



**SCOPING STUDY
FOR
BRUNSWICK HEADS
COLLEGE OF MARINE STUDIES**

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1. INTRODUCTION

The College of Marine Studies Inc (COMS) is a community based association that was created to establish a centre that would foster the art and skill of traditional timber boat building and related marine activities based around existing facilities at the Brunswick Heads boat harbour. The objective is to develop a facility that will provide services to the marine industry primarily in timber boat building and maintenance and also deliver trade training for the marine industry in the Northern Rivers / Gold Coast region.

In December 2007 the NSW Department of Lands released a draft strategic plan for the development of Crown Lands around the Brunswick Heads foreshore, which includes the existing boat harbour. When the plan is finalised, it is expected that the NSW Government will call for expressions of interest for the use of those Crown Lands.

The purpose of this report is to evaluate the viability of the COMS proposal as a pre-requisite to lodging an expression of interest for the use of the Crown Land and associated assets.

2. BACKGROUND

A proposal for COMS was first prepared in 2005 by Philip Walters, who is a Master Shipwright, Marine Surveyor and Coxswain with more than 30 years experience in the design, construction and repair of timber, aluminium and fibre composite boats. The concept was to utilise the Brunswick Heads marina and slipway to establish a maritime college that would include a commercial slipway and provide hands-on training for a wide range of marine trades. The intent was to create a community based, not-for-profit organisation that would provide employment and training in the Brunswick Heads area, but would be sensitive to the history and development profile of the area.

Since then, development of the concept has continued and COMS has been registered as an incorporated association. There has been ongoing engagement with a range of interested parties and possible stakeholders and a considerable amount of political and community support has been generated. A list of individuals and organisations that have provided their written endorsement is included in Appendix 1.



3. LOCATION



BRUNSWICK HEADS BOAT HARBOUR

It is proposed that the facility be situated within the Brunswick Heads boat harbour which is located on the Brunswick River at the northern edge of the town, adjacent to the old highway. The area that would be required consists of the slipway with adjoining hard stand in the north western corner; vacant land and storage sheds along the western side; and 23 mooring berths along the western and southern waterlines. These moorings have been managed in the past by the Brunswick-Byron Fisherman's Cooperative however, with the recent change in ownership of the Cooperative's premises and the significant decline in the level of commercial fishing from Brunswick Heads, the opportunity exists to transfer the management rights to COMS. Income projections assume that this will happen.

Within the precinct, there are also 12 moorings along the eastern side of the harbour that are currently occupied by the Brunswick Heads Cruising Yacht Club which are not part of the proposal. COMS could however, manage those moorings on behalf of the Yacht Club if that were deemed to be the most effective way to manage the whole precinct.

The proposed development does not restrict access to the river or the foreshore.



VACANT LAND ON THE WESTERN SIDE OF THE PROPOSED DEVELOPMENT AREA

The attached Parish Map (Appendix 2) shows the location of the boat harbour within section DP811063. The slipway and winch building are identified on the map as area 204788. The hatched L-shaped area provides a view of the total area being considered for use by COMS

The Parish Map also shows the location of the existing Brunswick-Byron Fisherman's Cooperative (Section DP 755692) which consists of a building and associated car parking and an area marked "unidentified" situated on the eastern boundary. The area marked as "unidentified" is in fact a vacant strip of land that sits between the boat harbour and the existing caravan park. It could possibly be utilised for extra car parking for COMS.

The Co Op building is outside the scope of this study. However, it may be possible to incorporate training facilities into any redevelopment of the Co-op site or adjoining Crown Lands, should future stakeholders be amenable to some form of strategic alliance.

4. COMS STRATEGIC INTENT

The strategic intent defines the objectives and scope of the proposed business through its Vision and Mission statements

4.1) VISION

The vision is to create a commercially viable, community based, not-for-profit organisation that will become a hub of activity for the marine industry. The facility will remain in keeping with the heritage and desired development profile for the area. It will actively engage with the local community and provide ongoing opportunities for employment and training that will be focused on the traditional techniques of timber boat building, but also encompass modern practices and materials. It will become the centre of excellence for timber boat building on the east coast of Australia

4.2) MISSION

COMS will become a registered training organisation (RTO) that provides high quality apprenticeships and training that are linked to its repair and maintenance capability in timber and other materials for boats up to 50 tonnes. It will primarily attract clients from the Northern Rivers of NSW and South East Queensland through its exceptional skill levels and industry relationships.

