CRUISE AOTEAROA NEW ZEALAND 2040

SETTING A COURSE FOR THE FUTURE

NEW ZEALAND CRUISE ASSOCIATION

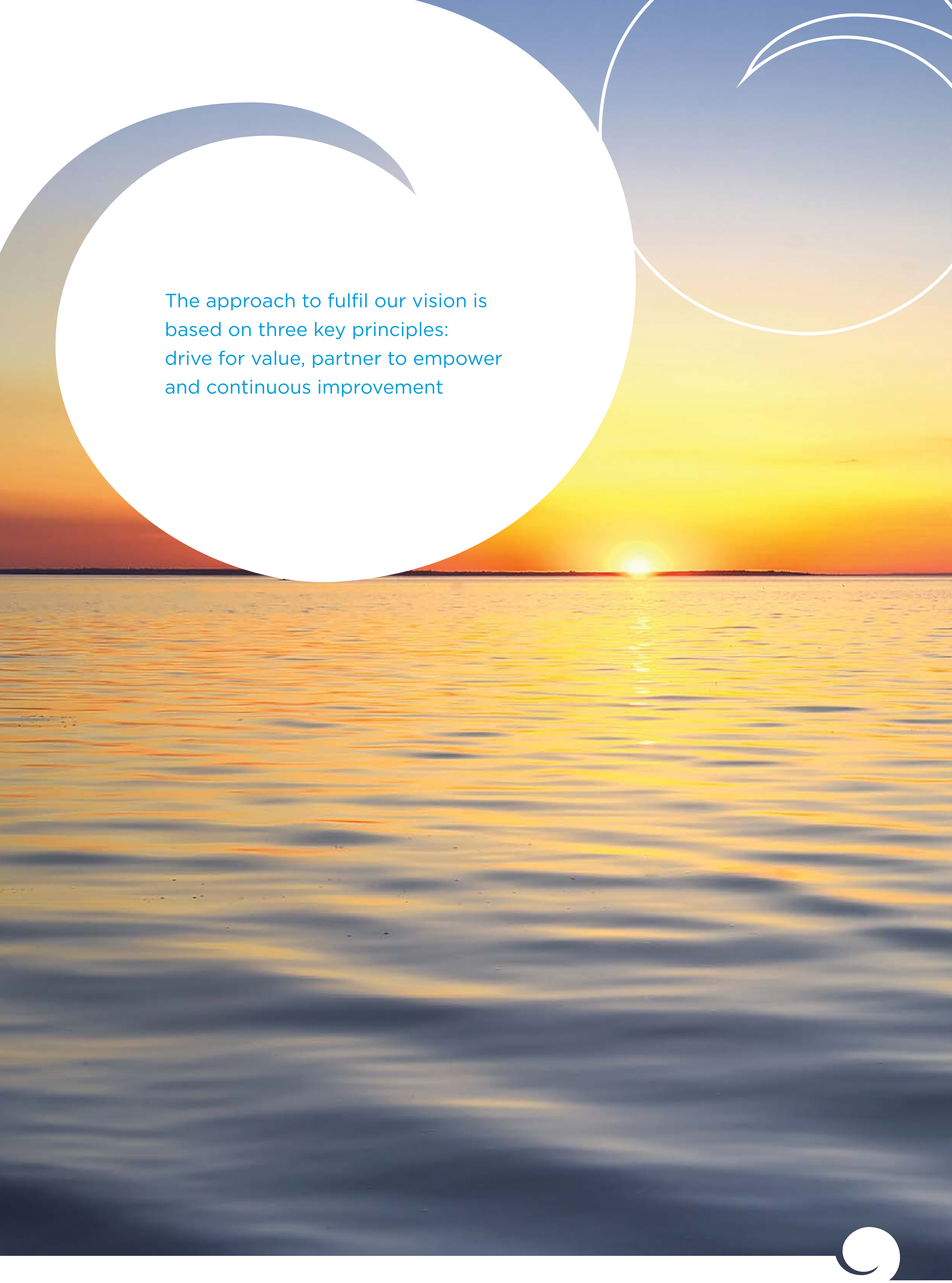
He Waka Eke Noa

2040 VISION

A visitor focused cruise sector that makes New Zealand a better place by contributing to, and growing the value of economy, environment and community.

CONTENTS

The approach to fulfil our vision is based on three key principles: drive for value, partner to empower and continuous improvement



EXECUTIVE SUMMARY

Cruise has proven to be very resilient in the post-COVID tourism recovery and is now one of the fastest growing sectors of tourism with growth forecast to continue globally. However, despite a strong 2023/24 season New Zealand is forecasting a 15 to 20% reduction for 2024/25 and beyond influenced by macro and micro factors.

For New Zealand that means now is the time to step back and take a long-term lens to creating a clear direction that aligns stakeholders, enables holistic, beneficial outcomes, ensures emerging and persistent challenges are addressed and grows value across a range of stakeholders, while avoiding the problems caused by deployment difficulties and potential future unrestrained growth.

To enable the future of cruise as a sector we need to demonstrate how it delivers, or can deliver, more value overall and into multiple parts of the system, proving its positive value to key stakeholders and engaging them to be part of the solution. Cruise needs to evolve, stand out and be noticed for its positive contribution and potential over the course of time.

This national cruise strategy, for both destination and industry stakeholders, sets a long-term course for the future towards the 2040 vision of a visitor focused cruise sector that makes New Zealand a better place by contributing to, and growing the value of economy, environment & community.

The approach to fulfil that vision is based on three key principles: drive for value, partner to empower and continuous improvement. Through the application of these principles, as a destination we'll work collaboratively together with industry to enable manageable growth through the right ships with the right visitors to be in the right place at the right time, growing value across all contribution pillars and achieving balanced outcomes across the cruise ecosystem.

... a visitor focused cruise sector that makes New Zealand a better place by contributing to, and growing the value of economy, environment & community.

We recognise there is much to be done over the coming 16 years to achieve the vision and we have charted the course for the journey to 2040 over three horizons: Horizon 1 - focused on alignment and momentum; Horizon 2 - focused on integration and impact; Horizon 3 - focused on evolution and contribution.

The world is a dynamic place with ever-changing geopolitical and economic factors, and the cruise industry is going through a sustainability-based metamorphosis with new technologies and visitor expectations constantly evolving. Reviewing and revisiting this strategy over the course of the journey will be important to understand what's working and what's not, and adjusting for unexpected changes that occur.

For Horizon 1 five key priorities for action have been identified:

- Unlock data and measurement
- Activate communications
- Build and strengthen partnerships
- Engage government stakeholders
- Integrate national and regional operations

Success will see a collaborative cruise sector with stakeholders aligned behind this direction, each taking their own initiatives and actions to contribute more holistic value across our key contribution areas economy, environment, community and visitor (including benefits for Māori and iwi) as we collectively strive to achieve our aspirational 2040 goals.

Reviewing and revisiting this strategy over the course of the journey will be important to understand what's working and what's not and adjust for unexpected changes that occur.

Pilot Bay, Tauranga | Brian Scantlebury

STRATEGY ON A PAGE | CRUISE AOTEAROA NEW ZEALAND 2040

HORIZONS

HORIZON 01 Alignment & Momentum — 2024 → 2025

HORIZON 02 Integration & Impact — 2025 → 2030

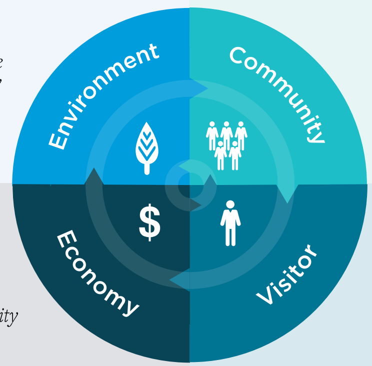
HORIZON 03 Evolution & Contribution — 2030 → 2040

VISION

A visitor focused cruise sector that makes New Zealand a better place by contributing to, and growing the value of economy, environment and community.

CONTRIBUTIONS

Reducing impacts in climate, emissions, waste management,bodiversity and protecting nature.



Respecting and enabling positive, vibrant and welcoming communities with better social and cultural impacts.

Growing economic contribution that is balanced with environment, community and visitor.

Delivering outstanding, distinctive visitor experiences that are good for the economy, nature, communities and Māori.

2040 ASPIRATIONAL GOALS

Economy
- $1 billion cruise expenditure contribution by 2040.

Environment
- Net carbon zero tourism supply chain by 2040, and by 2050 for cruise lines.
- Zero waste to landfill by 2030 or as soon as possible before 2040.

Community
- 90% of New Zealanders think cruise tourism is good for New Zealand.
- Cruise tourism is good for Māori and iwi.

Visitor
- 90% of international cruise visitors satisfied with experience.
- 90% average NPS scores per region by cruise line.

HORIZON 01 OBJECTIVES

Unlock Data and Measurement	Activate Communications	Engage Government Stakeholders	Build and Strengthen Partnerships	Integrate National and Regional Operations
• Enable a cruise specific data and evidence base through partnership and integration • Measure contribution 'pillars' economy, environment, community and visitor • Make measurement widely available throughout the sector	• Develop a leadership position that builds a positive cruise narrative • Educate key stakeholders on the cruise ecosystem • Enable deeper understanding between destination and cruise lines	• Build government alignment with cruise strategy, vision and goals • Engage advocacy and support of key agencies • Develop awareness and trust throughout government system – national, regional, and local	• Develop national cruise partnerships at multiple levels of the system • Grow capability to accelerate progress towards our future • Mitigate vulnerability of New Zealand cruise sector to deployment variability	• Enable best practice operations and integration for consistency and regional relevance • Improve the standard, consistency and distinctiveness of visitor experience • Make ship visits better for communities.

PRINCIPLES

DRIVE FOR VALUE → PARTNER TO EMPOWER → CONTINUOUS IMPROVEMENT

Auckland | Bernado Capri Hardiyan

1.0 INTRODUCTION

1.1 | Background

Cruise has proven to be remarkably resilient and an increasingly appealing way for the world to holiday. Post-COVID travellers have re-embraced cruise holidays globally and growth has effectively picked up where it left off in 2019. In New Zealand the growth trajectory has been similarly strong with the 2023/24 season showing record port calls and visitor numbers. However, it is important to note that despite global growth and high destination appeal and ratings from cruise passengers, a 15 to 20% decrease is expected in New Zealand for the 2024/25 season also flowing into the 2025/26 season. This is due to micro factors such as destination costs (International Visitor Levy, Port fees etc) and biosecurity issues, and macro factors affecting deployment variations including geo-political tensions, foreign exchange challenges and fuel costs.

Currently a myriad of stakeholders work to provide service to the New Zealand cruise industry but there is a lack of cohesion, coordinated planning, consistent engagement with communities and, importantly, overall alignment behind an agreed direction.

As the tourism industry in New Zealand emerges through the recovery period post-COVID there is a renewed and evolving focus on a regenerative approach that is beneficial for people and place, one that looks beyond economic factors and considers cultural, social, and environmental outcomes together with an enriched visitor experience. Similarly, the global cruise industry has ambitions anchored in improving sustainable practices and delivering positive effects for destinations.

While the global cruise industry continues to expand, New Zealand faces unique challenges as a higher-cost deployment destination due to various macro and micro factors. Now is the opportune time to adopt a long-term perspective, creating a clear, strategic direction that aligns stakeholders and fosters holistic, beneficial outcomes. This approach should address both emerging and persistent challenges, enhance value for diverse stakeholders, and prevent issues arising from unrestrained growth and deployment difficulties.

Now is the opportune time to adopt a long-term perspective, creating a clear, strategic direction that aligns stakeholders and fosters holistic, beneficial outcomes.

Cruise Aotearoa New Zealand 2040 has been developed to establish a unified, balanced, and progressive approach for the future of New Zealand's cruise sector that is aligned with the national tourism strategy, builds on the strengths and capabilities of the tourism industry, and ensures long-term sustainability for cruise.

