

The benefits under the low case are 80 cruise ship visits delivering 105,247 passenger days in port and \$23.4 million in expenditure across regional NSW. Similarly, under the high scenario there are 156 cruise ship visits delivering 200,836 passenger days in port and \$47.3 million in expenditure.

The net benefits are the benefits which occur over and above the base case.

Table 3.8 Regional NSW cruise visit scenario net benefits

Net Benefit	Low	Medium	High
Visits	48	78	124
Pax days in port	75,012	113,202	170,601
<i>Expenditure (\$m 2022/23)</i>			
Pax Expenditure	\$9.7	\$17.0	\$25.6
Crew Expenditure	\$0.9	\$1.3	\$2.0
Pax Levy	\$0.4	\$0.6	\$0.9
Cruise Line Expenditure	\$4.6	\$7.3	\$11.0
Total	\$15.6	\$26.3	\$39.5

Note: For explanation of the expenditures see Table 3.7.

Source: AEC

Under the base case the net benefits are negative due to a reduction in cruise ship visits from 2022/23 levels resulting from poor visit servicing. In the low to high cases the net benefit is positive due to the increase in cruise ship visits.

3.6.5 QUALITATIVE COSTS & BENEFITS OF THE FUNDING PROPOSAL

There are a number of socio-economic costs and benefits that are difficult to quantify for this Proposal. For the base case some qualitative costs of falling cruise ship visits include:

- Sub-optimal utilisation of previous NSW Government investment in port infrastructure.
- Loss of community pride and interest in cruise tourism.

For the growth cases (i.e. low, medium and high) some qualitative costs of increased cruise ship visits include:

- Hidden costs to service large numbers of cruise passengers. A large number of day visitors can exert pressure on community assets such as public toilets, waste management, public transport. In addition, there may be a need to provide additional shore side crowd control measures.
- Cruise ship visits can coincide with peak holiday periods. The cruise season spans the peak Australian summer holiday period of December/January where destinations may already be experiencing peak visitation. The boost to day visitor numbers may exacerbate the hidden costs listed above and also negatively impact the experience of non-cruise visitors to these same destinations.
- Community concerns around the numbers of cruise ship passengers leading to negativity.
- Volunteer exhaustion. There may be insufficient numbers of volunteers to service cruise ship visits.

There are also some additional benefits from increased cruise passenger visitation that include:

- Additional trade for tour operators and local retail businesses.
- More consistent visitation leading to additional tourism product development.
- Evidence base to support additional shoreside infrastructure to better handle increased numbers of passengers/day visitors.

3.6.6 COST BENEFIT ANALYSIS OF THE FUNDING PROPOSAL

It is usual practice in a CBA to express costs and benefits over time and then discount them to present values. Cruise ship bookings are already higher over the next 2-3 seasons and so the scenarios are targeted to occur in year ten. A real discount rate of 7% has been used.

Table 3.9 Regional NSW cruise visit scenario cost benefit analysis

Net Present Value (\$m 2022/23)	Low	Medium	High
Net cost	\$1.5	\$2.2	\$2.5
Net benefit	\$43.3	\$68.4	\$96.5
Net benefit less net costs	\$41.8	\$66.2	\$94.0
Benefit Cost Ratio (BCR)	28.3	31.2	38.5

Source: AEC

Due to the small costs of the Proposal versus the significant additional expenditure that additional cruise ship visits generate the BCRs are very high and therefore indicate that the Proposal is economically beneficial under all scenarios. However, caution should be exercised when referring to these BCRs as the Proposal assists but is not the sole cause of the benefits as there are other resources allocated to increasing cruise ship visits to regional NSW destinations. For example, marketing efforts by DNSW with cruise lines to promote regional NSW destinations and shore excursion product development. In addition, there has also been significant prior (and future) investment in regional port infrastructure which also needs to be taken into account.

3.7 PROPOSED FUNDING OPTIONS

[Note: This section will need to be modified depending upon who is being approached for potential funding.]

The Proposal will require a modest investment of between \$2.25 million and \$3.75 million (\$2022/23) to be spread over 10 years. Please note that this timeline corresponds with the cruise seasons.

The extensive domestic and international stakeholder consultation process revealed a number of different funding model approaches to fund cruise coordinator roles.

As can be seen below, there are five main methods of funding used to ensure that the port experience is highly organised and positive. It also outlines cost sharing of the various key organisations who take responsibility for the provision of that funding.

Table 3.10 Potential funding models and funding organisations

Funding Model	Funding Organisation/s		
Fully funded	100% funding of cruise coordinator role by SATC .	100% funding of cruise coordinator role by Port Otago, NZ .	100% funding of cruise coordinator role by Port Lyttleton, NZ .
Co-funded	33.3% of cruise coordinator role shared equally by Council, Chamber of Commerce and TWA for the port of Broome, WA .	50% of cruise coordinator role shared equally by Council and Port Authority for the port of Geraldton, WA .	50% of cruise coordinator role shared equally by Destination Sydney Surrounds North and PANSW for the port of Newcastle, NSW .
Matching funding	Funding for cruise coordinator for Eden between PANSW and Bega Valley Council .		
Grant funded	Bega Valley Council secured its matched funding above for the cruise coordinator role via a regional grant fund.		
Passenger fee funded	Destinations earn a passenger for docking, anchorages and turnarounds for Cruise the St Lawrence, Canada .		

