

**3-09-10
Presentation
Alaska
Alliance for
Cruise
Travel**

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Alliance for Cruise Travel</subject><comm>HEDC26</comm></target>

ALASKA STATE LEGISLATURE
ECONOMIC DEVELOPMENT, TRADE & TOURISM COMMITTEE

Representative Jay Ramras
Chairman

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Committee Members:

Representative Mike Chenault
Representative Nancy Dahlstrom
Representative Kyle Johansen
Representative Reggie Joule
Representative Mark Neuman
Representative Harry Crawford
Representative Lindsey Holmes
Representative Chris Tuck

State Capitol, Room 120
Juneau, Alaska 99801

House Economic Development, Trade & Tourism Committee Agenda

Tuesday, March 9, 2010 at 5:15 p.m. in Room 106

+ The Alaska Alliance for Cruise Travel (AlaskaACT) will discuss:

- The importance of cruise travel to the State of Alaska;
- The decline of cruise passengers in Alaska; a city to city comparison of the effects of cruise line's redeployment from Alaska;
- Taxation and competition

Guest Speakers:

Fred Reeder, Past Sitka Mayor, Port Manager, Cruise Line Agency
Chris Meier, VP Operations for Alaska Travel Adventures
Bob Janes, President Gastineau Guides Inc.

- * First Hearing in First Committee of Referral
- + Teleconferenced
- = Bill was previously Heard/Scheduled

1. [Christopher Meier - Directory | LinkedIn](#)

Chris Meier. Title: Vice President at **Alaska Travel Adventures**; Demographic info: Hospitality | Anchorage, Alaska Area. Current: Vice President at Alaska ...
www.linkedin.com/pub/dir/Christopher/Meier/ - Cached

1. [PDF]

5 Lists

File Format: PDF/Adobe Acrobat - Quick View

by AT Adventures

Bumgartner, **James**. Burns, Chris. KINY AM. Cabies, **James**. Campbell, McKie ... US Fish and Wildlife Service. Janes, **Bob**. **Gastineau Guides** Inc. Johnson, Paul ...
www.fs.fed.us/r10/tongass/.../5_List%20of%20Document%20Recipients.pdf

City of Sitka

	Pass. #	% chg	Gross Sales	Tax Revenue
2008	289,753		\$25,498,264	\$1,448,765
2009	224,335	0.23	\$19,741,480	\$1,121,675
2010	137,607	0.53	\$12,109,416	\$688,035
2011	105,000	0.64	\$9,240,000	\$525,000

ACT NOW!



With the decision from the cruise industry to move portions of their fleet and their marketing dollars out of Alaska, we now must look ahead with creative minds to keep our Alaska tourism businesses viable. We believe we cannot sit back and wait for the Alaska Legislature, Governor's office, or anyone other than ourselves to affect change that will bring our industry back to life. **PLEASE PASS THIS TO ALL OF YOUR EMPLOYEES!**

To advance our goals, we are developing a new support group called the Alaska Alliance for Cruise Travel (AlaskaACT) We are not the cruise lines, rather we are a group of local Alaska businesses.

Our Mission Statement is simple:

Alaska Alliance for Cruise Travel is an Alaskan statewide, non-profit, membership-funded organization made up of business and individuals benefiting from cruise travel. Through AlaskaACT, these stakeholders will work together to promote accurate information and support responsible development and growth of Alaska Tourism and the Cruise Industry.

In addition to these activities our organization's efforts are focusing on the following goals:

- Create a positive business environment in Alaska for the cruise and tourism industries
- Encourage the Alaska Legislature and Administration to work toward a resolution of the current legal issues between the State and the cruise industry
- Oppose inequitable taxation directed at the cruise industry
- Support equitable environmental laws for the cruise industry
- Commit its resources to advancing the restoration and stability of the Cruise Industry *in the best interest of Alaska, and Alaskans.*
- Encourage accurate and honest reporting by the media
- Educate Alaskans about the economic benefits and positive environmental effects of the cruise industry on Alaska
- Support the cruise industry in their efforts to protect and preserve the environment through reasonable and attainable legislation

Please sign up today at www.alaskaact.com

(You will receive an email that will ask you to confirm your registration.)