1.2 | Approach

Relevant documents from, or influencing, New Zealand's tourism industry and cruise sector have informed this direction including:

- New Zealand-Aotearoa Government Tourism Strategy
- Tourism New Zealand Statement of Intent 2021 to 2025
- TIA Tourism 2025 and beyond and Tourism 2050 – A Blueprint for Impact
- MBIE Tourism Industry Transformation Plan
- We Are Aotearoa Interim Report of the Tourism Futures Taskforce, 2020
- Destination Management Plans (for cruise relevant regions)
- Reports of the Parliamentary Commissioner for the Environment
- Milford Opportunities Project MasterPlan

- DOC Heritage and Visitor Strategy
- Draft Tourism ITP Environment Action Plan, MBIE
- National Cruise Strategy Scoping Document, 2023
- 2023 CLIA State of the Industry
- Charting the Future of Sustainable Travel, CLIA, October 2023
- The Economic Contribution of the International Cruise Industry Globally, 2019, CLIA
- Cruise Tourism Contribution to the NZ Economy, Market Economics Ltd, 2018.

We are grateful for those who have provided valuable time and insight through consultation across various channels including:

- Interviews with stakeholders including ports, RTOs, inbound tour operators (ground handlers), port agents, CLIA, cruise lines, various consultants, provedors, Milford Opportunities Project, NZ Bus and Coach Association, MBIE and Australian Cruise Association
- Feedback via survey following a high-level presentation at the national cruise conference in August
- The stakeholder representative working group that helped shape the direction including representatives from Tourism New Zealand, RTOs, inbound tour operators (ground handlers), port agents, cruise lines, isite and MPI.
- The board of New Zealand Cruise Association (NZCA) as the steering group

Note: While we haven't engaged directly with Māori or iwi in the process to date we acknowledge the role of RTOs in developing relationships with mana whenua in their respective regions through the DMP process which influences local cruise planning and activities.

The role of NZCA is critical to both the successful future of the cruise sector and development of a national strategy through leadership, coordination, representation, advocacy, and delivery.

NZCA is a catalyst and influencer in the development and implementation of Cruise Aotearoa New Zealand 2040 as a strategy for both destination and industry stakeholders to facilitate the creation of a better future for New Zealand's cruise sector.

Implementing and enabling this direction will require it to be embraced and delivered through the collaborative efforts of all stakeholders.

The role of NZCA is critical to both the successful future of the cruise sector and development of a national strategy through leadership, coordination, representation, advocacy and delivery.

Mount Maunganui | Brian Scantlebury

Since COVID, global cruise sector growth has re-accelerated in a way that would have been hard to predict

2.0 CURRENT STATE OF CRUISE

2.1 | Global View of Cruise

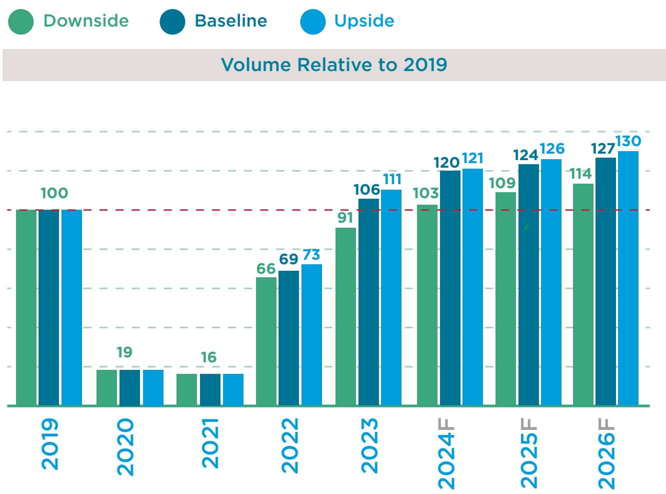
Cruise tourism generated an estimated $154.5 billion in total output of goods and services throughout the global economy during 2019. As a result of the production of this output, 1,166,000 FTE jobs were required with the workers who were employed in these jobs paid $50.5 billion in income. *Source: The Global Economic Contribution of Cruise Tourism in 2019, BREA*

Since COVID, global cruise sector growth has re-accelerated in a way that would have been hard to predict. Cruise tourism is one of the fastest growing sectors of tourism rebounding faster than international tourism arrivals with cruise passenger volumes reaching 107% of 2019 levels in 2023 with 31.7 million passengers sailing. *Source: CLIA*

Global cruise capacity is forecast to grow 10% to 745k lower berths from 2024 to 2028. Attracting 4 million new-to-cruise travellers is key to meeting this increase in global cruise capacity. So, while 85% of travellers who cruise will cruise again, there is an ongoing drive to fill the sales funnel with new-to-cruise passengers.

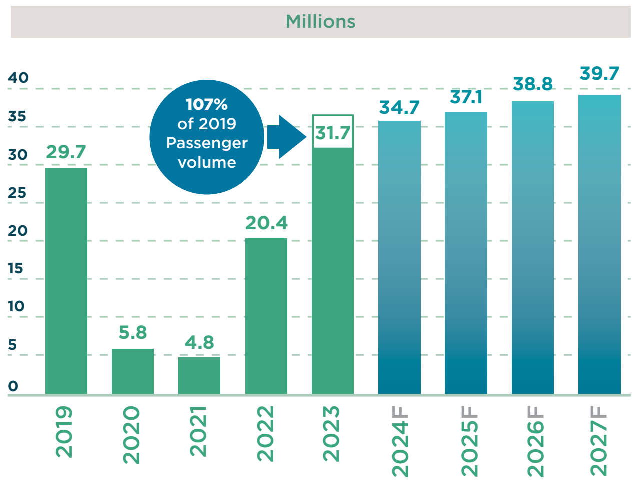
PROJECTED GLOBAL CRUISE PASSENGER VOLUME

Source: CLIA



OCEAN-GOING CRUISE PASSENGERS

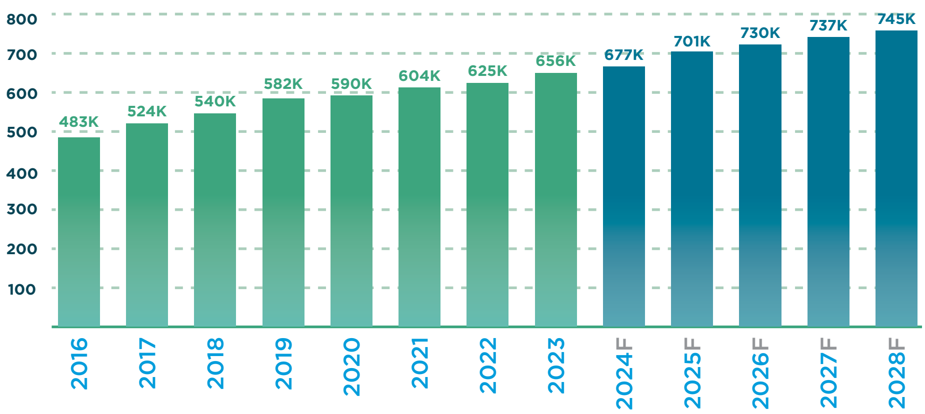
Source: CLIA



Cruise vessels account for less than 1% of the total marine ocean-going commercial fleet with just 322 ships operating worldwide (*Source: Cruise MarketWatch*) – a clear marker that cruise is a very small portion of a much larger maritime sector. Of the 20.4 million passengers cruising worldwide in 2022, 2.4% came to Australia, New Zealand, and the Pacific region demonstrating our region represents a small part of global cruise activity *Source: CLIA.*

CRUISE CAPACITY PROJECTIONS

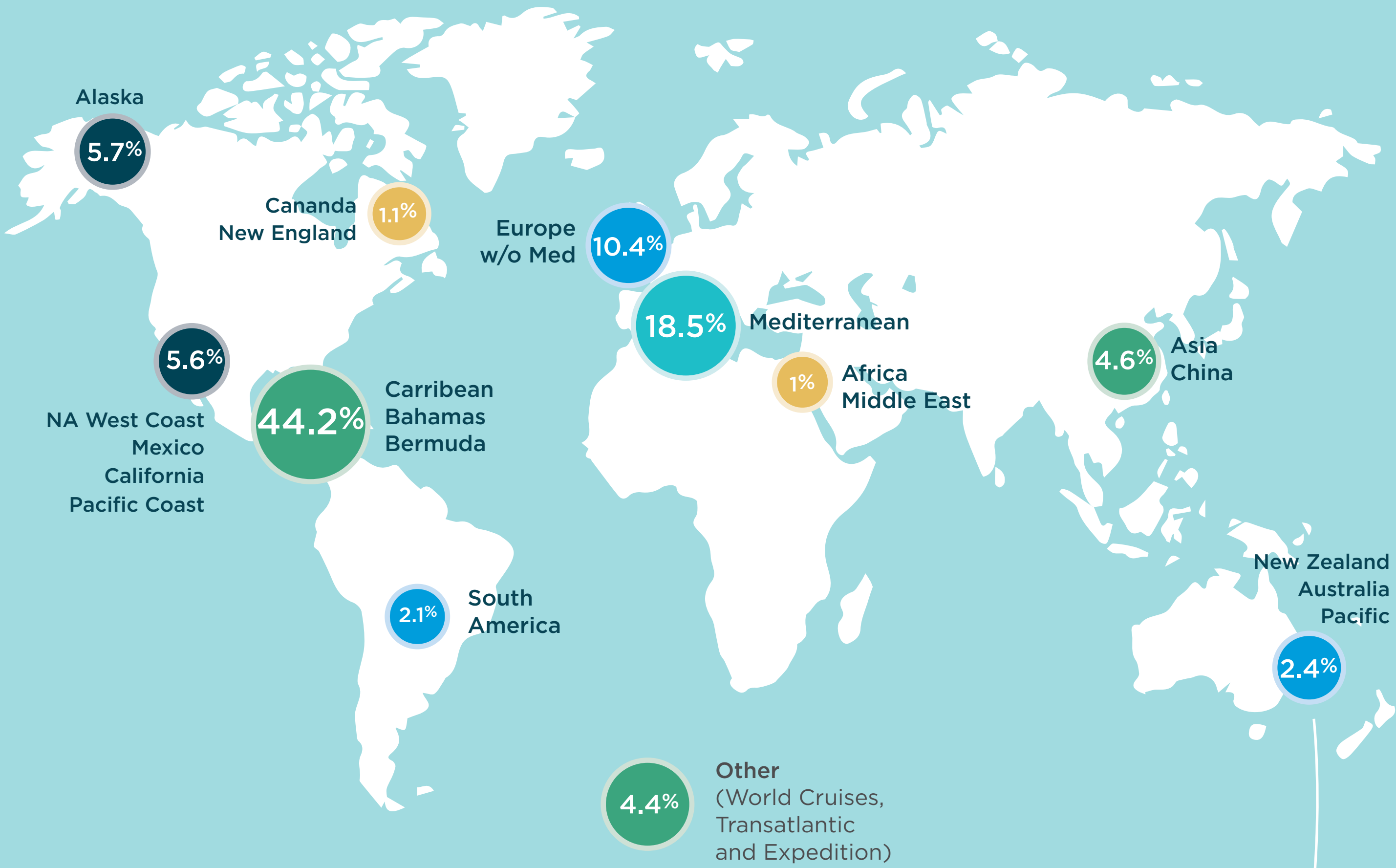
Source: CLIA



Global cruise capacity is forecast to grow 10% to 745k lower berths from 2024 to 2028.

Percentage of Cruise Passengers Traveling to Major Destinations (2023)

Source: CLIA.



