4 Cruise infrastructure

Summary

- New Zealand's cruise industry plays a small but growing role in bringing visitors to New Zealand, with the number of cruise passenger arrivals growing five-fold over the last 10 years.
- Current infrastructure seems to be suiting current demands (with the exception of Christchurch, where earthquake damage will take a long time to repair). One of the main challenges facing the industry going forward is ensuring that appropriate cruise infrastructure is provided for larger and longer cruise ships. Lack of appropriate facilities to dock and transfer passengers may discourage cruise companies coming here, and may negatively affect visitor experience.
- One way to overcome this challenge would be to invest into additional capacity for docks, such as expanding wharves in order to accommodate longer vessels.

4.1 Cruise infrastructure demand

The number of cruise ships coming to New Zealand and the number of passengers per ship have grown considerably from a decade ago,[15] increasing five-fold in the 10 years to the 2014/15 year. A forecast produced by Cruise New Zealand indicates that these numbers are expected to keep growing. The number of passengers has grown 48 per cent from 2010/11 (136,200) to 2014/15 (201,400), and they are expected to grow another 29 per cent by 2016/17 (to 259,200). The average number of passengers per cruise is projected to grow significantly over the 2015/16 and 2016/17 years, going from 1,590 in 2014/15 to 1,920 in 2016/17, suggesting that the average size of cruise ships will increase over that period.

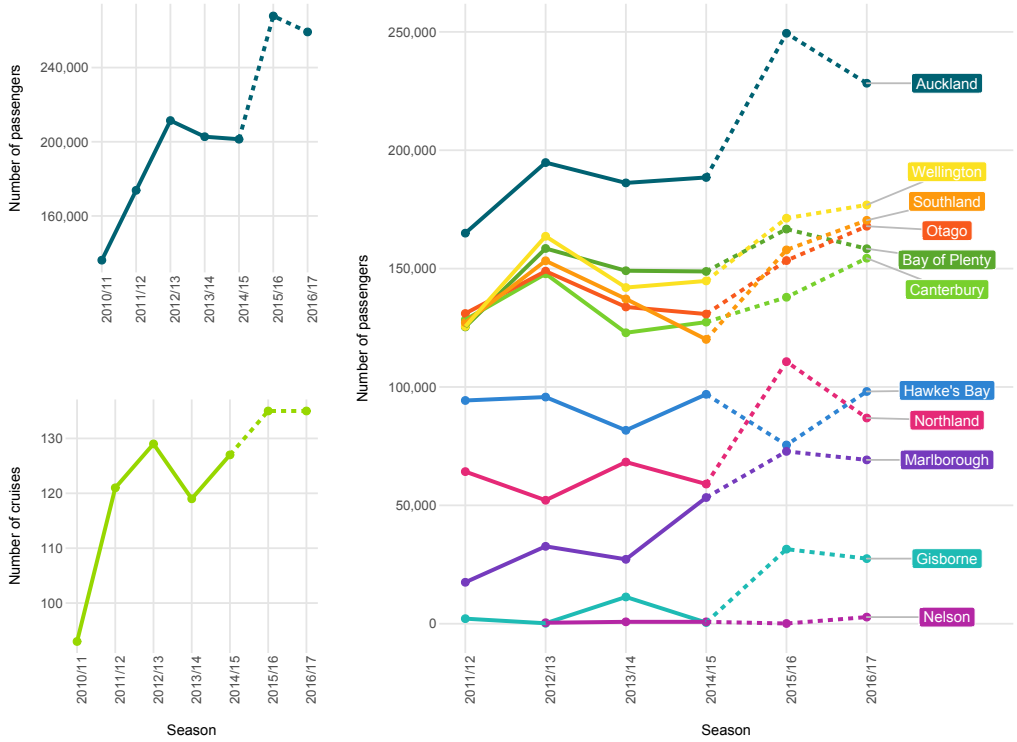
The cruise industry is anticipating that larger ships (of around 350 metres) will visit Auckland during the next five years with increasing frequency, according to Auckland Tourism, Events and Economic Development's Cruise Action Plan for Auckland.[16] A significant number of new cruise ships on order are larger than those currently visiting New Zealand (4,000–6,000 passengers). As these larger ships enter service, existing ships are being redeployed to the Oceania region.