4.3) SWOT ANALYSIS

<p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> • Skill base • Existing infrastructure • Community and government support • Strong industry relationships • Focused niche in timber boats • Strong heritage of timber boats in Brunswick Heads 	<p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • Unmet training demand • Connection with Marine Park research • Growing demand for refurbishment – long lead times from existing providers • Tightening regulations requiring more slipping and inspection
<p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • Not a proven concept • Management availability and capability • Built around one person • Difficult access over Brunswick River bar • Complexity 	<p><u>THREATS</u></p> <ul style="list-style-type: none"> • Lack of funding • Refusal by Dept of Lands to grant lease • Competition from other training centres • Economic conditions impacting on demand for boat building

The scope of the business and issues associated with the SWOT analysis are developed and evaluated in section 5.



5. THE BUSINESS OPPORTUNITY

5.1) TRAINING

5.1.1) Scope

It is proposed to establish a Registered Training Organisation (RTO) that is registered to deliver the Maritime Training Package and that will offer apprenticeships, accredited training packages and skill upgrade services for the marine industry. The initial focus will be on

- Apprenticeships in boat building
- Delivery of individual modules from the boat building training package
- Accredited crew certification training packages
- Internationally recognised marine hospitality course

Boat Building

A recent study carried out on the marine industry in the Gold Coast, Northern Rivers region showed that boat manufacturers have a level of dissatisfaction with the training that is currently being provided for apprentices. Their view is that the existing program produces boat assemblers rather than boat builders who have an integrated set of skills. (*Gold Coast / Northern Rivers Marine Supply Chain Report: Gibsons JBS*).

COMS will differentiate itself from other training providers by focusing on the need for apprentices to have a fully rounded set of skills that will make them competent, boat building tradesmen. It will also build a reputation around its specialist skills in timber boat building.

The apprenticeship training will be linked with the repair and refit work that will form part of the commercial services offered by COMS. A 9 metre Chesapeake Bay Skipjack which is suitable for restoration has been donated to COMS. It will become the initial project that provides hands-on training for apprentices. Once completed, the restored Skipjack will be used to provide on-the-water training for courses that require it.

The fact that COMS can offer trainees the opportunity to work on actual commercial building and repair jobs rather than undertaking dummy exercises is an important advantage that it will have in attracting apprentices.

There have already been indications from boat manufacturers in the region that they will support the new facility to deliver training for their apprentices.

Crew Certification

COMS will offer a Coxswain Course to Certificate II level in order to provide crew certification training. The course will be run over 5 weeks.

Marine Hospitality

There is no National Training Package that specifically relates to hospitality in the marine industry. Currently, trainees wishing to specialise in the marine industry rely on completing appropriate modules from the overall Hospitality Training Package (THH02). COMS will develop a program tailored to the industry that is based on the UK Sailing Academy’s course (UKSA Professional Marine Hospitality Course) and seek to obtain UKSA accreditation. This course will be run over 4 weeks. It will be developed during Year 1 and become available in Year 2

Other

In addition, COMS will offer short courses in

- Recreational sailing
- Radio controlled model boat building
- Recreational boat licensing

5.1.2) Demand

Boat Building

There are currently 21 boat building apprentices travelling from Northern Rivers’ locations to the Gold Coast for training as there are no RTO’s currently registered on the north Coast to deliver the Maritime Training Package. There are a further 600 apprentices being trained on the Gold Coast with demand expected to rise.

With the support that has been demonstrated for the project to date and the overall demand for apprenticeships, it is projected that, in this area, COMS will be limited by its ability to deliver rather than by the demand for its services. A conservative forecast of the number of apprentices that COMS could expect to attract would be

	<u>No of Apprentices</u>
Year1	24
Year 2	36
Year 3	60

Crew Certification and Marine Hospitality

There are no exact figures available to quantify the demand for people who have suitable training in hospitality in the marine industry however, it is known to be growing. Recent surveys, including the *MACKAY REGION MARINE INDUSTRY SECTORAL ANALYSIS AND INVESTMENT OPPORTUNITY STUDY* carried out for the Queensland Department of Tourism, Regional Development & Industry have found that there is a nationwide shortage of trained and experienced staff for all on-board marine requirements including chefs, stewards, deck hands and other crew.



The Superyacht Base of Australia estimates that there are 7000 superyachts operating around the world and that there are 770 new yachts under construction. In 2006 there were 60 superyachts based in Australia and another 60 visited Australia. Within 6 years it is expected that there will be 500 superyachts operating in Australia, Asia, the Pacific and Indian Oceans. If all the yachts currently being constructed were to be launched today, there would be an immediate demand for 7000 additional new crew to operate them

The overall demand currently outstrips supply and COMS can expect to attract strong interest in the courses that it offers. As with boat building, it is more likely to be COMS' ability to deliver rather than the level of demand that will limit the number of trainees that it services.