Of the
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2.2 | Influencing Trends

Relevant trends influencing the growth of cruise and its future include:

1	Younger generations are the future of cruise	Younger generations are the future of cruise with gen x and millennials growing at a faster rate than boomers. The average age of cruisers is now 46.5. (Noting overall the 50+ market in general still dominates). *Source: CLIA*
2	Cruise holidays appeal to those looking for multi-generational travel options	Cruise holidays appeal to those looking for multi-generational travel options. Today 73% of cruise travellers are sailing with family members that represent at least two generations. *Source: CLIA*
3	The number of accessible cabins across the cruise line fleet is increasing	The number of accessible cabins across the cruise line fleet is increasing. The increase is helping to meet the needs of cruise travellers who have limited mobility, many of which say they view a cruise holiday as the only travel option that meets their needs. *Source: CLIA*
4	Travelling to destinations for deeper connections, meaningful experiences and more immersive travel.	Travelling to destinations for deeper connections, meaningful experiences and more immersive travel. Expert, exclusive, unique, and local are key factors passengers seek especially for luxury and expedition tours. *Source: CLIA*
5	The luxury and expedition markets are growing	The luxury and expedition markets are growing and cruise passengers are booking longer and more premium trips than previously. The number of passengers sailing on expedition cruises more than doubled from 2016 to 2022. *Source: CLIA*
6	Creating destination specific surprise and delight at key moments of the journey	Creating destination specific surprise and delight at key moments of the journey to help discovery of the destination. Helping passengers seamlessly connect through onshore activities can also increase cruise frequency. *Source: Cruise Trade News*
7	Environmental technologies and practices on cruise ships are accelerating	Environmental technologies and practices on cruise ships are accelerating as the industry pursues net carbon zero cruising by 2050. Cruise lines are increasingly offering environmental education and sustainable tour experiences for passengers. As a result, 84% of cruise travellers are more aware of the responsible nature of cruise travel and the importance of the environment. *Source: CLIA*
8	Commitment of cruise passengers to the environment	Commitment of cruise passengers to the environment is on the rise with 50% more passengers committed to making decisions based on environmental impacts than three years ago. *Source: CLIA*
9	Destination stewardship for some destinations	Destination stewardship for some destinations by cruise companies partnering on sustainable tourism initiatives with city authorities, ports, and others. *Source: CLIA*

2.3 | Sustainability

The cruise industry globally recognises its reliance on clean oceans and air, the beauty of natural places and the preservation of cultural heritage. Cruise lines are following a path to decarbonisation with advancements in technology, infrastructure, and operations to reduce the carbon footprint at berth and sea including new engines, propulsion technology, new fuels supply, shoreside electricity deployment, digitisation, reducing waste and energy loads, and optimizing route and itinerary planning.

CLIA members are committed to pursue net carbon zero cruising by 2050 and are aligned with UN Sustainability Development Goals. CLIA state their sustainability focus as their number one priority.

While this drive to sustainability is well known in the industry it is not well known widely amongst all stakeholders and is a narrative that is yet to take hold in New Zealand.

Cruise tourism in New Zealand boosts regional economies contributing average expenditure of $614,008 per day and $380 per passenger

$614,008
per day

$380
per passenger

2.4 | Cruise in New Zealand

Prior to COVID the 2018-19 contribution from cruise tourism was $569.8m from 322,000 passengers. This represented 25% year on year growth and included a GST component of $54m from a sector supporting thousands of jobs.

Despite the damaging weather events of the 2022-23 season, cruise still delivered around 80% of pre-COVID numbers with 42 ships carrying 251,000 passengers and 112,000 crew on 794 port visits.

There was significant growth in 2023-24 with 54 ships carrying approximately 360,000 passengers and 149,000 crew on 1056 port visits representing 43% growth in visitors and 32% more port visits compared with 2022-23, with an estimated value of $636.8m. 48% of those port visits were from ships with less than 1000 passengers (down from 50% in 2018-19) with 61% less than 2000 passengers (down from 65% in 2018-19) and 15% from 3000 plus passenger vessels (up from 10% in 2018-19).

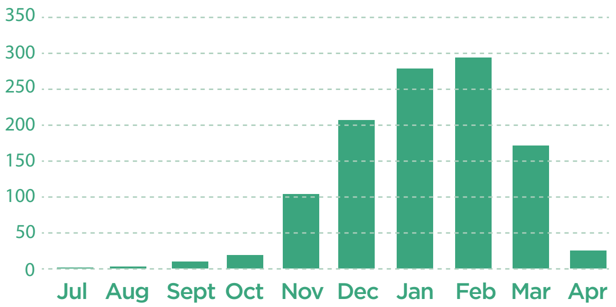
New Zealand Cruise Season 2023-24

Port calls by Vessel size

Size (passengers)	# Port Calls	% Port Calls
3000 plus	162	15%
2000-2999	247	23%
1000-1999	138	13%
100-999	509	48%
Total	1056	100%

Source: 2023-24 Cruise Ship Schedule - NZCA

Port calls by Month



Source: 2023-24 Cruise Ship Schedule - NZCA

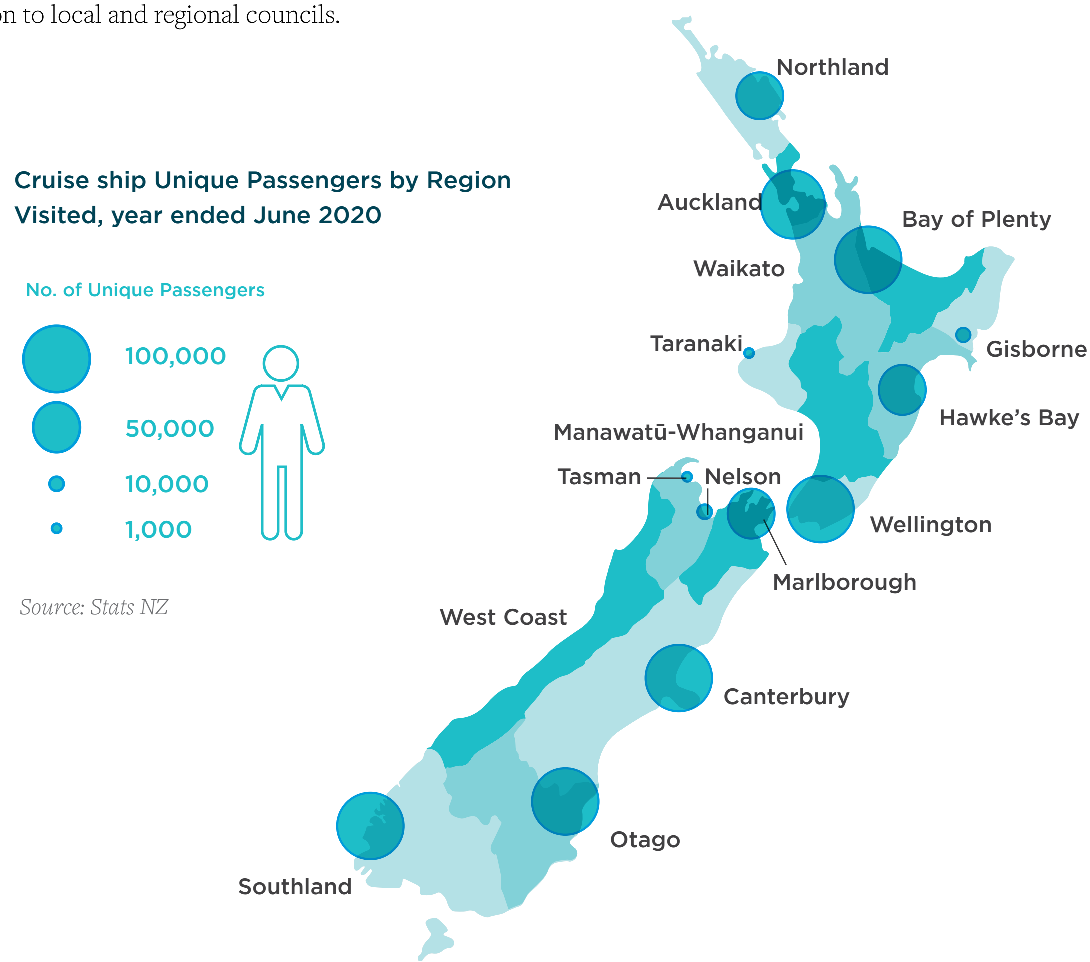
In the 2023-24 season 70% of cruise ships arrived in the three-month period from December to February, with 95% arriving in the wider five-month period from November to March. However, there are ships arriving in the seven months from October through to April indicating potential for further developing the shoulder season and winter cruising opportunities.

Recent macro factors including geopolitical tensions, negative impacts of foreign exchange, rising fuel costs and the slow return of China to travel, combined with micro factors of increasing costs and regulatory requirements in New Zealand are significantly impacting forecasts for our 2024/25 season with a 15 to 20% decrease in port calls and 20% reduction in visitors expected. Indications are showing similar implications for the 2025/26 season. Notwithstanding our destination appeal and high passenger ratings, our distance from Northern hemisphere home ports, relatively expensive cost structures and increasingly demanding regulatory environment can combine to negatively impact profitability and viability for cruise lines, with forecasts demonstrating that cruise won't just always come. While we can't impact macro factors, we need to continue to work on our attractiveness as a cruise destination across multiple dimensions including influencing micro factors so we can continue to realise the benefits of a thriving cruise industry.

Cruise tourism in New Zealand boosts regional economies, contributing average expenditure of $614,008 per day and $380 per passenger[1], delivers regional dispersal well beyond the 'golden route' *Source: Stats NZ*, benefits businesses, and encourages repeat land visits, particularly from the Australian market. More than 6 in 10 people (63%) who have taken a cruise say that they have returned to a destination that they first visited via cruise ship. *Source: The Global Economic Contribution of Cruise Tourism in 2019, BREA*. Economic benefits stem from visitor, crew, and vessel spending, along with passenger exchanges and indirect spend, including increased exports like food and wine.

The cruise ecosystem extends to visitors, potential visitors, cruise lines, CLIA, shipyards, suppliers, ports, RTOs, retailers, provisioning companies (and their suppliers), port agents, destination management organisations, isites, tourism operators, hotels, cafes, restaurants, catering and ground transportation, amongst others. In New Zealand it also includes key national government agencies like Tourism New Zealand, New Zealand Customs, MBIE, MPI, MoT, and Maritime New Zealand, in addition to local and regional councils.

Cruise ship Unique Passengers by Region Visited, year ended June 2020



Source: Stats NZ

Expenditure Value of Cruise Per Region

Region	Expenditure value per port day	Expenditure value per passenger
Northland	431,600	221
Auckland	1,821,009	1,133
Bay of Plenty	728,108	405
Hawke's Bay	370,878	259
Wellington	473,732	278
Nelson/Tasman	226,286	239
Marlborough	582,280	305
Canterbury	447,390	324
Dunedin/Otago	444,786	261
Average	**$614,008**	**$380**

Note: Some smaller regions data unavailable

Source: StatsNZ, NZCA Cruise Schedule

2.4.1 | Cruise industry - destination and deployment

The cruise industry is embracing the concept of destination stewardship with the CLIA website stating *"We partner with city authorities, ports, and other organizations on sustainable tourism initiatives to help preserve the integrity, cultural heritage, and beauty of the world's most treasured destinations. We share a common vision to capture the social and economic benefits of tourism for residents while safeguarding the long-term sustainability of the cruise destination for future generations."* Helping develop and preserve the destination through a partnership approach enables a potential a win-win.

Nonetheless, cruise lines are large commercial entities with significant capital investments. Deployment decisions for their assets are key to their financial success. These decisions are made based on important commercial factors including:

- market demand for the destination
- travel windows of target audiences
- passenger contributions and ratios of tickets vs on-board revenue
- seasonality opportunities
- port choices, proximity to each other and facilities (berthing vs anchoring)
- destination ratings and experience appeal to passengers
- competition for berth space and/ or market saturation (some cruise lines are underwriting popular port developments to ensure preferred dates for berthing)
- cost of port + destination cost + regulations + fuel required to get there, around and away.