Two 4,000+ and a number of 3,000+ passenger ships will be based in Asia by 2018 and Ovation of the Seas (4,200 passengers) will be in New Zealand for the 2016/17 season.

15 Tourism New Zealand. (2015). *Cruise sector.* Retrieved from **http://www.tourismnewzealand.com/markets-stats/sectors/cruise-sector/**

16 Auckland Tourism, Events and Economic Development. (2015). *Cruise action plan for Auckland.* Retrieved from **http://www.aucklandnz.com/downloads/ATEED_Cruise_Action_Plan_110515.pdf**

Figure 14: Number of historical and projected passengers and cruises to New Zealand



Note: Forecasted values presented using dashed lines.
Source: Cruise NZ

Most growth historically has been driven by passengers from Australia and the United States, and this is projected to continue across 2015/16 and 2016/17 interestingly with a large growth in New Zealander passengers as well. Australians make up half of the growth in passengers in these periods, while New Zealanders make up 17 per cent, and Americans make up 12 per cent.

New Zealand as a cruise destination is highly dependent on Australia as a source market. Australia as a source market has been recording considerable growth. Consequently, more cruise lines are increasing their capacity in Australia and New Zealand, which will potentially increase the number of ships choosing New Zealand as destination.

Table 2: Forecast growth in cruise passengers by nationality

NATIONALITY	FORECAST GROWTH IN PASSENGERS BETWEEN 2014/15 AND 2016/17	% OF TOTAL
Australia	27,600	48%
Canada	2,400	4%
China	-1,000	-2%
Germany	2,400	4%
Spain	100	0%
France	-300	-1%
Great Britain	5,100	9%
India	0	0%
Italy	0	0%
Japan	-800	-1%
New Zealand	9,900	17%
Singapore	-100	0%
United States	7,000	12%
Others	5,600	10%
Total	**57,900**	**100%**

Source: Cruise New Zealand

Key forecast growth areas (in terms of absolute growth in unique passengers) include Southland, where passengers are forecast to increase by 50,000 by 2016/17, and Auckland, where passengers are forecast to increase by 40,000. Proportionately, Gisborne is forecast to have the fastest growth, increasing from very little in 2014/15 to around 30,000 passengers in 2016/17.

4.2 Cruise infrastructure supply

In New Zealand there are 17 ports that cruise ships can call into. However, 85 per cent of cruise activity is concentrated in six ports: Auckland, Tauranga, Wellington, Akaroa, Port Chalmers and Fiordland. Most ports are owned by local government, with some partly privately owned.

The number of cruise ships visiting New Zealand has grown from 96 in 2008 to a forecast of 124 in 2015. Over the same period, days in port have increased from 491 to 712 days.

There are a number of aspects to cruise infrastructure.

- The number of cruise ships able to be in port at any one time is restricted by the number of berths. Scheduling cruise ships on different days within the season can alleviate this problem, to a point.
- The length and depth of available berths is also a factor, with length being a more important factor than depth for cruise ships. As the size of cruise ships increases, some ports will require the lengthening of wharves before cruise ships can dock. In cases where ships are not able to dock, tenders (small boats) are used to transport passengers to the shore (though this is a less satisfactory experience for passengers).

› Processing facilities for passenger arrivals are also required at ports if the passengers start or finish their cruise there. For very large cruises, these facilities must be capable of processing thousands of people in a short amount of time (both those exiting the voyage and those joining it). In New Zealand, the processing occurs in Auckland.

In addition to processing facilities, supply of accommodation and transportation are essential for passengers starting or finishing their trip in a specific port.

A location will only be considered by cruise operators if there are sufficient on-shore attractions with suitable carrying capacities for passengers to visit.

4.2.1 Port cruise ship capacity

Table 3 summarises key statistics on cruise ports in New Zealand.