The coxswains' course will run over 5 weeks and each course will cater for 10 trainees. The marine hospitality course will run over 4 weeks and each course is expected to have 10 trainees

A following is a conservative forecast of the number of crew certification and hospitality trainees that COMS could expect to attract

	<u>No of Coxswain Courses</u>	<u>No of Hospitality Courses</u>
Year 1	3	-
Year 2	5	3
Year 3	7	5

Other Courses

Additional training revenue will be generated by providing courses in recreational sailing, model boat building and recreational boat licensing. For the purpose of estimating income, these courses are assumed to be of one day's duration and charged out at \$200 per person per day. A minimum of 5 people will be established in order to run each course.

Revenue from sailing and licensing courses is projected on the basis of being offered at an average price of \$200 per course

	<u>No of Training Days</u>	<u>No of People Trained</u>
Year 1	10	50
Year 2	15	75
Year 3	20	100

5.1.3) Competitors

There are no training organisations currently registered on the NSW North Coast to deliver the Maritime Package. From a boat building perspective, the region is primarily serviced by the Gold Coast TAFE and TAFE Colleges in Brisbane.



Overall there are 9 providers of part or all of the Maritime Training Package in NSW and 8 in Queensland – some can deliver the coxswains course, but the major centres for crew training are in Cairns, Perth and Launceston.

While there are a number of RTO's offering various elements of the Hospitality Training Package, there is no specialist course available in marine hospitality.

5.2) BOAT REPAIR & REFIT

5.2.1) Scope

The objective is to focus the activities of the facility on timber boats. This will help to define the culture of the project and maintain the connection with the heritage of Brunswick Heads and the tone of development that is sought. In order to offer a complete service to the market however, repair and refit services for boats constructed from other materials will also be offered. Any major work required on fibre composite or aluminium vessels could be carried out in nearby industrial estates in order to preserve the character of the boat harbour precinct. For the purposes of this scoping study, only the timber repair and refit services have been considered.

5.2.2) Demand

There are no statistics available on the total demand for timber boat repairs in the Northern Rivers and Gold Coast region – the best that can be done is to estimate an order of magnitude.

There are currently 252 commercial vessels from 8 to 18m in length registered on the Gold Coast. There is no available break down of hull construction, but estimates from the industry would suggest approximately 25%, or 60 boats would be of timber construction. There are 49 commercial boats of timber construction up to 20m in length registered in NSW between Tweed Heads and Yamba. This would suggest that there are at least 100 timber commercial vessels in the Northern Rivers / Gold Coast region in the size range of 8 to 18m. In addition, there are a large number of recreational (particularly sailing) vessels in the area.

All of these vessels require regular slipping for anti fouling as well as access to facilities in the region for repair and maintenance. While COMS will concentrate on timber boat repairs, it will still make its facilities available for other material types in order to fully use its capacity as required. It should also be noted that many fibreglass and aluminium boats are fitted out internally in timber and also represent a pool of potential work.

The projection for demand is that COMS will have 3 tradesmen in Year 1, 4 in Year 2 and 6 in Year 3. This is thought to be conservative given that two of the Committee members who are master shipwrights already have a strong demand for their services.



5.2.3 Competition

Industry feedback suggests that there are only a small number of boat repair businesses in the region that would be considered specialists in timber boats. It should be noted that this does not include the work that is already being carried out by two of COMS committee members.

Five companies employing between 5 and 40 people were surveyed to determine their current and projected workloads. All described the demand for their services to be medium to high and 4 of the 5 had a positive outlook for the demand level to continue.

5.3) OTHER OPPORTUNITIES

There are a number of other revenue raising opportunities that are available to COMS

- Management of the marina berths
- Inspection services for insurance assessments
- Boat charter for on-the-water training
- Web based sales of materials related to boat building
- Kits for timber boats. The licence for the international distribution of plans and kits for the My Dory design of timber boat will be made available to COMS by Phillip Walters.

Estimates for income from these activities are included in the financial projections

6. FACILITIES

The study has been based on a requirement to establish facilities that would allow it to carry out its training activities as well as refurbishing the slipway as part of the repair and refurbishment capability. In order for the proposal to proceed the slipway work will need to be done regardless, however there is an alternative available for the required training accommodation.

Consideration should be given to providing COMS with a leasehold tenure over the unoccupied Fins Restaurant building which is situated around 200m upstream adjacent to the new highway. A temporary leasehold tenure would assist, at least initially, in defraying project capital costs. Without having carried out a detailed evaluation of the existing layout and condition of the building, it is estimated that it would require around \$40,000 to make it suitable for COMS' requirements.

This assumes that it is not allowed to fall into further disrepair as a consequence of it being unoccupied.

6.1 SLIPWAY REFURBISHMENT

The centrepiece of the proposed project is the existing slipway which is in need of extensive refurbishment.



EXISTING SLIPWAY CRADLE

It should be recognised that the scope of this study did not allow for a detailed engineering review and assessment of the refurbishment work required on the slipway. An estimate has been provided based on an inspection and knowledge gained from previous projects of a similar nature. It has been assumed that the existing sleepers and base are sound and do not need to be replaced.

