



CRUISING INTO A NEW FUTURE





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THE AUSTRALIAN GOVERNMENT AND CARNIVAL AUSTRALIA'S SHARED VALUE APPROACH TO PARTNERING ON SUSTAINABLE ECONOMIC DEVELOPMENT OUTCOMES IN THE PACIFIC ISLANDS.

DATES

2013-2016

LOCATIONS

PAPUA NEW GUINEA, SOLOMON ISLANDS, VANUATU

KEY STAKEHOLDERS

AUSTRALIAN GOVERNMENT DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (DFAT), CARNIVAL AUSTRALIA, INTERNATIONAL FINANCE CORPORATION (IFC), A MEMBER OF THE WORLD BANK GROUP, PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS (PHAMA) PROGRAM

“With the prospect of more ships landing vastly more tourists on their shores, Pacific Island governments and communities could justifiably ask, ‘What is in it for us?’ The only satisfactory answer is for cruise companies to also deliver lasting social, environmental and economic benefits (including jobs) that contribute to better lives for Pacific Island communities.”

ANN SHERRY AO, EXECUTIVE CHAIRMAN, CARNIVAL AUSTRALIA

BACKGROUND

Pacific Island communities are at the heart of one of the world's fastest growing tourism markets – cruising. Although the Pacific Islands currently account for only two per cent of the global cruise industry¹, the Australian market has grown at a rate of approximately 20 per cent per annum over the past decade and is on track to reach two million passengers a year by 2020.

This highlights the potential of cruise tourism as an important driver of economic growth, income and jobs in the Pacific region. However, with this growth comes greater responsibility for cruise operators, like Carnival Australia, through its home-grown brand of P&O Cruises, to manage the environmental, social and cultural impact of tourism on remote island communities.

Acknowledging this as part of its corporate social responsibility strategy, in 2009 Carnival Australia partnered with Australian Aid's Enterprise Challenge Fund (ECF) program. Over three years, Carnival Australia and the ECF funded upgrades to landing jetties, new amenity blocks and helped establish small businesses and new tour products across three ports in Vanuatu.

Following the success of this initial collaboration, in July 2013 the Australian Government's Department of Foreign Affairs (DFAT) and Carnival Australia signed a Memorandum of Understanding (MoU) for a partnership to progress areas of future collaboration.

PROJECT OVERVIEW

PURPOSE

With the overarching goal to enhance sustainable economic development and improve the lives of those living in poverty in the Pacific Region, the partnership seeks to identify areas where DFAT and Carnival Australia (through P&O Cruises) can work together to improve development results against the priorities of the Australian aid program.

APPROACH

Through joint cooperation, the partnership aims to reduce poverty and improve economic development in the Pacific Islands across sectors including tourism, health, education and infrastructure through:

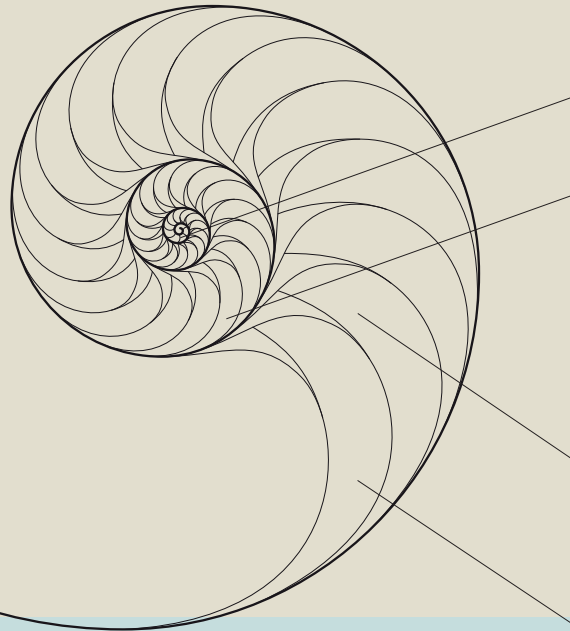
- Combining resources, networks and experience;
- Leveraging investments; and
- Increasing access to markets.

By sharing their respective strengths and resources, the partnership identified the following priority areas for joint activities in Papua New Guinea and Vanuatu:

1. *Promoting economic opportunities, skills development and employment; and*
2. *Sustainable economic development through infrastructure development.*

¹Cruise Line International Association (CLIA) 2014 Australia Cruise Industry Source Market Report.