AlaskaACT Steering Committee

John Litten, Sitka Tours, Spokesman for AlaskaACT
Bob Berto, TEMSCO Helicopters/CLAA
Jason Brune, Resource Development Council
Tim Cerny, Fountainhead Development Corporation
Gary Danielson, White Pass & Yukon Route
Bob Dindinger, Alaska Travel Adventures

Ken Dole, Promech Air/Waterfall Group
Carol Fraser, ARAMARK
Steve Hites, Skagway Street Car
Holly Johnson, Wings Airways/Taku Glacier Lodge
Paul Landis, CIRI Alaska Tourism Corporation
Bill MacKay, Alaska Airlines

Follow us on Twitter: AlaskaACT

Alaska Alliance for Cruise Travel - 121 West Fireweed Lane, Suite 250 Anchorage, AK 99503

ACT NOW!



(Please Print)

E-mail Address: _____ @ _____

Company Name: _____

First Name: _____ Last Name: _____

Address: _____

City: _____ State: _____ Postal Code: _____

Work Phone: _____ Who is your State Senator (if you know)? _____

Please check all that apply: Who is your State Representative (if you know)? _____

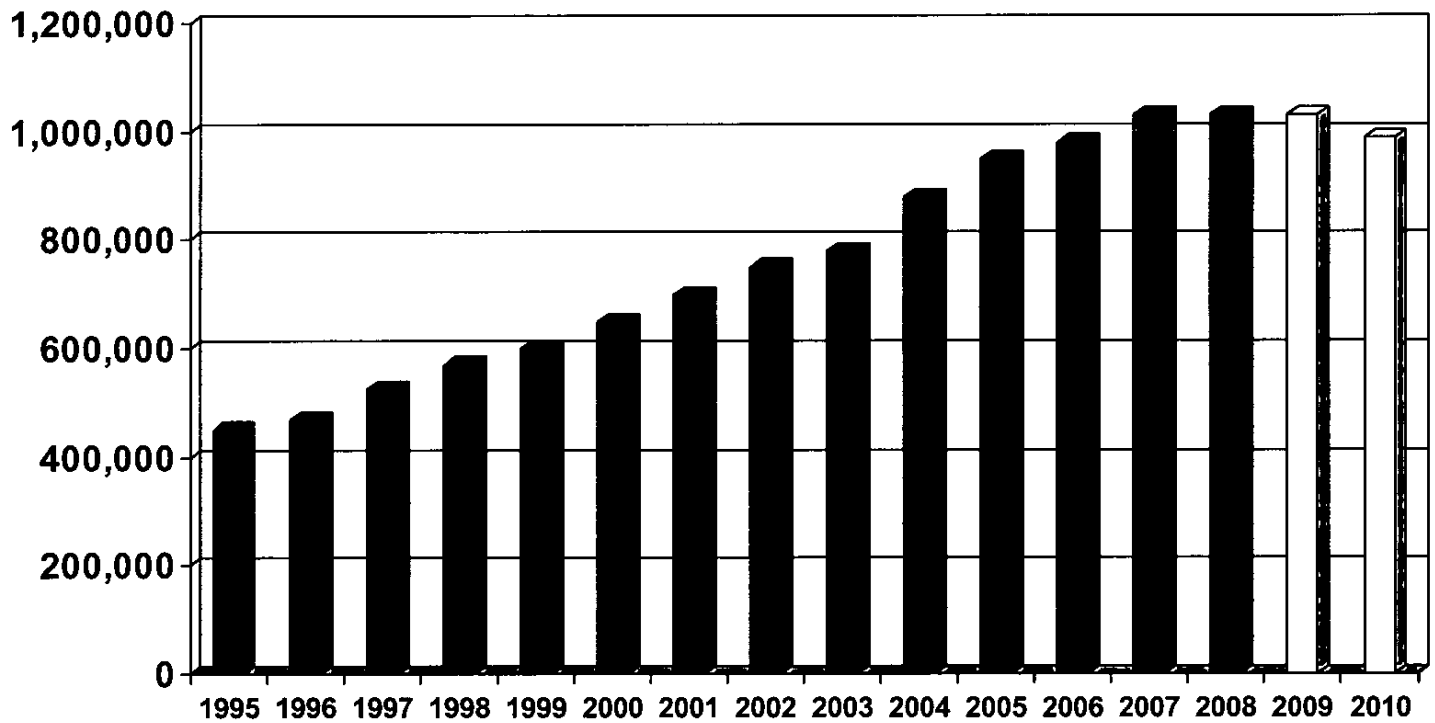
- I can help with contacting legislators
- I can be available to discuss these issues with reporters
- You may use my personal name as a supporter in your efforts
- You may use my company name as a supporter in your efforts
- Please send me AlaskaACT's Information by e-mail