Cost Estimate for Slipway Refurbishment

<u>WORK REQUIRED</u>	<u>ESTIMATED COST</u>
Engineering assessment, design and supervision	\$40,000
Soil testing and removal	\$30,000
Replacement of existing rails	\$40,000



Bunding and waste collection works	\$20,000
Replace the slip cradle	\$45,000
Replace hauling cable	\$7,000
Refurbish electric winch and shed	\$8,000
Total Estimated Cost	\$190,000

6.2) TRAINING AND ADMINISTRATION FACILITIES

The facilities required for class rooms and the restoration of the Skipjack are shown in the sketch plan in Appendix 3. There are existing sheds on the southern boundary that can be used for workshops and storage. Male and female toilets would need to be incorporated into this existing structure. It is proposed that all other buildings that are established on the site be of a temporary nature for the first three years of operation in order to allow for a relatively simple “undo” capability if required for any reason.

The temporary classrooms would not be required if the Fins building were made available, but a shed for the restoration of the Skipjack would still need to be erected.

A review should be conducted in year 3 to reassess the scope of the operation and to verify its ongoing viability. The review would address the issue of a transition to permanent facilities.

Cost Estimate for Training Facilities

<u>PURPOSE</u>	<u>COST</u>
Class rooms	\$120,000
Toilets	\$12,000
Skipjack shed	\$30,000
Class room fitout	\$30,000
Shade sails	\$5,000
Refurbish sheds	\$2,000
Landscaping	\$2,000
Car parking	\$5,000
Total capital cost	\$206,000



7. OTHER ISSUES

The Brunswick River bar is known to be one of the most difficult river entries in the region. It has a long history of casualties from vessels that have come to grief while trying to cross it and could be considered as a potential impediment to the success of the boat harbour as a repair and refit centre.

In the opinion of Mr Rob Goodacre who has been the boat captain of the Marine Rescue Service at Brunswick Heads for 22 years, the bar is safely navigable for vessels up to 10m, provided that good practice seamanship is adopted. The channel has a mean depth of 1.4m and a maximum of 3m. Crossing on the flood tide is recommended and may be influenced by the direction of the swell. Although there are only a limited number of trawlers operational now, there has been a substantial fishing fleet that has operated from the boat harbour in the past. It is therefore not a major obstacle to the establishment of the proposed facility.

8. STRUCTURE AND STAFFING

COMS has been established as a not-for-profit, community run organisation and as such, has adopted the structure of an incorporated association. The number of members continues to increase as the individuals and organisations who have expressed interest in supporting the concept formally join the association.

The Management Committee of the association consists of the following people

- **Philip Walters - Chairman:** Philip is a Master Shipwright with more than 30 years experience in the marine industry and has designed, built and repaired vessels from dinghies to 100 ft ocean going craft in timber, aluminium and composites. He has managed a staff of up to six tradesmen and has trained 7 apprentices over a 12 year period, one of whom was the NSW Apprentice of the Year
- **Marcus Cranney – Committee Member:** Marcus is a Master Shipwright who was trained at the Australian National Maritime Museum in Sydney. He has worked on a number of restorations and replicas of tall ships and other timber boats in Australia, the UK and the USA. His projects have included the *James Craig*, the *Soren Larson* and the *Endeavour*.
- **Steve Foreman – Committee Member:** Steve has been involved in coaching in the Northern Rivers area for 30 years and has worked as a Teacher's Aide for the NSW Education Department. He has coached and mentored world surfing champions including Pauline Menczer and Layne Beachley and is Regional Director for Surfing on the Far North Coast.
- **Mark Stewart – Committee Member:** Mark has operated a successful fishing charter business from Brunswick Heads since 1999. He holds a current NSW Coxswains Certificate, Byron Shire Marine Park Charter Vessel Licence and Bar Endorsement for Brunswick Heads. Mark is also an experienced photographer and journalist

- **Donna Hammond – Secretary/Treasurer:** Donna has worked in a variety of sales and administration roles over a long career. She was secretary of the Ocean Shores Community Association before becoming involved with COMS.

An Executive Committee will be formed that will draw on the most appropriately experienced members of the Association to work closely with and oversee the operations of COMS.