CREATING SHARED VALUE THROUGH PARTNERSHIP



DFAT

- THE ABILITY TO CONVENE, BROKER AND INFLUENCE
- DEEP KNOWLEDGE OF THE BUSINESS, POLITICAL AND REGULATORY ENVIRONMENT IN PACIFIC ISLAND COUNTRIES
- SUPPORT IN CREATING A MORE ATTRACTIVE BUSINESS OPERATING ENVIRONMENT
- CATALYTIC FUNDING

CARNIVAL AUSTRALIA

- AN ESTABLISHED MARKET / CUSTOMER BASE
- MARKETING STRENGTH
- KNOWLEDGE, IDEAS AND IN-KIND RESOURCES
- LONG-TERM RELATIONSHIPS IN THE PACIFIC REGION (WITH NGOS, SMES AND COMMUNITY LEADERS)
- MENTORING SUPPORT FOR SMES IN-COUNTRY
- EMPLOYMENT OPPORTUNITIES
- DESTINATION MANAGEMENT EXPERTISE (SOCIAL, ENVIRONMENTAL AND CULTURAL IMPACT)
- CO-FINANCING

PHAMA

- STRATEGIC CAPACITY BUILDING AND TRAINING
- TECHNICAL ASSISTANCE ON QUARANTINE MATTERS
- EXPORT DEVELOPMENT ASSISTANCE AND ADVICE
- AWARENESS BUILDING IN-MARKET

IFC

- BROKERAGE ROLE (BETWEEN GOVERNMENTS AND PRIVATE SECTOR PARTNERS)
- RESEARCH AND ANALYTICAL SKILLS
- FINANCIAL MODELING (INCLUDING COST BENEFIT ANALYSIS ON RECOMMENDATIONS)
- BUSINESS ADVISORY SUPPORT TO SUPPLY FIRMS AND CRUISE TOUR OPERATORS

2009-2011

The Australian Government's Department of Foreign Affairs and Trade (DFAT) and Carnival Australia co-fund and collaborate on projects in Vanuatu through the Enterprise Challenge Fund (ECF) program.

JULY 2013

DEAT and Carnival Australia sign a three-year Memorandum of Understanding (MoU) for a partnership to progress areas of collaboration to enhance economic development in the Pacific region.

EARLY 2014

PHAMA installed handcraft quarantine display cabinets on board three P&O vessels, in order to inform tourists about handcraft items that they can and cannot take home.

AUGUST 2014

Assessment of the Economic Impact of Cruise Ships to Vanuatu' Report published by the International Finance Corporation (IFC) and jointly funded with Carnival Australia.

OCTOBER 2014

PHAMA developed and printed Handcraft Vendor Guides and quarantine awareness posters for tourists. It also provided training to handcraft vendors on the use of the vendor guide to assist them when selling handcrafts to tourists in Vanuatu. This training continued in 2015 and 2016.

JULY 2015

DEAT, IFC and Carnival Australia host a tradeshow and a series of workshops in Port Vila for local businesses interested in supplying products to P&O Cruises' fleet.

AUGUST 2015

Australia's Minister for Foreign Affairs, Julie Bishop, launched the Ministerial Statement on engaging the private sector in aid and development – Creating shared value through partnership.

JUNE 2016

'Assessment of the Economic Impact of Cruise Tourism in Papua New Guinea & Solomon Islands' Report published by IFC in collaboration with DFAT and Carnival Australia.

SEPTEMBER 2016

PHAMA and IFC publish the 'Market Analysis of the Retail Sector Amongst Cruise Passengers to Vanuatu' Report. This highlighted the results of a survey of P&O passengers to determine customer preferences and profitable products, as well as to understand why some tourists don't buy handcrafts and how big a factor Australian and New Zealand quarantine restrictions are.

DECEMBER 2016

Work between Carnival Australia and the IFC to develop a pilot program to offer locally-made products on-board the ships. The pilot is in the development phase.

JUNE 2017

PHAMA produced a series of handcraft promotional and quarantine awareness videos for PNG, Solomon Islands and Vanuatu emphasising the benefits to local people when tourists buy locally made artefacts, and explaining the types of artefacts which are currently permitted into Australia and New Zealand. They will be shown to passengers on-board Carnival Australia cruises and at strategic outlets in PNG, Solomon Islands and Vanuatu.





“The Australian Government is working with organisations including Carnival Australia to build prosperity in the Pacific. Supporting economic development in our region helps our neighbours and can contribute to commercial returns as well.”