New Zealand has strong brand appeal we have many ports with a lot of variety within close proximity of each other, and an appealing balance of nature, culture (Māori culture and experiences are particularly appealing) and food and beverage experiences. We command a high price because consumer demand is strong and our visitor ratings are typically high. But because of high costs and distance to source markets we can be at the lower end of net contribution for cruise lines increasing deployment risk when the cost benefit equation changes.

Auckland | Natalia Catalina

2.5 | Cruise and tourism in New Zealand

Post-COVID tourism in New Zealand is evolving significantly with an intent to be different to its former self-shifting from a focus on volume and economics to a broader, more balanced perspective across economy, environment, social and cultural goals. There is a renewed focus on a regenerative approach that has significant momentum evidenced through several aligned national strategies including (but not limited to) New Zealand – Aotearoa Government Tourism Strategy, TIA's recently released Tourism 2050 – A Blueprint for Impact, MBIE Tourism Industry Transformation Plan (Environment), and regional Destination Management Plans.

Tourism New Zealand's 2024 to 2028 strategy is to target off-peak visitation aiming to grow international tourism by $5b over the next four years, with 70% ($3.5b) of that coming from visitors in off-peak (March to November). Their key focus areas include building desire for the brand as a year round destination, growing off-peak arrivals supporting sector sustainability and enhancing the visitor experience. *Source: tourismnewzealand.com*

While cruise is undoubtedly and fundamentally an important part of the tourism system in New Zealand it currently sits somewhat to one side - attached to the tourism system but not yet fully embraced or integrated across all areas.

Aligning with a regenerative tourism approach and, where possible, Tourism New Zealand's off-peak direction, and proactively playing a role in building New Zealand's brand, will be important considerations for the future of cruise and its effective integration within the tourism system.

2.6 | Challenges

Complex system, many stakeholders: Cruise operates in a complex global/ local system with many interrelated stakeholders not all realising that the others exist, what their role is or how they might meaningfully influence outcomes or change. There are different objectives across different organisations in that stakeholder network – sometimes these stakeholders are looking solely through their own lens. Government agencies are also important stakeholders to enable change to happen for cruise at a systemic level over the long term.

Balancing attraction vs managing demand: New Zealand is a high demand destination evidenced by the recent growth in cruise ship arrivals. Some regions have felt the pressure of this demand. Others want to grow more. In the long term there is potential for more growth throughout the cruise season if managed carefully. However, in the near to medium term maintaining port calls and visitation in the face of macro and micro changes will be a key challenge.

Perception of cruise: Negativity dominates the narrative based partly on historical events, real community impacts, anecdotal or misinformed narrative and isolated incidents. Nonetheless, it is a fossil-fuel based industry that does create challenges of waste, biosecurity, and emissions. Improvements and progress have been made, yet we acknowledge there is still work to do. However, there is a positive story to tell, and an informed, well-defined, well-led narrative is missing.

Inconsistencies in information flow, procedures, and infrastructure: Operational information flow, including scheduling of ships and associated information, is variable. Bookings are accepted two to three years in advance, but that information is not universally available to stakeholders. Stakeholders welcoming cruise ships need it to manage cruise planning, operations and to ensure a positive visitor experience. There is a perceived lack of transparency, clarity, and consistency of data flow. Regions also find it hard to understand what cruise lines and their passengers/visitors want from an experience and product perspective. Lack of consistency in procedures and infrastructure can cause a negative impact on both visitor experience and communities especially for larger ships where people movement and management are critical. There are gaps in knowledge sharing and understanding of best practice. There is currently no guidance on minimum standards.

Impact on communities: In some places communities are under pressure from cruise volume, size and frequency that can cause traffic congestion, overuse of public services, high visual impact and a perception of light economic benefit and environmental degradation. There is an ever-present threat of loss of social licence in certain regions either now, or in the future. Communities are not necessarily informed well about ship arrivals, and often not included in communications or planning so can feel marginalised. There is a view that cruise lines don't always appreciate the importance of community opinion (which may be influenced by Australia's experience where cruise lines are based in the region and where this community impact seems to be less of an issue).

Cost of infrastructure

Infrastructure requires significant investment, takes time and requires information, value and a solid financial benefit (in addition to other value dimensions) to enable an effective business case – whether its walk off capability, welcome facilities or shore power provision. Justifying and obtaining funding for infrastructure is difficult without the data and information about potential economic benefits (and holistic impact) for the wider region. Ports are less likely to invest based on their economics alone.

With port visits scheduled two to three years ahead it takes time and planning to have an impact and effect change.

Lack of data and information

Evidence and proof points to determine value and impact of cruise economically and across other capitals/wellbeings (society, culture and nature) are historical, assumed, or unavailable. This is a foundational issue that inhibits decision making and answers to the questions: What is the real value of cruise? What is the real impact of cruise? Can we justify this funding/ investment?

Cruise is a 'long lead time' industry

With port visits scheduled two to three years ahead it takes time and planning to have an impact and effect change. At another level cruise ships take a long time to build and are in service for decades to enable cruise lines to get a return on their capital investment.

Environmental impact

There is an increasing focus on environmental protection in New Zealand related to tourism whether it's emissions, biosecurity or biodiversity related. Cruise is perceived negatively in this light and is still a fossil-fuel-based industry (as is wider tourism with 99% of people arriving to a destination via carbon-creating airlines). There is a significant focus on sustainability and achieving net carbon zero in what is a hard-to-abate industry. In addition, cruise has a visual scale that has significant impact in the case of medium to large vessels. When a ship arrives into port or harbour, especially in smaller regions or quiet fiords, there is no hiding it. Milford Opportunities Project is considering the implications for cruise with a proposed complete ban for Milford Sound that would have wider reaching consequences for the cruise ecosystem.

Resourcing and budget

NZCA is under-resourced in both financial and human resource terms. Obtaining funding for cruise projects has also proved to be difficult. Driving effective change will take both human and financial resources.

2.7 | Opportunities

Cruise is in growth globally and New Zealand rates highly with visiting passengers: New Zealand is a desirable destination for cruisers for its landscapes, scenery, and culture and has historically been in demand by cruise lines because of its seasonal advantage where cruise lines operate from the northern hemisphere (noting European destinations are actively trying to grow their shoulder and winter seasons which could negatively impact New Zealand in future). High customer satisfaction for New Zealand Ports is consistent across regions, especially for signature locations like Akaroa, Bay of Islands and Milford Sound.

Tourism in New Zealand has momentum towards a regenerative approach: While there is much still to do to gain traction and achieve milestones there is increasing alignment and action underway to realise a better future for tourism and its stakeholders.

Stakeholders recognise the need for alignment: There is a strong appetite across stakeholders for a national strategy and, in general, a willingness to collaborate - albeit a significant effort is required to bring that intent to reality at a national scale.

Leveraging best practices: Where there is a 'join up' in a region amongst local stakeholders cruise generally works better for all than when there is not; often these regions are better organised, have better systems and processes and are more collaborative and streamlined through clearly established roles, responsibilities and regular meetings. Proactive and collaborative destinations have an opportunity to manage volumes, capacity and frequency well given the long lead times. Cruise tourism can mean well managed tourism because it is planned a long way in advance.

Ports have significant established infrastructure: While Cruise represents a small percentage of most ports' business (between 1% and 13% - port dependent), vacant berths and facilities can be activated when cruise ships visit a region creating economic benefit from what may have otherwise been an underutilised asset.

Community vibrancy, energy and contribution: Cruise provides scale in bursts and, therefore, can positively impact a region in multiple ways through asset/ infrastructure activation. Cruise also delivers vibrancy, energy and financial benefits to communities, and connects smaller regions that are off the main visitor route with the world in highly visible ways (note that this benefit is not a story well told or understood).

Cruise industry prioritising sustainability: The industry's focus on sustainability and drive to net carbon zero aligns in general terms with New Zealand's regenerative tourism direction. The pathway to net zero is a primary, macro level driver. Furthermore, CLIA and major cruise lines refer to a focus on destination sustainability as well as right ships, right ports and best experiences. They want destinations to be better off for ships having visited which is an important ethos if it manifests.

Cruise lines favour partnerships: Aligning on priority projects and initiatives at a national destination, government or port/region level could accelerate solutions - if dialogue and intent is genuine from both sides. There is a shift from picking destinations to building bespoke offerings through working with port and destination.

Travellers seek authenticity and engagement: More travellers are seeking deeper, more immersive experiences where they connect with people and place reflecting the kind of high-quality visitor that New Zealand wants to attract. Cruise brands are also working to stand out on this basis with an intent to offer more distinctive and compelling visitor experiences.

Tourism data infrastructure is improving: There are new approaches to data through improved MRTE's, IVS, the New Zealand Traveller Declaration and the Tourism Data Leadership Group all representing potential positive moves that can be leveraged.

2.8 | Key Issues

Cruise Aotearoa New Zealand 2040 has been developed to address the problem of how to create a unified, balanced, progressive approach for the future of Aotearoa New Zealand's cruise sector that aligns with national tourism strategy and builds long term value for all stakeholders. The key issues derived from context, challenges and opportunities are:

Cruise has a perception problem. There's a negative narrative attached to cruise and a belief it causes systemic problems across environment and community. There are truths that fuel this perception such as environmental and community impacts that continue to be areas that require ongoing focus for improvement. We recognise there is still much to do. However, progress is being made and there is also a positive story to tell with multiple layers that is not being well coordinated or delivered.

Cruise value is not well understood. There is a significant data and knowledge gap that leads to misinformed thinking and fuels the perception problems. Historical and global evidence suggest significant value opportunities. Currently value is perceived to be concentrated in certain stakeholders and not well distributed or realised in a broader sense. Evidence is weak to prove or disprove this perspective. Knowledge of cruise and how the system works is low and inconsistent.

Cruise growth will continue globally but will retract locally in the near to medium term. Forecasts are for continued global growth as cruise lines seek to fill the funnel and capitalise on a growing demand with new capacity in development. While passenger demand and ratings for New Zealand remain high they can be outweighed by local costs and regulations in addition to significant impacting macro factors that change the cost benefit value equation for cruise lines. Some regions want more volume growth and some don't, while value growth appeals to all. At a regional level there is both opportunity and challenge. Some have good infrastructure, some don't. Inevitably, without alignment behind a strategy we will lose the opportunity to shape sustainable growth in value through well managed cruise tourism.

Cruise gets sidelined. It has not yet been fully embraced into the tourism system and struggles to get funding probably because its value is not well understood and there has been a view that cruise will 'always come anyway' (current forecasts demonstrate this is not the case). This sidelining has flow on effects including lack of data and resourcing which makes it more difficult to understand and realise its true value.

Cruise has a resource problem. There are not enough resources to address the challenges at many parts of the system. That could be because it hasn't had a clear direction, hasn't been a priority and value contribution is not well understood making it hard to justify additional resources, investment or partnerships.

Cruise is complex and has an alignment/coordination problem. It's a complex system with multiple stakeholders in New Zealand, and across other countries, who each have their own challenges, objectives and agendas with no clear direction or apparent reason to align, so there is a lack of a unified approach.

Cruise's strategic competitive advantage is the strength of New Zealand's destination brand. The brand is underpinned by people and place including landscapes and scenery, lots of diversity of things to see and do, a rich, engaging, and fascinating culture, welcoming people and world class food and beverage that's derived close to its source. This is the primary protection we have as a destination from uncertainty – if nurtured it will always attract visitors and drive visitor demand for cruise. Working to protect and build it for the long term is essential as we leverage it in the short term.

There is a significant data and knowledge gap that leads to misinformed thinking and fuels the perception problems.