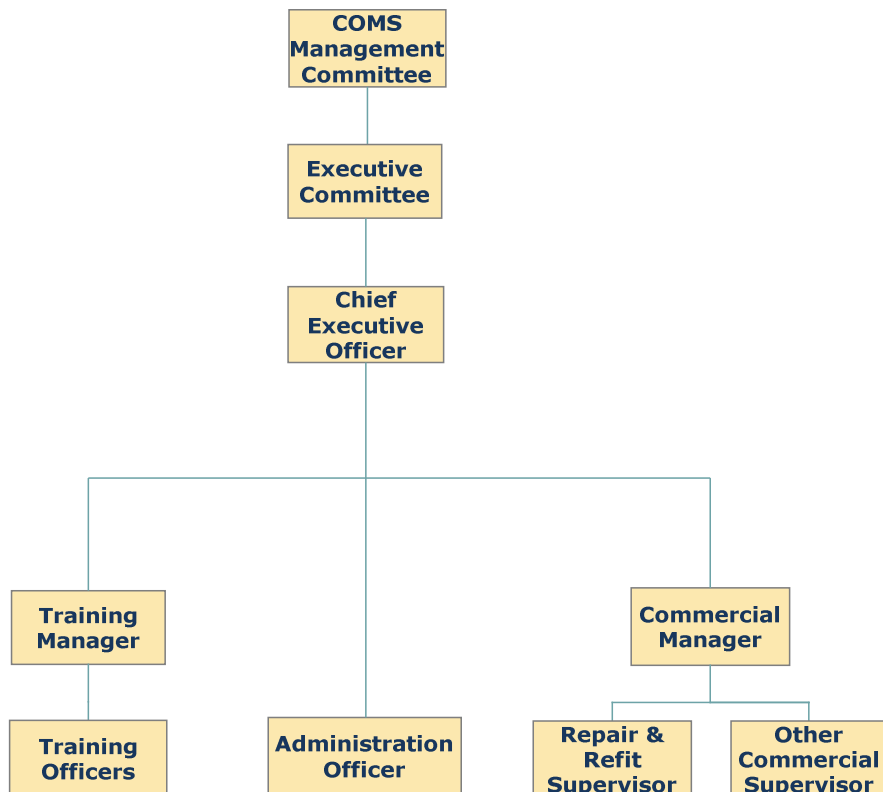
From a staffing perspective, only three management/administrative positions will be required for the early stage development of the facility. The CEO role and Commercial Manager’s roles will be combined and an Administration Officer will be required, initially on a part time basis. A Training Manager will also be required during this period.

It is envisaged that these roles will be paid positions however, it should be possible to retain the services of experienced professionals who have retired or semi retired to the North Coast and who are looking to engage in worthwhile community projects. The salaries that have been allowed for these positions have been based on this assumption.

Additional staff can be appointed on an as needs basis, as the growth of the facility evolves.

The initial organisation structure will be as follows:

COMS ORGANISATION CHART





9. COMPLIANCE WITH EXISTING GOVERNMENT & COMMUNITY PLANS

9.1) NSW STATE PLAN

The NSW State Plan lists a number of priorities and targets categorised under 5 major headings:

- (R) Rights, Respect and Responsibility
- (S) Delivering Better Services
- (F) Fairness and Opportunity
- (P) Growing Prosperity Across NSW
- (E) Environment and Living

The COMS proposal aligns with the plan on the following priorities

<u>No</u>	<u>PRIORITY</u>	<u>COMS ACTIVITY</u>
S4	Increasing levels of attainment for all students	The College will greatly assist options and outcomes for all local high school students.
S5	More students complete Year 12 or recognised vocational training	COMS will provide a range of vocational training courses that are not currently available in the region
P4	More people participate in education and training throughout their life	The existence and location of the Marine College and its courses will allow more access to training
P6	Increase business investment in rural and regional NSW	Potential to facilitate investment in the regional boat building industry as skills constraints are alleviated
P7	Better access to training in rural and regional NSW to support local economies	Courses will not only be available for students on the North Coast, but can also be delivered remotely to other regional locations
E4	Better environment outcomes for native vegetation, biodiversity, land, rivers and coastal waterways	COMS will ensure that the foreshore precinct is developed in an environmentally sustainable manner

9.2) NSW RURAL AND REGIONAL TASK FORCE REPORT

The NSW Rural Task Force Report was released in March 2008 and addresses a range of issues that impact on rural NSW. The Report makes the following observation and recommendation in relation to vocational education

Observation

The community expressed strong support for TAFE as a skills provider and supported more resources for TAFE. They called for better access to courses through improved transport, more use of distance education and better links with local industry including training within existing business premises.

Recommendation

13.14 (a) Through the Department of Education and Training and in partnership with the Department of State and Regional Development and other relevant agencies, pursue opportunities to develop partnerships for new local and regional models of training and skills development, linking community, business and education providers to local employment needs and opportunities.

The COMS project is a perfect fit for this recommendation.