One of the other options that was canvassed during the stakeholder consultation process, was the possibility of increasing and allowing the per passenger levy charged by the PANSW under the Ports and Maritime Administration Act (1995) to fund cruise coordinator resourcing.

Under this NSW legislation, the various port charges able to be charged by the PANSW to cruise lines who use its port infrastructure and services. This enables the PANSW to pay for port maintenance and other related costs which are necessary to enable the cruise lines to access NSW ports.

Under this legislation, the PANSW charge a fee of \$5.54 per passenger as a Site Occupation Charge for every cruise ship that uses the Eden Cruise Wharf (which would need to also encompass Newcastle into the future). The potential funding proposal suggested by some stakeholders was to increase this Site Occupation fee to ensure that sufficient funding was available to fund the cruise coordinator positions. For

instance, if the levy was raised to \$8 per passenger, this would raise around \$200,000 to fund cruise coordinators across regional NSW ports (assuming a total of around 80,000 passengers).

A draw-down schedule of funds would be developed which would be based upon the known cruise ship visit bookings each cruise season.

These costs will also need to provide for all other cruise coordinator setup costs including operational planning requirements, ongoing utilities and operational costs, premises, staff employment and training, and all associated costs involved in supporting their development.

All other delivery or unforeseen costs will also need to be underwritten.

4 IMPLEMENTATION CASE

4.1 PROGRAM & MILESTONES

A detailed master program outlining all required milestones and the critical path from completed concept development has been established.

There are four key phases to this proposed Proposal: Job development, Selection, Commencement and Review, and each of these are summarised below:

- Job Development Phase: includes the finalisation of the cruise position description design and the development of the contractual documentation in preparation for the recruitment, selection and commencement phases.
- Recruitment and Selection Phase: involves the preparation and placing of job advertisements where required and the selection of the most appropriate candidate/s.
- Commencement Phase: involves the people recruited for these cruise positions commencing their roles.
- Review Phase: this phase will be a routine exercise for these roles to understand the forward cruise ship bookings for the following cruise season so that an accurate number of days (as per PANSW's guidelines) are allocated to commence from July 1 each year.

It is anticipated that funding would ideally need to commence from October 2023.

Table 4.1: Key events

Event	Start	Finish
Funding Process and Approval for cruise positions	October 2023	October 2023
Recruitment and selection process	October 2023	November 2023
Commencement	November 2023	On-going
Review	May / June each year	On-going

4.2 GOVERNANCE

[Note: This section will need to be modified depending upon which entity is being approached for potential funding.]

These cruise coordinator roles will be established in a truly collaborative manner, utilising contractual arrangements to ensure that all deliverables, milestones, reporting and payments stipulated under the Proposal Funding Deed will be met.

Once this has been established, [Funder] will assume responsibility for delivery of the Proposal.

[Funder] has a clear governance framework for human resource management, incorporating [the following].

[Role and title] will be allocated responsibility for managing agreed components and realising benefits from the additional investment.

Reporting requirements will be a key part of this process and managed by [Role and title].

4.3 KEY RISKS

[Note: This section will need to be modified depending upon who is being approached for potential funding.]

4.3.1 RISK PROCESS

The purpose of the risk assessment is to consider and address the key risks associated with the preferred option in this Business Case.

Risk management is critical in the Project's implementation and delivery of expected benefits. The risk assessment has been based on the AS/NZS ISO 31000:2018 Risk management.

The objective of the risk assessment is to guide the Project risk management process, to address the requirements of the NSW Treasury Business Case guidelines, and to inform the required level of contingencies applied to the cost plan.

4.3.2 RISK ASSESSMENT

A risk assessment was performed to identify the key risks throughout all stages of the Project and to develop appropriate mitigation strategies. The risk analysis involves assessing the likelihood and impact of each risk and provides an overall risk rating ranging from low to extreme. During the options analysis, the risks associated with each option were considered in the analysis and mitigations or management techniques were established. The risk matrix used in the assessment is shown below:

Table 4.2 Risk matrix

Likelihood	Consequences				
	Insignificant	Minor	Moderate	Major	Severe
Very Likely	Low	Moderate	High	Extreme	Extreme
Likely	Low	Moderate	High	High	Extreme
Unlikely	Low	Moderate	Moderate	High	High
Very Unlikely	Low	Low	Moderate	Moderate	High
High Improbable	Low	Low	Low	Moderate	Moderate

The risk analysis involves the following methodology:

Key risk areas

- Job Scope
- Funding
- Procurement
- Project management
- Stakeholder and communication
- Change management
- Sustainability (social, economic and environmental impacts).

Risk Description: Identification of all project risks including their likely impact or effect.