To enable the future of cruise as a sector we need to demonstrate how it delivers, or can deliver, more value overall and into multiple parts of the system, proving its positive value to key stakeholders and engaging them to be part of the solution. Cruise needs to evolve, stand out and be noticed for its positive contribution and potential over the course of time.

Auckland | Nate Hovee

3.0 OUR COURSE FOR THE FUTURE

3.1 | Principles of Approach

Our strategic direction is based on three interrelated principles that shape our vision, contribution pillars, high level goals and priority areas for action.

Drive for Value

Demonstrate how cruise delivers, or can deliver, more value overall and into multiple parts of the cruise eco-system enabling value contributions to more stakeholders. Drive holistic value and responsible growth so it gives back more than it takes across economy, nature, and community. Focus on adding value to the visitor experience to deliver differentiation, distinctiveness and drive future demand.

- We measure the value impact of cruise in balanced, holistic terms across economy, nature, community and visitor (including benefits for Māori and iwi).
- We aim to drive value over volume by focusing on the right levers to create growing value for all stakeholders. Where it makes sense, we attract and accommodate more volume to drive more value.
- We prioritise visitor understanding and visitor experience respecting that all value is ultimately derived from our manuhiri and without visitors we have nothing. Our attraction efforts align with New Zealand's focus on 'high quality visitors' represented through various dimensions including higher spend, lower impact, destination/port capacity and alignment, seasonal opportunity (aligning with Tourism New Zealand's strategy where possible) and repeat visitation as we shape demand over time.
- We understand the value of cruise and the drivers of value through strong evidence informed by data.
- We communicate the positive value and impact of cruise through a clear, consistent, and informed narrative.

Partner to Empower

Recognise that resource, funding, and effort to enable the future of cruise needs to come from the alignment, collective resources and responsibility of many. Given the complexity of cruise, a partnership approach that leverages capabilities of multiple stakeholders working towards common higher-level goals is required to empower a more efficient and effectively functioning system that delivers holistic value.

.... drive holistic value and responsible growth so it gives back more than it takes across economy, nature, and community.

- We create a relationship between destination and industry in the true spirit of partnership that delivers better collective outcomes for both sides.
- We align to deliver change through a national/ regional partnership approach.
- We respect the global/Oceania context in which we operate and work collaboratively in that light.
- We support a cohesive alignment in regional cruise operations across regional stakeholders.
- We integrate with the New Zealand tourism system and engage government agencies.

Continuous Improvement

Respect the long lead time nature of cruise and reflect that in the approach. Take a long-term view, setting a clear direction and collectively pursuing that direction by driving for value through time-based variables and near-term actions. Take a dynamic, iterative, and aligned approach to achieving aspirational goals and improve continuously over time.

- We establish a clear, long-term direction and strive for aspirational goals across all areas of value contribution.
- We pursue goals through aligned plans and actions across all stakeholders refining as we progress.
- We phase activity over time horizons recognising milestones and changing dynamics as we work to the long-term direction, constantly iterating and improving.
- We leverage time-based variables such as seasonality, scheduling, time in port and pre and post visitation to drive value.
- We measure impact through agreed metrics at national and regional level and communicate this regularly showing progress and milestone achievement.

Through the application of these principles, as a destination we work collaboratively together with industry to enable manageable growth through the right ships with the right visitors to be in the right place at the right time as we strive to achieve balanced outcomes across the cruise ecosystem.

What that means:

We seek opportunities to grow value across all contribution pillars considering a range of dimensions including industry partnerships, visitor spend, community and nature impact, destination/port alignment and capacity, revenue opportunity, seasonal opportunity and repeat visitation as we shape demand over time. This is determined by and relevant to each region aligned with the national direction while respecting both the Oceania regional and global contexts we operate in.

What it doesn't mean:

We only focus on a certain size of ship and visitor demographic.

3.2 | Vision 2040: The Future of Cruise

3.2.1 Vision Summary

A visitor focused cruise sector that makes New Zealand a better place by contributing to, and growing the value of economy, environment and community.

3.2.2 Full Vision

In New Zealand, cruise has a positive reputation that is only exceeded by the value it delivers. For New Zealand cruise we think of value beyond financial profit and traditional growth. We focus on optimising value contribution across economy, nature, community and visitor (including benefits for Māori and iwi) and this approach changed the way we think about every cruise ship that visits. Stakeholders work together to deploy the right ship at the right time and in the right place striving for manageable growth in the long term that delivers balanced, beneficial outcomes. This approach enables growth through contributions to each pillar, leading to a unified focus among all stakeholders as they work to achieve more value per vessel and per port.

Visitor demand for cruising in New Zealand has always been driven by a strong destination brand. The cruise sector enhances that brand by delivering outstanding visitor experiences and actively contributing to the regeneration of both people and place. Every cruise port now hosts a regeneration project through collaborative effort between the destination and cruise lines. This collaboration ensures that cruise tourism gives back more to the local communities and environment than it takes, leaving them better off. Every visitor, in turn, embraces the Tiaki Promise, reinforcing New Zealand's brand strength. This positive cycle has significantly amplified demand over time, resulting in higher per passenger spend, more opportunities for product development, and increased local provisioning.

New value opportunities, such as local sourcing, ship maintenance, dry docking, and food and beverage provisioning have been harnessed. The industry's commitment to sustainability is further reflected in the establishment of vessel cleaning facilities in both the North and South Islands. These facilities not only contribute economic value but also safeguard New Zealand's biodiversity contributing to our natural environment and brand appeal.

Visitor demand for cruising in New Zealand has always been driven by a strong destination brand. The cruise sector enhances that brand by delivering outstanding visitor experiences and actively contributing to the regeneration of both people and place.

New and diverse tourism experiences have emerged across regions, with each destination creatively showcasing its unique offerings. The integration of Māori culture into these experiences, both on and off ships, has contributed to the rise of more Māori tourism operators and experiences. Visitors' growing interest in the experience offering is evidenced by the record-high pre-booked shore excursions, indicating their eagerness to make the most of their time on shore.

Ports, ITOs, port agents, regions and cruise lines are working in synergy based on a national/regional system that prioritises holistic contribution through alignment, clear targets and an integrated port booking protocol and platform. This results in a high-quality visitor experience and community support, in addition to better use of port infrastructure, berth availability and seasonal spread enabling more economic value. Over time, ports and destinations have established their carrying capacity and guidelines about which type of vessel, size of vessel and passenger demographic delivers the best value to that community. We attract passengers who really want to immerse themselves in and respect the destination, and they contribute the most value across all pillars.

Each regional destination has a cross-functional cruise team (port, RTO, community, operators, isite, transport, businesses) that defines evidence-based regional goals and targets and works to optimise every vessel visit rather than just managing it. They leverage national best practice operational guidelines and tailor that in a regional playbook that suits their own local situation, needs and opportunities. This is demonstrated well through 'on brand' welcome experiences that are each unique to each region.

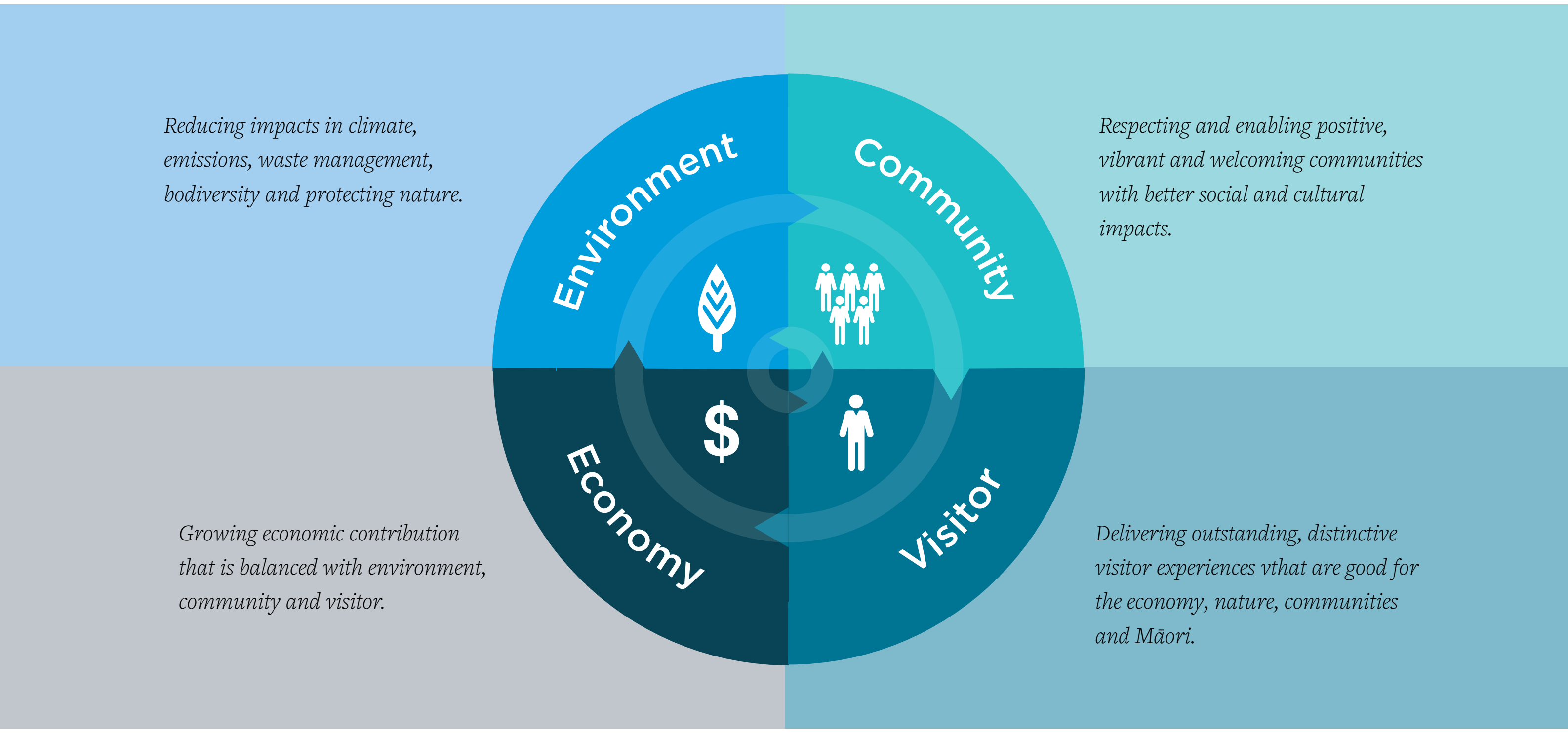
Nationally, Cruise now delivers over $1 billion of economic value to New Zealand and the tourism supply chain recently achieved net carbon zero status with zero landfill waste achieved in 2030. In each region, we achieve visitor scores of 90% and social licence from cruise of 90%. This combination of aspirational goals has become well known as One Zero 90 – goals that unified stakeholders across the country. The economic value is derived from 1250 port calls averaging $850,000 each. Zero carbon, zero waste became a north star for environmental impact reduction and a regenerative focus that aligned with national tourism strategy, regional plans and the global cruise industry. It also stimulated partnerships between key ports and cruise lines that enabled shore power through new innovations.

These goals demonstrated a clear intent, direction and potential for value contribution. This enabled deeper integration with the tourism industry, more meaningful partnerships, and enabled early funding from a supportive MBIE for an annual value contribution report developed in partnership with CLIA and an all-important communications resource. To measure holistic value across all pillars a 'balanced scorecard' dashboard shows at a regional and national level how we perform to targets for economic value, social licence, environmental impact, and visitor ratings.

The actions taken and milestones achieved provide a continuing platform for communication to government, communities, media, and all stakeholders with a strong focus on what has been achieved. Each initiative and milestone provide evidence for communication that fuels a positive narrative delivered through layers of storytelling.