9.3) NSW STRATEGIC PLAN FOR VOCATIONAL AND EDUCATIONAL TRAINING

The latest Strategic Plan on the website of the NSW Board of Vocational and Educational Training is the 2002 – 2004 plan. Assuming that the key strategic directions are still relevant, the COMS proposal aligns as follows

<u>STRATEGIC FOCUS</u>	<u>COMS ALIGNMENT</u>
<p><u>Skills for Regions and Communities</u></p> <p>Encourage training providers to develop a leadership role with regional business, government and community agencies and become active agents in regional development and community building</p> <p>Encourage training providers to work with regional networks and business groups to develop innovative training services that meet the needs of small and medium sized businesses.</p> <p>Work with Indigenous communities and Community Development Employment Projects (CDEP) to improve skills development and generate community enterprise initiatives</p>	<p>COMS is a project that is being driven and managed by the community and has actively engaged local business and government agencies</p> <p>COMS will network with other RTO's and businesses in the region to deliver courses that will deliver services to the marine industry which consists almost entirely of SME's.</p> <p>The local Indigenous community is represented on the COMS Board of Management and is actively involved in the project</p>

<p><u>Skills for participation</u></p>	
<p>Extend the capacity of vocational education and training to deliver flexible, client focused, short courses tailored for small business.</p>	<p>The COMS range of courses includes short courses for upskilling existing employees in small businesses in the marine industry</p>
<p>Develop effective and flexible services which support casual and part-time workers in their skill development</p>	<p>COMS is structured to meet the needs of industry by providing flexible and remote delivery of training</p>

9.4) “TAKING CARE OF BRUNSWICK COMMUNITY PLAN” 2004 – 2009

In 2003-2004 the community of Brunswick Heads came together to update its vision and formulate a Community and Economic Development Plan for the next five years. The “Taking Care of Brunswick Community” Plan 2004-2009 was produced in 2004, containing strategic directions and 23 objectives (projects) covering all facets of town life: communication, community social and cultural, built and natural environment, and business and economic development.

The strategic objective for Business and Economic Development from the Plan is:

To foster economic and business growth that reflects the character and style of the community, by encouraging unique owner operator small business and creating new opportunities for sustainable economic growth and employment.

The COMS project is being specifically structured to reflect the character and style of the community and will clearly create an opportunity for sustainable economic growth and employment.

9.5) BRUNSWICK HEADS FORESHORE STRATEGIC PLAN DRAFT DEC 2007

There are a number of issues and opportunities identified in the draft foreshore plan that the COMS project fulfils. The opportunities that the plan identifies for the boat harbour include

- *Re establish the boat harbour as the major iconic development for Brunswick Heads*
- *Rationalise existing facilities and introduce additional commercial development to activate the area and add vibrancy*
- *Establish a consolidated maritime precinct which includes the public boat ramp*

COMS will re establish the boat harbour and create a consolidated marine precinct and bring commercial development to the area.



10. FINANCIAL PROJECTIONS

A summary P&L based on the information provided below is provided in Section 10.4. A detailed list of financial assumptions is provided in Appendix 4

10.1 REVENUE ASSUMPTIONS

The main sources of revenue for the project will come from training, boat repair, mooring and slipway fees and other services such as insurance surveys and kit boat sales.

Income from training has been determined as follows

Boat Building Apprentices

Income for delivering apprenticeship training is taken from the 2007-2008 Apprenticeship and Traineeship Training Program for classroom based training. The hourly rate is \$9 for 7.5 hours per week for 36 weeks per year. In addition, the 15% Regional and Rural loading has been allowed plus the \$348 per year fee paid by each apprentice. It has been assumed that 60% of apprentices will come from small businesses and therefore also attract a further 30% loading. (The *Gold Coast / Northern Rivers Marine Supply Chain Report* found that 62% of businesses had a sales turnover of \$5m or less and employed less than 20 people)

Crew Certification Training

The course duration will be 5 weeks and result in a Certificate II qualification. The market rate for similar courses is currently \$1500 per trainee.

Marine Hospitality Training

The duration will be 4 weeks full time and a charge out rate of \$1250 per trainee has been assumed for this course as well.

Other Training

All other training courses have been assumed to be of one day's duration and will be charged out at \$200 per trainee per day.

Boat Building and Repair

The charge out rate has been taken as \$75 per hour per tradesman for 40 hours per week. The average cost of material has been taken to be 30% of the labour cost (based on the experience of shipwrights Phil Walters and Marcus Cranney). A 25% margin on material cost has been allowed.

Marine Berth Rental

The current charge out rate is \$77 per week which is similar to the long term rates being charged on the Gold Coast. It is assumed that the current rate is sustainable.



Slipway Charges

Slipway charges are determined on a rate per foot of length for the haul out and a rate per day for holding the vessel on the slip. Based on other slipway charges in the region for vessels of less than 200 tonnes, the haul out rate has been taken as \$8 per foot and the holding charge as \$80 per day.