Table 3: Key New Zealand cruise ports and berths

PORT	AVAILABLE BERTHS	MAXIMUM BERTH LENGTH	MAXIMUM BERTH DEPTH
Bay of Islands	3	330m	10m
Auckland	3	320m	10m
Tauranga	1	300m	9.8m
Napier	1	317m (longer may be possible)	12m
Wellington	2	Unlimited	9.2m
Picton	2	320m	14.5m
Christchurch (Lyttelton)	1	200m (longer may be possible)	12.4m
Akaroa	1	350m	10.3m
Dunedin	2	320m	12.2m

Note: Some ports may be able to accommodate additional ships depending on the circumstances.
Source: Cruise New Zealand

In terms of the current overall number of cruises planned, New Zealand as a whole has the capacity to handle them. For example, in the peak cruise season in February, one of the busiest ports, Auckland, has nine days of the month (31 per cent) without a cruise ship in dock. Potentially, with additional effort to synchronise dock availability and cruise ship scheduling, there may be a possibility to expand overall cruise ship arrivals, and also to expand the season.

The main issue identified is the current limited infrastructure for supporting large cruise ships, an example being Ovation of the Seas.

Case study: Ovation of the Seas

The 348-metre Ovation of the Seas, which can carry 4,900 passengers, is the newest and largest cruise ship scheduled to visit New Zealand. Historically, the 'average' cruise ship to New Zealand is the Sun-class ship, at 261 metres.

Auckland is New Zealand's main cruise port, with over 90 per cent of cruise itineraries stopping there. Ovation of the Seas is too long to berth at Auckland's two main cruise ship terminals, as these terminals can only take ships up to around 320 metres. This means that when Ovation of the Seas arrives at Auckland in December 2016, it will berth in Waitemata Harbour rather than Auckland Harbour. Ovation of the Seas will use tenders at Auckland and the Bay of Islands, while it will berth alongside wharves in Dunedin, Wellington, Picton, Napier and Tauranga. According to Cruise New Zealand Chairman Kevin O'Sullivan, using tenders can impact negatively on the visitor experience, including limiting the amount of time they spend on shore.

Auckland's inability to accommodate Ovation of the Seas may impact its (and New Zealand's) ability to attract that ship here again.

Auckland, as New Zealand's only exchange port (where passengers get on or off cruises), requires a terminal suitable for passenger processing. Cruise New Zealand[17] states that the current facility is not fit-for-purpose, with inadequate shelter, insufficient space and seating, and congestion. The terminal itself is basic and this may impact the overall visitor experience.

Handling and processing activities reach their limit on Auckland's secondary cruise wharf, Princes Wharf, during cruise season. Auckland's primary cruise wharf, Queens Wharf East, may have greater capacity.

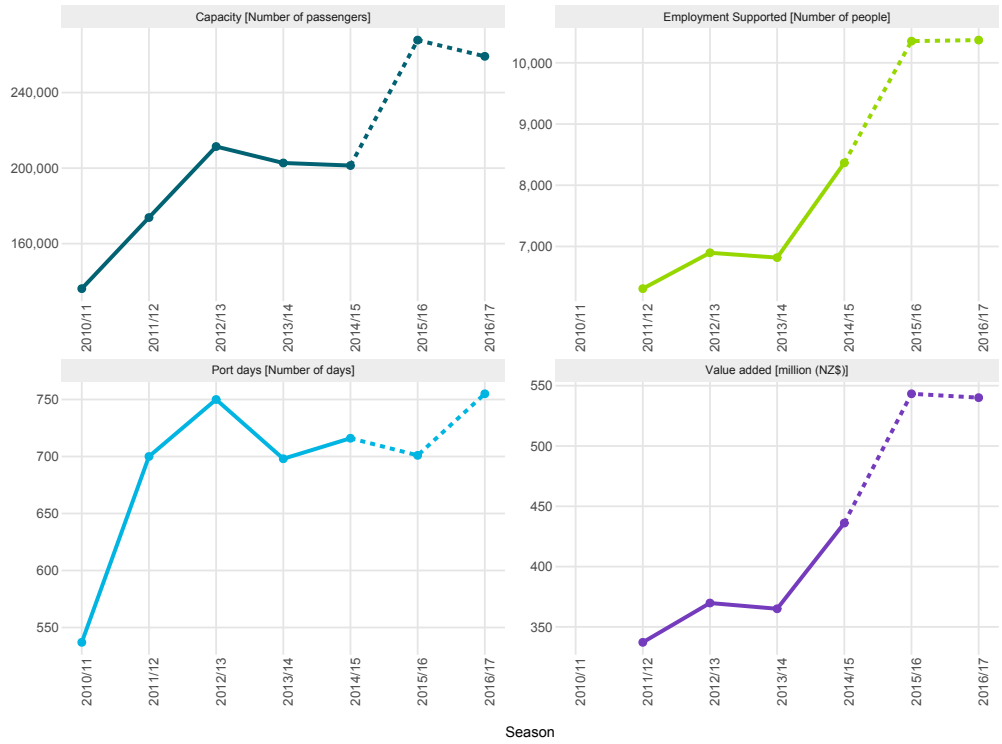
4.2.2 Cruise ship passenger capacity and occupancy