3.3 | Contributions and Goals

Recognising that cruise needs to deliver more value into the system as it strives to create a new and different future, we have identified key 'contributions' and aspirational, measurable goals for each of these contributions. Each contribution area is equally important as they are all interrelated parts of a system that need to operate and benefit in harmony. Over time, interim goals will need to be established to benchmark progress toward the aspirational goals.



Contributions are interrelated parts of a system

Economy

Positive and growing economic contribution is a priority for commercial entities in the cruise ecosystem, especially ports and cruise lines, and in turn can drive value for communities. Contribution to all pillars relies on a healthy economic contribution that respects and is balanced with other contribution areas. The economic value contribution of cruise in New Zealand for passenger, crew and vessel was measured at $569 million in 2019 Source: Stats NZ with estimated average expenditure per vessel of $584,000 Source: Market Economics Limited; Cruise Tourism's Contribution to the NZ Economy. Through a collective focus on driving value across multiple dimensions and measured growth we believe the value of cruise expenditure can be $1billion by 2040 (with an additional 'value-added' contribution making overall economic value significantly more). This could, as an example, be achieved through 1250 port calls valued at an average value of $850,000 each.

Economy
Aspirational 2040 goal:

$1 billion cruise expenditure contribution by 2040.

Reference point: *$569 million in 2019 (Stats NZ); estimated $636.8m in 2023/24 season..*

Community

Communities are at the heart of New Zealand's regional Destination Management Plans. Community development is primarily a regional role including building close relationships with mana whenua. Cruise can contribute positively to communities by making them more vibrant, helping to develop Māori culture and business, and enabling new community facilities and services to be established for all to benefit from. Supportive communities are also an important building block to a welcoming visitor experience. Isolated incidents in certain regions threaten support from communities which is a risk for cruise, and a marker for what can happen if communities are ignored. In some regions cruise lines are supporting communities through projects and contributions. Ensuring cruise supports positive and vibrant communities is an important contribution to deliver positive social and cultural impacts. Setting a high target for communities supporting tourism is a priority.

Community
Aspirational 2040 goals:

90% of New Zealanders think cruise tourism is good for New Zealand.

Reference: *89% of New Zealanders think tourism is good for New Zealand, May 2023 biennial survey, New Zealanders Views of Tourism.*

Community
Aspirational 2040 goals:

Cruise tourism is good for Māori and iwi. (specific target TBC)

Reference: *TIA 2050 BluePrint target: 50% of international visitors participated in a Māori tourism experience.*

Environment

Environmental impact has become an increasing focus for travellers and tourism in general. It is one of the most significant areas of concern related to cruise given it's currently a hard-to-abate fossil-fuel based industry that is part of a larger overall maritime sector, and historical incidents have fuelled a negative narrative which still drives current perceptions. However, increasingly prioritising impact reduction is a focus for the wider maritime sector and the cruise industry in areas of climate, emissions, waste management and biodiversity as it strives globally for net carbon zero cruising by 2050 as a flagship goal. We respect that New Zealand Cruise is part of a global maritime system and we can only influence change in certain areas. However, New Zealand's brand is built largely on its natural environment so prioritising commitments and contributions to that environment is integral to the future of cruise, a high standard of visitor experience and ongoing traveller demand for our destination. While the global industry on the whole is working to a 2050 target, we believe New Zealand should be global leaders in this contribution area setting bold, aspirational targets, especially in the areas of carbon and waste, to drive focus and action inspiring further shifts in behaviour towards a wider regenerative approach. The tourism industry in New Zealand has embarked on this regenerative journey and we acknowledge and support TIA's 2050 BluePrint for Action goal to be net carbon zero before 2050 which will positively influence the cruise tourism supply chain. For the cruise industry in New Zealand, achieving an aspirational net carbon zero goal will rely on advocating for the New Zealand Government to take actions to progress the decarbonisation of maritime transport ahead of international norms and commitments as indicated in the Decarbonising Transport Action Plan 2022-25.

Environment
Aspirational 2040 goals:

Net carbon zero tourism supply chain by 2040 and by 2050 for cruise lines.

Reference: *NZ tourism industry net carbon zero before 2050 (Tourism 2050); CLIA target net carbon zero by 2050; Carnival target carbon neutral by 2050 (note they have pulled forward their 40% carbon reduction target by 2030 to 2026); Hurtigruten target carbon neutral by 2040; Ponant target carbon neutral by 2040; Viking target carbon neutral by 2030.*

Environment
Aspirational 2040 goals:

Zero waste to landfill by 2030 or as soon as possible before 2040. (Measure accepted as at least 90% of waste diverted away from landfill).

Reference: *Aligned with Aotearoa New Zealand waste strategy (by 2040 circular management of materials is normal, expected and well supported). Royal Caribbean Symphony of the Seas is zero landfill; Fred Olsen's Borealis ship is zero landfill; Ponant and Hurtigruten are plastic-free; Carnival focuses on a 'circular economy' model.*

Visitor

Providing an exceptional level of visitor experience is at the heart of New Zealand's tourism proposition. Manaakitanga is a foundational value and defining characteristic of a visitor experience that encourages positive word of mouth, repeat visitation, and can help to differentiate New Zealand and drive future demand. Visitor experience is also a priority for cruise lines and is a contributor to determining future visits to a port. Visitor experience connects to all other contribution areas:

- Economic value is ultimately derived from visitors and visitor spend. Through understanding and serving visitor needs, new products and experiences are created which increasingly include Māori culture-based experiences, and food and beverage, both on and offshore
- Happy visitors rely on welcoming communities and efficiently operating systems in those communities that can benefit social and cultural outcomes
- Visitors expect the destination to be nurturing their local environment and nature is core to our value proposition.

Delivering outstanding, distinctive visitor experiences is essentially the main job to be done by the cruise sector. With no visitors there is no sector. Visitor is a critical contribution pillar for cruise requiring measurable, aspirational goals.

Visitor
Aspirational 2040 goals:

90% of international cruise visitors are satisfied with their experience.

Visitor
Aspirational 2040 goals:

90% average NPS scores per region by cruise line.

Reference: *90% international visitor satisfaction Q1, 2023, MBIE IVS Survey; Cruise lines NPS target – 85% to guarantee ship returns to port.*


Bay of Plenty | Elijah Lovkoff

4.0 JOURNEY TO 2040

Enabling and transitioning to the future we are trying to create will take significant contribution of **effort, alignment, and time** but the outcomes will make the journey worthwhile. We've charted the course for the journey to 2040 over three horizons.

Key to future success will be gaining early alignment from many stakeholders and delivering early action to build momentum. Alignment and momentum are critical to future horizons and will be the focus of Horizon 1 for the first two years.

Success in Horizon 1 will lead to integration of stakeholders aligned to work towards our desired future, key metrics established and empowerment through data. Then in Horizon 2 responsibility and ownership will be adopted across the system, significant enabling partnerships will be developed at a national and regional level and funding and resourcing will be realised.

Success in Horizon 2 will see improvement in processes, achievement of results against key metrics and milestone progress towards our aspirational goals.

Horizon 3 will see noticeable change in how cruise shows up in New Zealand and a resulting change in perception and narrative through an evolving industry. Positive contributions will be realised in our key areas of economy, environment and community underpinned by an enhanced visitor experience and growing visitor demand. Success in Horizon 3 will lead to achievement of our aspirational goals and realisation of the vision.

2024 – 2025 **Horizon 1**	2025 – 2030 **Horizon 2**	2030 – 2040 **Horizon 3**
ALIGNMENT & MOMENTUM	**INTEGRATION & IMPACT**	**EVOLUTION & CONTRIBUTION**
Alignment • Soialising strategic Direction • Feedback and iteration • Support and commitment	**Integration** • Stakeholder & tourism integration • Key partnerships established • Funding and resourcing	**Evolution** • Evidential change • Shift in perception • Visitor demand growing
Momentum • Taking action • Building the narrative • Establishing foundations	**Impact** • Improving operational systems • Achieving milestones • Measuring results	**Contribution** • Economic benefit • Environment impact reduction • Communities positive

2024 → 2025 → 2030 → 2040

INTERIM REVIEW | FULL REVIEW (2025) | INTERIM REVIEW | FULL REVIEW (2030) | INTERIM REVIEW | FULL REVIEW (2040)

A full review of the direction and strategy will be planned for the end of each horizon with an interim review at the end of 2024, mid-point in Horizon 2 and during Horizon 3 to enable refinement and check on progress to goals. Strategic priorities and actions will be reviewed and set or reset at each review point as required. Our focus now is on key actions and priorities for Horizon 1.

Auckland

5.0 HORIZON 1 – PRIORITIES FOR ACTION

There are five strategic priorities that are the focus for action in Horizon 1 to enable the alignment and momentum required to drive this strategy forward towards the future. They reflect our key principles and deliver to our contribution areas.

Unlock Data and Measurement	Activate Communications	Engage Government Stakeholders	Build and Strengthen Partnerships	Integrate National and Regional Operations
01	02	03	04	05

01 | Unlock Data and Measurement

Data is the great enabler for cruise – it's the unlock for measurement in all contribution areas, it's required for a consistent understanding of value, enables evidence-based decision making, provides substance for business cases for infrastructure and informs communications to facilitate a change in the narrative. There is currently a significant data gap recently exacerbated by Statistics New Zealand stopping the creation of regular cruise data reports. Our future requires measurement of value across all key contribution areas and both national and regional reporting. We support the establishment of the Tourism Data Leadership Group and the integration of cruise into the International Visitor Survey and seek deeper integration into the tourism data system and tools that enable measurement of progress and performance over time.

Objectives

- **Enable a cruise specific data and evidence base through partnership and integration**
- **Measure contribution 'pillars' economy, environment, community, and visitor**
- **Make measurement widely available through the sector**

Key actions

1. **Leverage cruise industry partnerships and measurement**

   a. **Annual economic and environment reporting through partnership with CLIA.**
   An annual economic study has been jointly commissioned by CLIA in collaboration with Australian Cruise Association (ACA) to measure the economic impact assessment of cruise tourism in Australia. A similar study would be commissioned for New Zealand through a partnership with CLIA.

   b. **Seek to develop an environment impact measures annual report as a priority potentially through a partnership with CLIA.**

   c. **Explore cruise line sharing of visitor NPS regional scores.**
   Cruise lines measure performance of visitor experience by regional destination visited but the data is not well shared or available to enable regions to understand how to improve their performance. We will seek to get this measurement shared regularly to enable continuous visitor experience improvement.

2. **Advocate for full integration into the tourism data system**

   a. **Inclusion of Cruise into the TDLG recommendations.**
   Integration of cruise data into the tourism system is an opportunity to leverage wider solutions through an established forum and funding system.

b. Integration of Cruise into New Zealanders Views of Tourism survey.
TNZ, TIA and DOC currently run a regular survey to measure New Zealanders perception of tourism. We propose cruise integration into the partnership and for cruise specific questions to be included into the survey to enable measurement at a national and regional level on an annual basis.

c. Integration into IVS Survey enabling reporting nationally and regionally.
IVS now includes cruise related questions. We want to ensure the questions enable measurement that informs our visitor contribution pillar at a national and regional level.

d. Integration of cruise into revised MRTE's and/or TECT data when available.

3. Develop new or replacement data and measurement tools

a. Investigate requirements to reinstate or replace Stats NZ type cruise statistics as required.

To fill any gaps that may be left between the new 'annual economic study' and detailed reporting previously provided by Stats NZ, advocate for reinstatement of regular Stats NZ cruise data or explore funding options to take methodology from Stats NZ to facilitate reliable reproduction through data consultancy. We will seek funding to enable this as recommended by MBIE.

b. Investigate development of measurement dashboard.

Consider development of a 'balanced scorecard' dashboard that measures contributions at a regional and national level and is widely available.

