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**20 November 2017**

**By email**

David Hatfield, Director Adjudication Branch  
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Copy to: Hannah Ransom: hannah.ransom@acc.gov.au

**Public register version**

Dear David

**Port of Brisbane and Carnival - response to ACCC questions of 26 October 2017**

We refer to your email of 26 October 2017 which requested further information from Carnival in a form which could be placed on the public register.

Set out below is Carnival's response:

**Carnival's estimated future usage of other terminals in Brisbane once the New Cruise Facility is complete**

Under the Agreements, Carnival will have take or pay obligations, providing a guaranteed customer base and revenue stream necessary to support Port of Brisbane's substantial investment in the New Cruise Facility. In return, it will have certain priority berthing rights, subject to the common user principles set out in the Agreements.

Under the Agreements, Carnival is not bound by any exclusivity provisions and is free to use other terminals within Brisbane and throughout Australia as it sees fit. In this sense, all of its terminal requirements are contestable, and its decisions on berthing requirements will depend on a range of factors relating to customer demand, scheduling, cost, operational requirements and network optimisation.

Carnival is supporting the investment in the New Cruise Facility because it considers it to be a modern fit for purpose terminal facility that is better suited to its commercial requirements, enabling future growth of its cruise itineraries which port in Brisbane. Consistent with this, Carnival intends to use the New Cruise Facility for the majority of its Brisbane berthing requirements, including any home porting requirements in Brisbane. For the reasons set out in our Submission, the New Cruise Facility will enable Carnival to deploy larger cruise vessels which are not able to be accommodated at the existing cruise facility at Portside and will provide efficiency opportunities, such as through a reduction in cruising and navigation time up the Brisbane River and by reducing the risks associated with navigation related weather restrictions.

However, Carnival may continue to use other cruise terminals within Brisbane from time to time, if they are suited to its commercial requirements. We note the following:

- **[CONFIDENTIAL: RESTRICTION OF PUBLICATION CLAIMED]**
- The total number of days allocated to Carnival as “priority berthing days” are fewer than Carnival’s anticipated berthing requirements. Beyond its entitlement to priority berthing rights on 100 foundation days, Carnival’s berthing requirements will be subject to the requests of other cruise operators under the Priority Rules which are based on common user access principles. Therefore, there may be days where Carnival requires berthing and terminal facilities in Brisbane but the New Cruise Facility is being utilised by another cruise operator. In those circumstances, Carnival would need to berth at another facility within Brisbane. These circumstances include:
  - where Carnival requires more than 4 berthing days in a week or 18 berthing days in a month within Brisbane. In these circumstances, the Priority Rules would prevent Carnival from advance booking the New Cruise Facility for more than these maximum days and it would need to berth at another facility;
  - where Carnival requires berthing on a particular day but that day is already booked by another cruise operator or another cruise operator is allocated that day in accordance with the berthing rules;
  - as booking requests must be made 25 months in advance of the start of a cruise season, where Carnival introduces new itineraries with less than 2 years’ notice; or
  - where there is a conflicting booking at the New Cruise Facility, which are subject to a resolutions mechanism under the berthing rules.

There is nothing in the Agreements, either explicitly or implicitly, which would prevent Carnival from berthing at Portside, or any other cruise terminal, if it considered that it met its operational and commercial requirements.

**Proportion of total cruise ship berthing days and passenger numbers within Brisbane represented by Carnival**

Set out below is Carnival’s estimate of its share of passenger numbers for vessels which berth in Brisbane, as well as Sydney and on a national basis.

Carnival is the only cruise line which currently berths in Australia year round. All other major cruise lines only operate during the summer season, when demand is higher. Carnival’s commitment to operating in the Australian market year round is reflected in its higher share on a year-round basis, compared with a Summer basis.

Port	Brand	Summer 2016/17		Total 2017 Season	
		Estimated passengers	% share	Estimated passengers	% share
National	Royal Caribbean	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Carnival	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Other	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Total	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
Sydney	Royal Caribbean	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

	Carnival	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Other	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Total	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
Brisbane	Royal Caribbean	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Carnival	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Other	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	Total	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

Note: excludes world cruises and small expedition and luxury cruise ships

Please let us know if you have any questions in relation to this letter.

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