Hard Stand Charges

The area has hard stand accommodation for 6 vessels up to 40ft in length. This is the area that will be used to hold boats while they are being repaired. It is normal to charge a daily hard stand fee based on the length of the boat. However, for the sake of this study it is not being specifically accounted for and is considered as a buffer income amount.

Other Income

An allowance has been made for an “other income” amount for all other activities starting at \$200 per month in Year 1, growing to \$500 per month in year 3.

10.3 COST OF SALES AND EXPENSE ASSUMPTIONS

The major cost of sales will be payments to trainers and tradesmen, all of whom will be engaged as contractors. It is assumed that trainers will be paid \$500 per day and tradesmen at \$50 per hour.

The major expense items are the management and administrative positions which will also be treated as contract positions. It has been assumed that these will be filled by retired or semi retired professionals who are looking to engage with a community project. As such, an amount of \$60,000 per year has been allowed for the CEO; \$40,000 per year for the Training Manager and \$30,000 per year for the administration role. Other cost allowances have been made for normal business expenses.

10.4 PROJECTED OPERATING STATEMENT

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Revenue	\$527,600	\$774,300	\$1,140,300
COGS	\$312,500	\$466,000	\$705,500
Gross Margin	\$215,100	\$308,300	\$434,800
Expenses	\$219,200	\$211,500	\$225,200
EBIT	-\$4,100	\$96,800	\$209,600



The financial analysis has been done on round number estimates rather than necessarily having accurate figures to the last dollar. The specific timing of actual expenditure and its impact on a particular reporting period has not been taken into consideration either. The key difference in the expense figures between Years 1 & 2 is in the one off cost of registering the RTO.

Based on this approach, the figures suggest that COMS could about break even in its first year of operation and be self funding after that.

10.4 INITIAL CAPITAL REQUIREMENTS

The two major requirements for initial capital are to provide portable buildings to accommodate the training activities and to refurbish the slipway.

The following table summarises the start up capital expenses involved.

<u>ITEM</u>	<u>COST</u>
Portable buildings	\$180,000
Improvements to existing sheds	\$14,000
Improvements to grounds	\$12,000
Tools & Equipment	\$50,000
Total Capital for buildings and grounds	\$256,000
Slipway	\$188,000
Total capital including slipway	\$444,000

The situation in relation to the requirement for capital alters significantly if the Fins building is used for accommodation rather than setting up portable buildings next to the slipway. It would remove the need for \$150,000 for classrooms and reduce the expenditure on grounds improvements by \$5000, but require \$40,000 for renovations to Fins.

Capital Requirement Without the Fins Building

<u>ITEM</u>	<u>COST</u>
Buildings & grounds	\$256,000
Slipway	\$188,000
Total	\$444,000



Capital Requirement With the Fins Building

<u>ITEM</u>	<u>COST</u>
Buildings & grounds	\$139,000
Slipway	\$188,000
Total	\$327,000

10.4 POTENTIAL FUNDING SOURCES

There are four key sources of funding available for the initial capital requirements of the project.

Maritime Infrastructure Program

The Maritime Infrastructure Program (MIP) is funded by NSW Maritime and provides grants to local government and community organisations for waterways infrastructure projects that benefit the recreational boating community in NSW, including the provision of public wharves/jetties, boat ramps, and public moorings on a dollar for dollar basis.

Applications are normally called for in June/July each year and the maximum level of funding is normally restricted to \$200,000. This program should be investigated to provide funds for the refurbishment of the slipway.

Regional Partnerships Program

The Federal Government, through the Department of Transport and Regional Services has previously provided funds to not-for-profit organisations to develop community infrastructure through the Regional Partnerships Program. Approved projects were fully funded and there have been examples of grants that have exceeded \$500,000.

With the change of government in 2007 and the restructuring of the department to now be the Department of Infrastructure, Transport, Regional Development & Local Government, the scheme is in the process of being reviewed. A new program that will be known as the Regional and Local Community Infrastructure Program is being developed and will be funded in the 2009/2010 Budget.

The new program is expected to have similar criteria for approval as the one that it replaces, which would mean that COMS would be eligible to apply for a grant. It is also expected that the new program will follow the old in that it will pay for the full cost of approved projects and not require dollar for dollar input.

NSW Department of Education & Training

There are grants available from the NSW Department of Education & Training for projects that will provide new training opportunities in rural and regional areas. This should be more fully evaluated to determine the eligibility of funding for facilities and equipment that will be required by COMS in order to deliver its training programs.

Private Foundations

There are a number of private foundations, such as the ANZ Seeds of Renewal Program that provide smaller amounts of funding for community development projects. A comprehensive list is available at www.communitybuilders.nsw.gov.au. These sources of funding may be considered in relation to covering the cost of further preliminary work that may be required in order to position COMS to apply for larger grants.