We provide some indicative statistics on the capacity of cruise ships in New Zealand. The capacity of cruise ships is defined in the industry as 'double occupancy' (ie, two people staying in each cabin). As a result, most cruise ships operate at an occupancy level above supposed capacity, as more than two people may stay in each cabin (for instance, children staying with their parents). Occupancy is over 100 per cent for all seasons analysed, which suggests that all cruise ships are full. This means that the only real method of increasing overall capacity is through an increase in the number or size of cruise ships.

The capacity of cruise ships visiting New Zealand has increased through the 2010/11 to 2012/13 seasons, but has flattened since then. Forecasts suggest that the 2015/16 season should see a boost in capacity as more cruise ships put New Zealand on their itinerary. The highest visitation is in February, which makes up around a quarter of all capacity for the season.

17 Cruise New Zealand. (2016). *Infrastructure constraints and factors that influence the New Zealand cruise industry* (unpublished).

Figure 15: Cruise ship passenger capacity



Note: Forecasted values presented using dashed lines.
Source: Cruise New Zealand

4.2.3 Port infrastructure

Both Auckland and Canterbury are investigating improvements of port infrastructure to accommodate cruise ships.

Auckland Council has initiated a 12-month study looking at the long-term options for meeting Auckland's port needs and will consider a wide range of options for the port's future development, including for larger cruise ships. In addition, Auckland Tourism, Events and Economic Development has released a cruise plan which outlines the need for future investment into cruise infrastructure in Auckland – not just port-side infrastructure, but also supporting infrastructure (such as hotel beds, transport, attractions, activities and beds).

Auckland Council's Waterfront Plan (released in 2012) suggested several options for development, each resulting in an extension of one of Auckland's main wharves (Queens Wharf, Bledisloe Wharf, or Captain Cook Wharf).

Compared to other ports in New Zealand, Lyttelton Port in Canterbury has very limited capacity in terms of berth length. The port was badly damaged in the Christchurch earthquakes, with many ports and jetties no longer serviceable. Only smaller ships can currently berth there, while larger ships must tender in their passengers (which is time-consuming and less comfortable). This has led to a reduction in the number of cruises and passengers stopping there. The alternative port, Akaroa, has sufficient facilities for large cruise ships, but is a small town 1.5 hours' drive from Christchurch.

Revamping the port and improving the cruise infrastructure is part of the Lyttelton Port Recovery Plan.[18] The plan includes the development of a dedicated, estimated $1 billion cruise ship facility away from the operational area of the port. Work on the port will start mid-2016 with a target end date of 2024.

In preparation for Ovation of the Seas, Napier, Picton and Dunedin have also announced improvements of their ports.

18 Canterbury Earthquake Recovery Authority Christchurch. (2015*). The Lyttelton Port recovery plan.* Retrieved from **http://www.lpc.co.nz/port-development/lprp/**