Inherent Risk Rating: The determination of the risk exposure being a function of the combination of:

- Risk Likelihood: The likelihood or probability of the risk occurring.
- Risk Consequence: The consequence the risk will have.

Residual Risk Rating: The remaining level of risk following the development and implementation of a risk mitigation strategy.

Risk Mitigation: The identification and implementation of strategies to reduce the inherent rating for each risk.

The risk assessment outlined below assesses the consequence and likelihood of each risk and identifies inherent risk rating, mitigation strategies and subsequent residual risk rating. Each risk and mitigation strategy is assigned to a responsible agency or entity to manage throughout the Project.

A detailed assessment of potential Project risks has been based on Option 3 for the Project. A number of risks were identified and assessed across the procurement and operational stages of the project, with all being assessed as low or moderate risk.

The key identified risks, proposed mitigation strategies and risk ratings are detailed below.

Moderate Delivery Risk

Despite the low quantum of the investment required under this Proposal, and the significant negative impacts it would have on NSW's reputation as a premium cruise destination and also on the regional NSW economy, as there are currently no identified funding sources for the Proposal, there is a moderate risk of successfully delivering this proposed Project.

Table 4.3 Risk assessment

Risk	Proposed mitigation	Risk rating after mitigation		
		Consequence	Likelihood	Rating
Proposed cruise positions are insufficient	Ensure that the Position/s Scope is highly detailed and accurate via a well-defined Position description and role	Red	Green	Green
Cost of cruise positions increases	Fixed price contracts and accurate position descriptions to avoid variations & ensure cost management	Red	Green	Green
Cruise position/s variations	Ensure all key elements of when roles move to the next level of days per week are reflected in the contract to avoid cost blow outs	Red	Green	Green
Delay in funding	Ensure all key stakeholders are aware of the consequences of a delay in funding. Timeliness of funding is critical to success.	Red	Red	Red
Lack of Project funding	Ensure all key stakeholders are aware of the significant consequences if funding is not provided.	Red	Red	Red
Lack of community support	Key stakeholder engagement and buy-in from outset and monitor any issues	Red	Green	Green
Cruise tourism market decreases	Monitor market and ensure adequate resources based on the number of ships visiting regional NSW ports	Red	Green	Green
Volunteer dissatisfaction or reduction in numbers	Ensure high engagement with all volunteer groups to ensure they are supportive, engaged, respected and rewarded.	Red	Yellow	Yellow
Ineffective Governance	Ensure optimal governance structures put in place for these positions and how they are monitored	Red	Green	Green
Another Pandemic	Would shut down need for roles as cruise industry would come to a halt again	Red	Green	Yellow
Key staffing losses	Ensure there are contingencies for key team member loss	Red	Yellow	Yellow
Proposal impacts upon visitor experience, numbers, expenditure and satisfaction	Measurement of cruise passenger numbers, percentage who disembark, expenditure and satisfaction in order to measure on-going success of the Proposal	Red	Yellow	Green

4.4 LEGISLATIVE, REGULATORY ISSUES & APPROVALS

Any cruise coordinator roles will need to be managed and administered in line with all NSW Government resourcing and procurement guidelines, demonstrating a best value approach and philosophy.

The proposed cruise positions will need to be managed via an approved employment contract.

4.5 PROPOSED MANAGEMENT ACTIVITIES

[Note: This section will need to be modified depending upon who is being approached for potential funding.]

4.5.1 RISK MANAGEMENT

Key strategic, operational and project risks are identified, recorded and managed in accordance with a *Risk Management Policy* through an online risk management system. The risk Management Policy and risk management systems are compliant with *AS/NZS ISO 31000:2018 Risk management — Guidelines* as well as applicable Treasury Policy and Guidelines Papers Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08) and *the Risk Management Tool Kit for the NSW Public Sector*.

These tools identify and respond to risk across areas such as strategic risks, operational and project risks, work health and safety, and emergency management. Key responsibilities include overseeing the risk management processes and receiving reports on risk including from management as well as internal and external auditors.

A risk register will be reviewed regularly during the planning and delivery stages to ensure that risks are identified and that risk mitigation strategies are implemented.

4.5.2 ASSET MANAGEMENT & OPERATIONS

As this proposal only relates to funding for human resourcing, there is no related asset management or operations impact.

5 REFERENCES

AEC (2005, unpublished). *Economic Impact of the Cruise industry in Australia, 2004-05, Report produced for Cruise Down Under, September 2005.*

AEC (2019, unpublished). *Economic Impact of Cruise Tourism in Australia, 2017-18.* Report produced for Cruise Lines International Association Australasia and Australian Cruise Association, October 2019.

AEC (2023, unpublished). *Economic Impact of Cruise Tourism in Australia, 2022-23.* Report produced for Cruise Lines International Association Australasia and Australian Cruise Association, October 2023.

6 ATTACHMENTS

- A. Stakeholder Consultation
- B. Case Studies From Domestic & International Cruise Destinations
- C. Letters of support from key stakeholders