Primary Alaska Community that
you conduct Business in:

***Thank you for showing your support.
You will receive an email from Alaska
ACT verifying your registration.***



Alaska Cruise Visitors Passenger Volume 1995-2008 (2009-2010 Projected)



Notes:

1. Ballot Measure passed in fall of 2006, became effective January 2007
2. Cruise Lines set deployments two (2) years in advance; typically in October, so the 2010 Alaska Season was determined in October 2007.

3. You can see the effects of the ballot initiative as 2009 was a small drop off and then you can see more severe repercussions in 2010.
4. Preliminary word for 2011 is that the numbers will hold to approximately the 2010 levels only because of Disney Cruise Lines entering the Alaska Market for the first time; also the NYK Line bringing the Asuka II (ex Crystal Harmony) back to Alaska for one season.
5. 2012 Season at this time is looking worse than 2011 if something is not changed in the tax and environmental structure of Alaska.
6. The argument that the drop in passenger numbers is from the recession is FALSE, the ships went to a destination where the cost structures were not as high and the revenue potential was higher. From all reports sales are doing fine where the ships have been moved to.

Lost Ships:

Norwegian Sun- Baltic Region
 Serenade of the Seas- Southern Caribbean
 Star Princess-Europe
 Amsterdam- Now 14 day itinerary instead of 7
 Spirit of Oceanus- World Cruise

Economic Impact

	2007	2010	2010 loss to Alaska
Cruise Passengers	1,015,300	873,00	142,000
Cruise Related Jobs	14,500	12,700	1,800
Cruise Related Payroll	\$565 million	\$493 million	\$72 million
Total Cruise Spending	\$1.35 Billion	\$1.19 Billion	\$165 million



Cruise lines in the recession

Damn the torpedoes

NEW YORK

Travel companies are launching luxurious ships into perilous waters

IN LATE January Silversea Cruises christened its newest ship, the *Silver Spirit*, with champagne and sent it on a 91-day voyage around Latin America. The ship, which can accommodate 540 guests, is the company's largest and most luxurious. Suites are serviced by butlers. Passengers can choose between eight types of pillows. The spa is vast. If it sounds out of tune with the times, it is: the ship was commissioned in 2007, before the start of the economic crisis. But Amerigo Perasso, the boss of Silversea Cruises, insists he is happy with the investment. "People want to see the state of the art," he says.

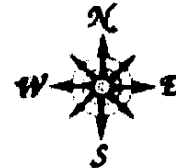
Silversea is not the only cruise line to launch a new ship in troubled economic waters. In December Royal Caribbean International, the world's second-biggest cruise operator, rolled out *Oasis of the Seas*, the largest cruise ship in history. It can accommodate 5,400 guests and has a park with live plants, a large auditorium and a carousel, as well as other amenities normally found in amusement parks. In 2009 cruise companies invested \$4.7 billion to build 14 new ships. They will launch a further 12 vessels this year. Many of these plans were laid before the economy sprang a leak.

The "supersizing" of the cruise industry comes as other industries are downsizing and consumers are curbing unnecessary expenses. To entice customers, cruise lines have cut prices dramatically, sometimes by as much as 40%. Because of these discounts, more people are taking cruises:

The Economist Feb.13, 2010

This recent article explains how cruise lines have overbuilt their fleets despite the world recession. The major cruise lines in Alaska, Carnival & Royal Caribbean, are world leaders in the quest for bigger ships – which also require bigger and stronger docks in cruise ports. Keels for these expensive ships were laid years ago, but when the 2008 recession hit, cruise lines blamed Alaska taxes for their economic woes. The truth is quite different, says the Economist magazine.

