

Canada New England Cruise Symposium 2010

Cruise St Lawrence Cruise Maine Cruise Atlantic Canada New York Boston

Port Congestion



John Heylen – Senior Manager, Fleet Operations.

Port Congestion

(Congratulations – you are busy !)

- Principal causes – International & Regional
- Some solutions..
- Your ports.
- Future considerations.

Principal Causes – International + Regional

- Growth in volumes / size of cruise ships
- Delayed response from some ports to increase capacity to meet cruise sector demand / late implementation of development programmes & projects.
- Disconnect between tourism / port authorities – seeking cruise growth without strategic port expansion plans.
- Short regional time-span of seasonal attractions / School or Summer vacations.
- Lull period in deployment between peak yielding regions (Alaska / EU peak summer)
- Overspill from neighbouring premium regions to avoid dilution of trade / yields
- Diversification in itinerary deployment due to rapid fleet growth.
- Desire to have turnarounds on key days (weekends).
- Growth in turnaround ports in strategic regions resulting in greater demand for way-ports.
- Modal shift of freight from rail to shipping.
- Increase in container volumes taking larger share of port capacity in favour of less attractive port revenue streams from cruise business.
- Undesirable effects including poor guest experience, longer term decline, safety/security issues.

Some Solutions..



Assuming strategic objective is to grow !

- Increase span of season: how? (*5years* +)
 - > Joined up approach to create entire itinerary product (Cruise Assn, Bermuda)
 - > Cruise industry turnaround days + voyage duration to avoid bunching.
 - > Increase organic value of destinations to attract demand outside normal period. Shorex + local infrastructure investment to match.
 - > Long term Port Reservation system coupled with clear policy.

Some Solutions..

- Weekly smoothing during peak season: how? (*1-2years*)
 - > Significant discount on port cost during slack days.
 - > Publish port schedules on www.
 - > Cruise lines to collaborate during planning (potential anti-trust, competition etc issues).
 - > Increase port throughput by avoiding protracted cruise stays (questionable value-added to destination)

Some Solutions..

- Increase port capacity: how? (0-3yrs)
 - > Cargo berth utilisation.
 - > Freeing up existing capacity at min cost (dredging, removing sub-optimum revenue generating streams)
 - > Anchorages for smaller destinations more cost effective (tides in region)
 - > Alternative ports to same destination - gateway ports to 'x'
 - > Cost effective pier extensions (dolphins)
 - > Day cruise / night cargo.
 - > Optimum berth booking policy related to size of vessel.
 - > Avoid unnecessary investment in terminals – instead, port capacity expansion.
 - > Proper support and engagement of tourism authorities with port authorities / local council in supporting cruise capacity increase.

Future considerations.

- Impact of future Environmental legislation.
 - 1st Aug 2012 ECA.
 - QM2 7-day ex NYC 10% increase / \$80K / \$4.40 pbd
 - AURORA – St Lawrence 10% increase / \$95K / \$2 pbd
- Drive towards cost reduction - less speed, less ports.
- Benchmark ship size 320m / 2000pax+ / 8.5m Draft

Your Ports

- **Saint John NB**
 - Potential use of Navy Island Forest Products berth.
 - Shuttle bus service / launch service to central town.
 - Shorex infrastructure to grow accordingly (current ly 1800 max?)
- **Halifax NS**
 - Ocean Terminals A – A1 and B facility extension to capacity
 - 3-4 berths at 210m – 12m draft.
 - Comfortably accommodate 2+1 ships with matching existing infrastructure.
- **St John's NF**
 - Interchangeable with Corner Brook.
- **Portland ME**
 - AIDA berth extension – asking the question, expands capacity.
- **Bar Harbour**
 - Passenger number cap – the right thing to do.