THE HON. JULIE BISHOP MP,
MINISTER FOR FOREIGN AFFAIRS

RESULTS

Working with key stakeholders including the International Finance Corporation (IFC) of the World Bank Group and the Pacific Horticultural and Agricultural Market Access (PHAMA) Program, the MoU between DFAT and Carnival Australia has achieved unprecedented commercial and development outcomes in the Pacific Region including:

- A collaboration with the IFC on the completion of two economic assessment studies on the impact of cruise tourism in Vanuatu (2014), PNG and the Solomon Islands (2016). For the first time ever, the IFC studies quantified the economic value of the cruise industry in the surveyed countries, and identified significant potential for expansion of the industry and income-earning opportunities for local communities. The reports have subsequently been used to advocate for business reform and supportive infrastructure in Pacific Island countries;
- Co-financing arrangements to improve access and linkages to local businesses at existing ports in Vanuatu;
- Increased employment opportunities for Ni-Vanuatu on cruise ships through training packages with the Australian Pacific Technical College;
- Placement of an Australian Business Volunteer (ABV) in the Milne Bay Tourism Authority to prepare an analysis on tourism development options in Milne Bay Province and assist women selling artefacts and accommodation facilities in PNG to package their tourism services; and

- Specific support relating to tourism product packaging and wharf-based markets in PNG and Vanuatu including the hosting of a trade show for local businesses in Vanuatu interested in supplying products to P&O Cruises fleet
- Importantly, as the first major partnership between DFAT and corporate Australia, the success of the MoU with Carnival Australia was instrumental in the launch of Australia's new aid policy in August 2015².
- A partnership with PHAMA to raise cruise ship passenger awareness about quarantine issues, in order to provide them with confidence that there are many handcraft items for purchase that they will be able to take home to Australia and New Zealand. Support has included the development of on-board quarantine display cabinets, quarantine awareness posters, vendor guides and, most recently, a series of videos, to be shown on Carnival Australia ships, about quarantine issues and handicrafts in Vanuatu, PNG and Solomon Islands.

With this shift in policy Australia had an aid policy which, for the first time, clearly identified the private sector as an essential partner to achieving sustainable development outcomes in the Pacific region and has since led to the formation of similarly successful corporate partnerships.



REFERENCES

²‘Creating Shared Value Through Partnership’ Ministerial Statement on Engaging the private Sector in Aid and Development, Department of Foreign Affairs and Trade, August 2015

<http://dfat.gov.au/about-us/publications/aid/Pages/creating-shared-value-through-partnership.aspx>

PARTNERS

THE AUSTRALIAN AID PROGRAM

Australia's aid program promotes Australia's national interests by contributing to sustainable economic growth and poverty reduction. The aid program focuses on two development outcomes: supporting private sector development and strengthening human development. On 31 August 2015, Australia's Minister for Foreign Affairs launched the Ministerial Statement on engaging the private sector in aid and development - Creating shared value through partnership which invites businesses to work with the Australian Government to help solve our region's development challenges. The Strategy recognises the private sector as a driver of economic growth, incomes and jobs, and as a partner for government to achieve more effective and sustainable aid outcomes.

FOR MORE INFORMATION,
VISIT WWW.DFAT.GOV.AU.

CARNIVAL AUSTRALIA

Carnival Australia was formed in July 2004 to meet the growing demand for cruising and the number of Carnival Corporation & plc cruise companies homeporting ships from Australia and New Zealand. Since then, Carnival Australia has led the rapid expansion of the industry, which has tripled in the past five years alone and now sees well over 700,000 Australians take a cruise holiday each year. Today, Carnival Australia represents three homeported brands in Australia – Carnival Cruise Lines, P&O Cruises and Princess Cruises – as well as another four international cruise brands that visit the region annually – Cunard Line, Holland America Line, P&O Cruises World Cruising and Seabourn.

FOR MORE INFORMATION,
VISIT WWW.CARNIVALAUSTRALIA.COM.

INTERNATIONAL FINANCE CORPORATION (IFC)

“IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY16, we delivered a record \$19 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity.

IFC's work in the Pacific is guided by the Pacific Partnership. Australia, New Zealand and IFC are working together through the Pacific Partnership to reduce poverty in the Pacific by stimulating private sector development.

FOR MORE INFORMATION,
VISIT WWW.IFC.ORG.

PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS (PHAMA) PROGRAM

The Pacific Horticultural and Agricultural Market Access Program (PHAMA) provides practical and targeted assistance to help Pacific island countries manage regulatory aspects associated with exporting primary and value added products. This encompasses gaining access for products into new markets, and helping to manage issues associated with maintaining and improving existing trade.

Australia and New Zealand are markets of major interest, along with export markets beyond the Pacific. The core countries assisted through PHAMA include Fiji, Tonga, Samoa, Vanuatu, Solomon Islands and Papua New Guinea.

PHAMA is an Australian Government initiative, co-funded by the New Zealand Government.

FOR MORE INFORMATION,
VISIT WWW.PHAMA.COM.AU.