The Alaska Cruise Association is presently litigating the state and promoting hysteric propoganda to roll back taxes and water quality standards for ships here. Every industry should pay fair state taxes, and pristine waters full of salmon and migratory whales should not be dumping grounds for sewage, ammonia and copper. The economic risks to cruise lines are based on inflated shipbuilding decisions they made years ago, not protection of clean water and paying fair taxes. Alaska must call the bluff of the cruise industry - -and their false claims.



Responsible Cruising in Alaska
Chip Thoma, President
(907) 586-2117

13.4m in 2009, up from 12.6m in 2007, according to the Cruise Lines International Association, an industry body. But the discounts have eaten into earnings. At Carnival Corporation, the biggest cruise line, revenues were more than 10% lower in 2009 than in 2008. Even if the economy recovers, growing capacity may prevent firms from raising prices much.

Still, the cruise industry is doing better than other bits of the travel business, like hotels and airlines, which have been battered by a fall in business travel. Cruises can appeal to budget-conscious consumers by touting themselves as "all-inclusive" (even though many amenities, like alcohol and excursions, cost extra). Cruises also allow some people to go on holiday without

paying for a flight. There are around 30 ports of embarkation in America alone.

The industry's bosses hope to attract even more customers in the next few years. Only around 20% of Americans have been on a cruise. Most of these are not spring chickens. Firms are trying to draw in younger passengers and families with lower prices, as well as things like ice-skating rinks and cinemas. As a result of these efforts, the median age of cruise passengers in 2008 was 46, down from 53 in 2002. Ross Klein, a cruise-industry analyst, says that cruise lines' decision to invest in colossal ships may help them diversify their customer base without losing elderly customers. Their sheer size, he says, gives everybody "some place to hide out". ■

ALASKA TICKETS UP 21%

In my opinion, the best way to gauge the health of the Alaska cruise industry is to compare the average ticket prices from year to year. If average prices fall, the industry is then focused on filling their ships, even at lower berth prices. If prices rise, bookings are up or ahead of schedule, the economy has improved, and the industry can then charge more for their berths.

Alaska has unique insight into the health of the cruise industry, as the state purchases over 400 inside stateroom berths each year for the Ocean Ranger program. **The state pays the lowest prices available** on each ship sailing to the state, on every line. That average price is very telling:

In the 2009 cruise season, at the height of the recession and ticket discounting by the industry, the average, inside stateroom price was \$1400. **In 2010, the average price has risen to \$1700, an increase of \$300, and 21% over the 2009 price.**

Importantly, these are the **average of least expensive, inside berths**, without windows or portholes. Most passengers pay for more expensive quarters. My conclusion is that the cruise industry has recovered well from the recession, as the Carnival / AP story confirms below. *CTHOMAS - RCA - 586-2117*

Carnival to raise prices as bookings strengthen

from: Seattle Times 2/24/10

Carnival Cruise Lines said Wednesday it will raise prices by about 5 percent for summer bookings, effective March 22, after a strong showing during the busiest time of the year for cruise reservations.

The Associated Press

AP

MIAMI —

Carnival Cruise Lines said Wednesday it will raise prices by about 5 percent for summer bookings, effective March 22, after a strong showing during the busiest time of the year for cruise reservations.

The peak booking period typically runs from about mid-January through early spring.

The price hikes apply to cruises in June, July and August. Price increases will vary by departure date.

The company said that although it's raising prices, the cost of cruises still haven't risen to levels seen in 2008. The cruise industry has been pummeled by the overall downturn in travel demand because of the recession.

The company attributed the record bookings to a range of factors, including targeted marketing initiatives and growth from bookings through travel agents.

Carnival Cruise Lines is the largest cruise line operator in the world, with 22 ships offering voyages of between three and 15 days to the Bahamas, Caribbean, Mexican Riviera, Alaska, Hawaii, Panama Canal, Canada, New England and Europe.

Shares rose \$1.49, or 4.4 percent, to \$35.16 in morning trading.

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