



9 December 2013

Dear Sirs,

Please accept this submission to the enquiry into Tasmanian Shipping and Freight on behalf of Lindblad Expeditions. Lindblad Expeditions operate 10 small international expedition vessels worldwide. Through our recent acquisition of Orion Expedition Cruises in Australia we currently have one vessel, the Orion, based in this region.

We believe that the current implementation of the Coastal Trading Act is having a negative impact on Tasmanian tourism, and expedition cruising to and around Tasmania, as well as to the other states in Australia.

Currently there is a Ministerial Exemption that exempts cruise liners over 5000grt (gross registered tonnes), carrying more than 100 guests, and with a speed greater than 15knots from the Coastal Trading rules. However, a vessel such as the Orion, and many of the world's other expedition vessels, are smaller than 5000grt and therefore not classified as cruise ships in Australia.

This means that unlike the larger cruise vessels that are able to operate along the Australian coast, Orion would require a series of temporary licences in order to operate in the same way. These licences would then be issued with a number of conditions which the larger vessels do not have to comply with, and which essentially make the operations of the small vessels prohibitively expensive and uneconomical. As a result, the small international vessels will not apply for the permits, and will ultimately consider sending their tonnage to parts of the world where they can operate competitively.

As an example, in 2011 Orion concluded a NZ and Sub-Antarctic cruise in Tasmania, and then disembarked all our guests, and cancelled a planned Tasmania itinerary in order to deadhead empty through Tasmania and up the New South Wales coast to Sydney for dry-dock. She then returned empty to Tasmania, and embarked guests to sail back out of Australia to Antarctica. As a foreign flagged expedition vessel under 5000grt Orion was not able to carry guests along the Tasmanian coast, despite our confidence that we would easily be able to sell these through the appeal of the destination. This added considerably to the cost of the dry-docking, and in 2013 Orion was instead dry-docked for the first time in Singapore rather than in an Australian dry-dock as it has been since 2005.

Ultimately, the losers are the remote and regional areas who are not able to benefit from the high yielding guests who travel on small vessels to these areas, or from the trade generated by these vessels in these regions – our fares generally being in excess of \$1000 per guest per night, exactly the kind of visitor the government is actively seeking. It has been demonstrated to the Federal Government in numerous submissions that there is a substantial positive impact from high yielding visitors to regional areas. Not only do these high yielding guests spend money in these remote and regional communities while touring from the ship, they tend to also arrange pre and post cruise extensions in the area, the cruise lines purchase stores, provisions and bunkers locally, and they utilise local tour operators.

Lindblad Expeditions are keen to be able to have the opportunity to offer expedition cruises around the Tasmanian coastlines, through to Victoria and South Australia. We have already held discussions with



operators about bringing international Tourists to these regions, and combining cruise based itineraries with land based product, but are being held back by the Coastal Trading rules.

The growth of expedition cruising worldwide is growing in a similar way to mainstream cruising, and while Australia has been able to benefit from the Ministerial Exemption of cruise ships from the Coastal Trading Act, the same is not true at the small expedition ship level.

We know that other small ship operators are trying to send vessels down to this region but are falling foul of the same problems that we are experiencing. Earlier this year another expedition company brought their vessel down to Australia but had to cancel a local turnaround and fly their guests to join the vessel overseas due to the issue described above. Another small ship company is currently advertising a cruise through North East Australia next year, which we do not believe will be able to be operated as they cannot transit from WA to Queensland under the current coastal rules. If these small expedition vessels were exempt, in the same the way the larger cruise lines are, they would be able to include NSW, Tasmania, Victoria and South Australia in their itineraries, all of which are currently almost impossible to include.

I hope this helps in increasing the understanding of the challenges facing small international expedition ships, and that the remote and regional areas of Australia are losing out due to the inequities in the implementation of the current Coastal Trading rules.

Yours faithfully

Lindblad Expeditions Australia