Picton | Courtesy of Ponant Cruises

02 | Activate Communications

Cruise needs to take control of its own narrative and tell a consistent, positive story through all stakeholder voices to help shift understanding and perceptions over time. Cruise is currently on the back foot because of misconceptions, misinformation, and media stories based on historical activities, isolated incidents or speculation that occurs in the absence of reliable information. The story requires the solid evidence base that can be provided by a consistent and reliable data and measurement programme while communicating progress and actions across priority areas over time. The future story of cruise and its progress on sustainability is particularly important to communicate. Cruise is complex and not well understood by many players in the wider ecosystem and there is a need to educate the public, operators, new-to-cruise regions, and others.

Objectives

- **Develop a leadership position that builds a positive cruise narrative**
- **Educate key stakeholders on the cruise ecosystem**
- **Enable deeper understanding between the destination and cruise lines**

Key Actions

1. Develop and implement a communication strategy

a. Secure funding support for an ongoing communications specialist resource.

Agency or headcount resource to drive an ongoing communications and education programme. Consider a membership drive, review of membership fees structure and/or funding applications.

b. Develop and implement a communications/ engagement strategy and plan

- Establish a lead narrative, stories and supporting messages
- Identify key stakeholders, their needs and priorities
- Roll out the programme starting with lead stakeholders/ thought leaders to share responsibility and build momentum and consistency of storytelling
- Become a key enabler of the Tiaki promise by working as a connection point between Tiaki Promise Governance Group and visiting cruise lines. Advocate for integration of the Tiaki Promise into all Cruise line pre-arrival communications.

2. Develop an ongoing education programme

a. Develop tools and resources for operators, new to cruise regions and others

b. Identify and activate channels for communication e.g. webinars, website, workshops.

3. Facilitate workshops between cruise regions, cruise lines and other key stakeholders

Enable information sharing, mutual understanding, product development, passenger insight and visitor experience improvement opportunities.

03 | Engage Government Stakeholders

Building the profile of cruise, understanding of its value and ongoing recognition through engagement with key politicians such as the Minister of Tourism will be a priority to keep cruise on the agenda for funding, resources and global cost competitiveness. Similarly, building strong relationships and trust with key government agencies and regional and local governments will facilitate understanding, opportunities, and prioritisation through all levels of the government system.

Objectives

- **Build long term government alignment with cruise strategy, vision and goals.**
- **Engage advocacy and support of key government agencies e.g. MPI, Maritime NZ, MoT and MBIE.**
- **Develop awareness and trust throughout the government system – national, regional and local.**

Key Actions

1. Establish a strong voice in government for Cruise

a. **Targeted stakeholder engagement of key politicians across multiple parties to build relationships, communicate strategy, vision and goals.**

b. **Establish cruise as potential support for emergency response.**

c. **Advocate for acceleration of the decarbonisation of maritime transport including access to sustainable marine fuels.**

2. Develop a national support network of government agencies

a. **Regularly engage MBIE, MPI, Maritime New Zealand and others as required.**

b. **Share strategy, communicate progress and identify opportunities.**

3. Extend engagement to local and regional government bodies

a. **Gain local understanding of issues.**

b. **Seek alignment and support for vision, goals and strategy to enable regional progress.**

c. **Advocate for careful management of port related costs for cruise ships including notice periods for change and a fair value proposition for any proposed increases.**

...building strong relationships and trust with key government agencies

04 | Build and Strengthen Partnerships

Our intention is to be a leader in cruise. We can accelerate our progress to leadership and activate more resources by establishing, improving or fully realising partnerships that leverage the capabilities of others. In doing so we create more robustness in the New Zealand cruise system. These partnerships driven at a national level can create greater long-term capability and contribute to mitigating the risk that comes with being a somewhat isolated destination in a global industry where alternative destinations can quickly become more attractive when the cost/benefit equation changes for cruise lines.

Objectives

- **Develop national cruise partnerships at multiple levels of the system**
- **Grow capability to accelerate progress towards our future**
- **Mitigate vulnerability of New Zealand cruise to deployment variability**

Key Actions

1. Develop cruise industry partnerships with CLIA and priority cruise lines

a. Develop a partnership with CLIA to initially enable an annual report for economic value and environmental performance and use a platform for potential future partnership developments

b. Identify priority cruise lines and build partnerships that enable:

- Alignment with vision and strategy to get the right ship, in the right place at the right time
- Regenerative commitment to a region or multiple regions per cruise line
- Connection to global best practice and systems
- Deeper understanding of visitors/passengers including regional sharing of NPS scores
- Knowledge sharing opportunities to improve understanding, product development opportunities and visitor experience
- Provision opportunities at bulk supply, emergency supply/ top ups or specialty cuisine level.

2. Explore a long-term regional alliance with Australia/ Oceania counterparts

a. Work together with the Australian Cruise Association and others in the Pacific and explore the establishment of a charter or accord that focuses on alignment/enabling of demand consistency.

b. Communicate and gain alignment with national strategy.

3. Build and deepen New Zealand tourism system partnerships based around national strategy

a. Strengthen and fully leverage Tourism New Zealand partnership. Build on the existing MOU to explore extensions to the partnership including:

- Alignment on building brand, target audiences and trade channels
- TNZ strategy reflects commitment to cruise and cruise strategy reflects alignment to TNZ
- Re-establishing the cruise module in the 100% Pure NZ Specialist Programme
- Exploring establishing a cruise module for Qualmark for consistency of operator standards
- Integration of cruise opportunities into selling to agents in key markets e.g. USA.
- Guidance for regions and operators for new experiences and product development opportunities

b. Consider formalising a TIA partnership

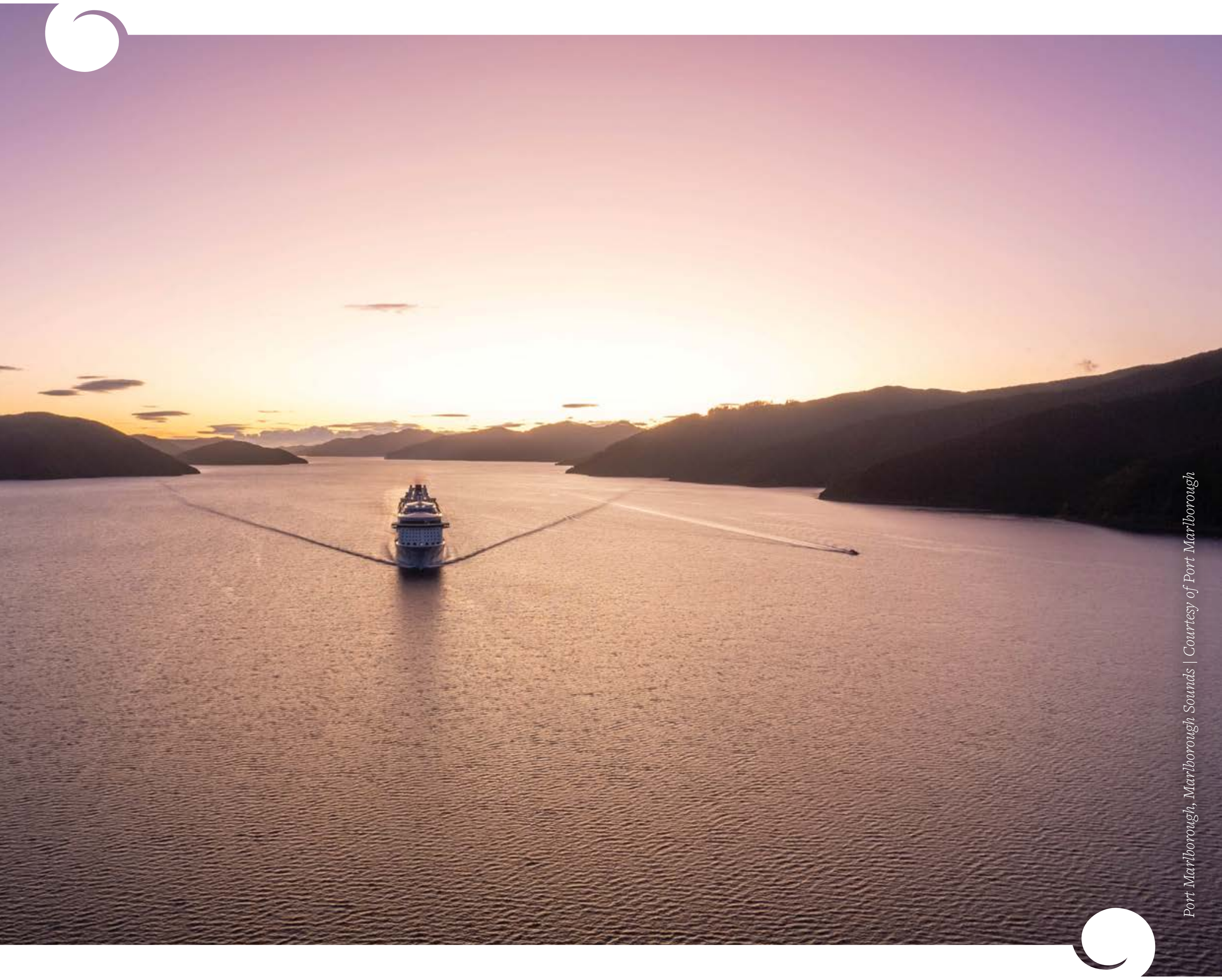
- Mutual organisation membership
- Integration and recognition of cruise on the TIA agenda
- Sign up to the Sustainability Commitments to signal alignment and intent
- Explore mutually beneficial net carbon zero and zero waste to landfill opportunities.

c. Explore partnership with New Zealand Māori Tourism

- Develop connections and understanding
- Explore areas for alignment.

d. Explore an Air New Zealand partnership

- Consider integration opportunities at turnaround ports.



Port Marlborough, Marlborough Sounds | Courtesy of Port Marlborough

05 | Integrate National and Regional Operations

Through multiple ports across multiple diverse regions there is a mix of priorities, processes and operational standards for cruise resulting in uneven visitor experiences and flow on effects for community and other stakeholders. Establishing national standards and processes while enabling regional adaptation and leverage to suit circumstances and needs will lift efficiency, reduce community impact and most importantly raise the quality of visitor experience nationwide to build value over time.

Objectives

- **Enable best practice operations and integration for national consistency and regional relevance**
- **Improve the standard, consistency and distinctiveness of visitor experience**
- **Make ship visits better for communities**

Key Actions

1. **Develop national guidelines and processes**

   a. **Create a national/regional framework** outlining guidelines, roles and responsibilities at both a national and regional level including local adaptation areas.

   b. **Investigate** an integrated port booking protocol and platform.

   c. **Facilitate** consistent information flow about vessel bookings and arrivals to ensure all key regional stakeholders have the same information at the same time.

   d. **Enable** consistent regional access to key data and measures to enable decision making.

   e. **Consistent** approach for regional integration into national cruise attraction marketing activity.

   f. **Regional commitment** to align with cruise national strategy and direction from Port, RTO, regional and local councils.

   g. **Facilitation** of knowledge and best practice sharing across regions.

2. **Consistency of regional operations**

   a. **Each region creates a cross functional cruise team** to guide long term direction, target setting, and enable fundamental alignment between port, cruise lines and community (to include RTO, councils, businesses, transport, community and isite).

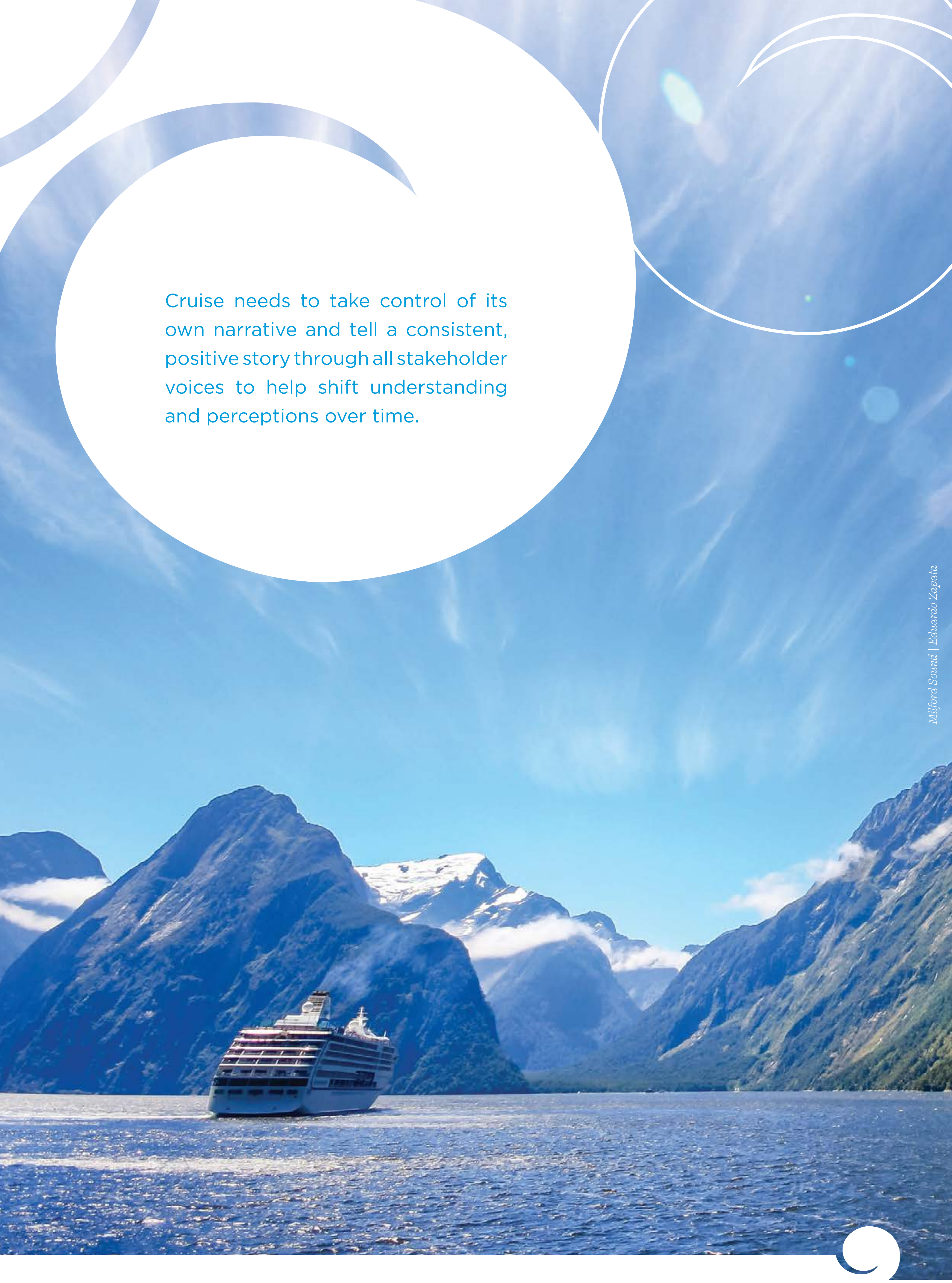
   b. **Each region team agrees and sets data driven, evidence-based goals** and targets for number, type and timing of ship visits aligning with national strategy goals, considering optimisation of port facilities across the cruise season and in consultation with cruise lines for transparency and alignment. This is communicated via a consistent national protocol to port booking agents.

   c. **A regional operations group facilitates** seamless activation for every cruise ship visit including pre and post season meetings/briefings.

   d. **Each region develops** and operates from a playbook for cruise that aligns all impacted stakeholders (port, RTO, councils, tourism operators, retail businesses, transport, isite, public) and leverages best practice from other regions. Its reviewed and improved annually.

   e. **Each region identifies and leverages local value drivers** based on national guidelines and partnerships to optimise holistic value per vessel.

   f. **Consultation and sharing of data** including economic data, environmental data, community engagement (social licence), visitor experience impact across stakeholders.



Cruise needs to take control of its own narrative and tell a consistent, positive story through all stakeholder voices to help shift understanding and perceptions over time.

Milford Sound | Eduardo Zapata

APPENDIX A

Risk Analysis

RISK	IMPACT	LIKELIHOOD	MITIGATION
Priority Risks			
Cost benefit equation changes for cruise lines because of macro and micro factors meaning costs of operation outweigh destination appeal	High	High	Advocate for national and regional governments (and Ports) to carefully manage costs and maintain global competitiveness; work with Oceania regional partners; work with CLIA and cruise lines in partnership approach.
There is no change, unrestricted growth occurs and there is long term damage to industry (and destination).	High	Medium	Develop direction and strategy in collaboration; gain commitment from key stakeholders as priority
Stakeholder commitment – stakeholders aren't aligned or don't deliver	High	Medium-High	Prioritise stakeholder engagement and strategy buy in for first 6 to 12 months
Access to substantive supply of sustainable marine fuels is not achieved	High	Medium-High	Make engaging Government stakeholders a key priority; enlist support of key partners to build support and pressure
Losing community social licence in important locations which affects national narrative, public acceptance and government perspective	High	Medium	Develop communications strategy; support engagement with community together with industry; take feedback on board and facilitate change; measure social licence for cruise annually
Milford Opportunities Project effects a blanket ban on cruise	High	Medium	Continue to build relationship and keep communication lines open; reflect environment as priority in strategy; adapt to feedback
Change in Government creates uncertainty – potential lack of supportt	High	Low-Medium	Build relationships with new Tourism Minister and others; advocate via new strategy
Implementation resourcing for strategy is unavailable; too many tasks for NZCA	High	Medium-High	Review strategy and ensure responsibilities are balanced and achievable

APPENDIX B

Acronyms & Abbreviations

CLIA Cruise Line Industry Association
DMP Destination Management Plans
DOC Department of Conservation
ITP Industry Transformation Plans
IVS International Visitor Survey
Lower berths Standard measure of passenger capacity. Assumes two passengers per cabin.
MBIE Ministry of Business, Innovation and Employment
MoT Ministry of Transport
MPI Ministry for Primary Industries
MRTE Monthly Regional Tourism Estimates
NPS Net Promoter Score
NZCA New Zealand Cruise Association
Pax Passengers
RTO Regional Tourism Organisation
Stats NZ Statistics New Zealand
TDLG Tourism Data Leadership Group
TIA Tourism Industry Aotearoa
TNZ Tourism New Zealand
UN United Nations

APPENDIX C

Approximate Cruise vessel fees and levies – per visit to NZ (as of June 2024)

NZ Cruise Levy/Fee example (GST Exclusive)		**Example Vessel Pax, Size, Weight**				
Based on 8 port visits (with Stewart Island and Fiordland) **Passengers only, not staff or crew** **Per voyage**		**Passengers**	3,000	2,000	1,000	500
		Gross Weight Tonnage (GT)	110,000	90,000	50,000	40,000
		Dead Weight Tonnage (DWT)	11,000	9,000	8,000	5,000
MPI and Customs						
Border Clearance Levy	$22.06	Arrival per Pax	66,180.00	44,120.00	22,060.00	11,030.00
Once per Voyage based on actual pax count from arrival/departure API	$4.55	Departure per Pax	13,650.00	9,100.00	4,550.00	2,275.00
		TOTAL	**$79,830.00**	**$53,220.00**	**$26,610.00**	**$ 13,305.00**
Martime NZ						
Marine Safety levy by MNZ per port (for every port visited)	$2.58	per Pax	7,751.70	5,167.80	2,583.90	1,291.95
	$0.13	x GT + GST	14,102.00	11,538.00	6410.00	5,128.00
	$0.01	x DWT	115.50	94.50	84.00	52.50
Oil Pollution Levy per port by MNZ (for every port visited)	$0.263	x GT	2893.00	2,367.00	1,315.00	1,052.00
		TOTAL 8 PORTS	**$198,897.60**	**$153,338.40**	**$83,143.20**	**$60,195.60**
Levys, Fees and Insurance						
Port Passenger levy - per pax on board*	C	Average per port + 15% Public Holiday Surcharge	36,300.00	24,200.00	12,100.00	6,050.00
Port Earthquake Insurance Levy (at some ports)	Variable	range NZD$500-$7000				
		TOTAL 8 PORTS	**$290,400.00**	**$193,600.00**	**96,800.00**	**48,400.00**
Stewart Island passenger levy	$10.00	Per Pax			10,000.00	5,000.00
Fiordland - Environment Southland Marine fee	$0.411	x GT	45,210.00	36,990.00	20,550.00	16,440.00
		TOTAL LEVY/FEE	**$614,337.60**	**$437,148.40**	**$237,103.20**	**$143,340.60**

**Does not include marine service charges, berth hire, security and other additional port costs*

C - Commercially sensitive and not in public domain

APPENDIX D

Cruise Stakeholder Flowchart

VESSEL JOURNEY

Cruise Line Attraction → **Pre-Arrival in NZ** → **In NZ Waters** → **Redeployment**

Cruise Line Attraction

Securing Deployment

- Cruise Line
- Port Agent
- NZCA
- TNZ
- Ground Handler

Sales calls, Seatrade, in market meetings, familiarisations - long lead

Pre-Arrival in NZ – Deployment Secured

Activate Promotion

- In source markets
- Cruise Line
- Travel Wholesaler
- Travel Agent/OTA
- Airlines
- TNZ
- Ground Handlers

ShoreEx and pre/post open for purchase when booking passage

Activate Operations

National

- Cruise Line
- Port Agent (itinerary planning)
- Port (bookings)
- MPI
- Customs/Immigration
- MaritimeNZ
- Harbour Master
- NZ Health
- Provedor

Regional coordination groups step up consisting of:

- RTOs
- Port
- Local government
- isite
- Business associations
- Community groups

In NZ Waters

Activate ShoreEx

- Ground Handler – contract tourism product, and pre and port touring options
- Transport provider
- Shuttle Provider
- Cruise Line ShoreEx
- Port H&S

ShoreEx sold throughout voyage to NZ and each port

Day in Port

- Port – port ops, waste, bunkering, water
- RTO – product development, support contracting ShoreEx, coordination of regional groups, Ambassadors
- isite – Manaakitanga, maps, guides, tours on the day product sales, Ambassadors
- Local Government – traffic management plans, touting bylaws, Ambassadors
- Waka Kotahi – traffic management plans
- Ground handler – ShoreEx, turnarounds and pre and post touring
- Tour operators – sold through ShoreEx, direct and/or at isite
- Transport providers – port to shore shuttle providers, ShoreEx touring
- Retailers and hospitality/F&B providers – local businesses and markets
- Accommodation providers – pre and port touring and turnarounds
- Airport – turnaround ports incoming/outgoing travel
- Provedor – stocking produce – local and imported

Redeployment

Securing Deployment

- Redeployment to Australia or Nth Hemisphere for NZ winter.
- Return if season successful, and begin at 'Deployment Secured'
- Regular meetings, famils and sales calls required to maintain relationship

PASSENGER JOURNEY

1. **Cruise line confirms NZ itinerary for specific year/s**
2. **Cruise line promotes to passengers in key source markets directly, and through distribution channels, also promote ShoreEx, pre/post programmes**
3. **Passenger joins cruise and books ShoreEx on board, books an independent tour direct or is FIT**
4. **Passenger arrives in NZ Port, undertakes ShoreEx, visit F&B purchase goods/art/souvenirs/NZ goods, wine etc**
5. **Passenger returns home an NZ advocate, and 60% return as land-based travellers**

THANK YOU | NGĀ MIHI

Advisory Group and NZCA Board

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