11. CRITICAL SUCCESS FACTORS AND RISK ANALYSIS

The critical success factors for the project are:

- a) Gaining secure tenure of the slipway and the adjoining vacant Crown Land or the Fins building
- b) Obtaining funding for the capital works and initial operating cash requirements
- c) Securing the services of key management staff at community service rates rather than commercial rates
- d) Ensuring that the key people who have been identified as potential trainers are engaged with and committed to the project
- e) Attracting the target level of trainees
- f) Attracting the target level of boat repair business.

A risk analysis requires that each critical factor is assessed in terms of the consequences of it occurring and its likelihood to occur. This provides an overall rating and determines the level of urgency and resources required to define a mitigation strategy. This rating process is described by the following table.

	Consequence				
Likelihood	1 – Insignificant	2 – Minor	3 – Moderate	4 – Major	5 – Catastrophic
5 – Certain	High	High	Extreme	Extreme	Extreme
4 – Likely	Medium	High	High	Extreme	Extreme
3 – Possible	Medium	Medium	High	Extreme	Extreme
2 – Unlikely	Low	Low	Medium	High	Extreme
1 – Rare	Low	Low	Medium	High	High



On this basis, the consequences of factors (a), access to facilities and (b), access to funding not occurring are catastrophic, in that there is no mitigation strategy. If the land and facilities are not made available and funding cannot be gained, the project is a non starter. However, given that COMS is a community based, not-for-profit project that meets the objectives of all State and Regional Development Plans, there is a strong argument that it should be given access to the Crown assets that it requires for nominal consideration and that it should be viewed favourably for funding.

Access to the Fins building provides a better solution than establishing new classrooms, but can be overcome if required by sourcing the required funds.

The level of funding required has been based on the assumption that the slipway is structurally sound below the low water line and that there is no requirement for a significant level of work to be undertaken to rehabilitate existing contamination. This will need to be thoroughly assessed, but recent experience with the Tweed Boat Harbour slipway would suggest that the contamination issue at least is not likely to be a major problem.

In relation to the other issues, the consequences are moderate and the likelihood of occurring is possible to rare.

For issues (c) and (d), engaging appropriate management and training resources, the Committee has already identified suitable resources and others are known to be available.

In terms of attracting the required number of trainees and the target level of boat repair and slipway work, it should be noted that most of the cost structure is variable. The only significant fixed cost from a cash perspective is the payment of management and administration fees. If there are insufficient numbers to run a course, then it will be abandoned and no cost incurred. Similarly, the services of the boat repair contractors are only engaged when there is work to be done.

Based on the mix of work that has been assumed for the purposes of generating the 3 year operating statement, the break even income is around \$325,000. This can be delivered from the annual training of 24 apprentices and having 3 tradesmen working for around 130 days per year – a very conservative requirement based on the estimates that have been used.

12. CONCLUSIONS AND RECOMMENDATIONS

The project has attracted a wide level of local support and it would appear that the community has embraced it and is keen for it to proceed.

The COMS concept is consistent with the heritage of the area and the community's development aspirations for the foreshore precinct and will provide employment and training opportunities in Brunswick Heads without impacting on the environment. It also fits within the requirements of current State Government planning guidelines that are targeted at education and training and rural and regional development.

The project will be reliant on government funding in order to get established, but should be capable of sustaining itself from its second year of operation onwards. This

report suggests a high level of feasibility and a detailed business plan should be prepared to fine tune the analysis.

It is recommended that an expression of interest be lodged with the NSW Department of Lands to secure the Crown Land assets required to establish COMS using the Brunswick Heads slipway and that the NSW Roads and Traffic Authority be approached for a lease (up to 3 years) for the use of the Fins building as a temporary classroom facility. In the meantime, applications for funding and the preparation of a business plan should be pursued.



APPENDIX 1 - COMMUNITY SUPPORT GROUPS

The following have provided letters of support for the COMS project:

Neville Newell MP, Parliamentary Secretary to the NSW Minister for Rural Affairs

Don Page MP, State Member for Ballina

Ian Causley MP, Federal Member for Page

Justine Elliott, Federal Member for Richmond

Stephen Fenn, Senior Policy Advisor, NSW Minister for Lands

Elizabeth Brown, Director Corporate & Community Services, Byron Shire Council

Tom Tabart, Councillor, Byron Shire Council

Jan Barham, Mayor, Byron Shire Council

Andrew Page, Manager, Cape Byron Marine Park

Trish McCulloch, Chair, Brunswick Heads Business & Tourism

Todd Buckland, President, Brunswick Heads Chamber of Commerce

Kris Southwell, Hon. Secretary, Brunswick Heads Life Saving Club Inc

Mark Heyning, Group Leader, Brunswick Heads Scouts

Joy Slater, Secretary/Treasurer Brunswick Valley Woodchop Committee

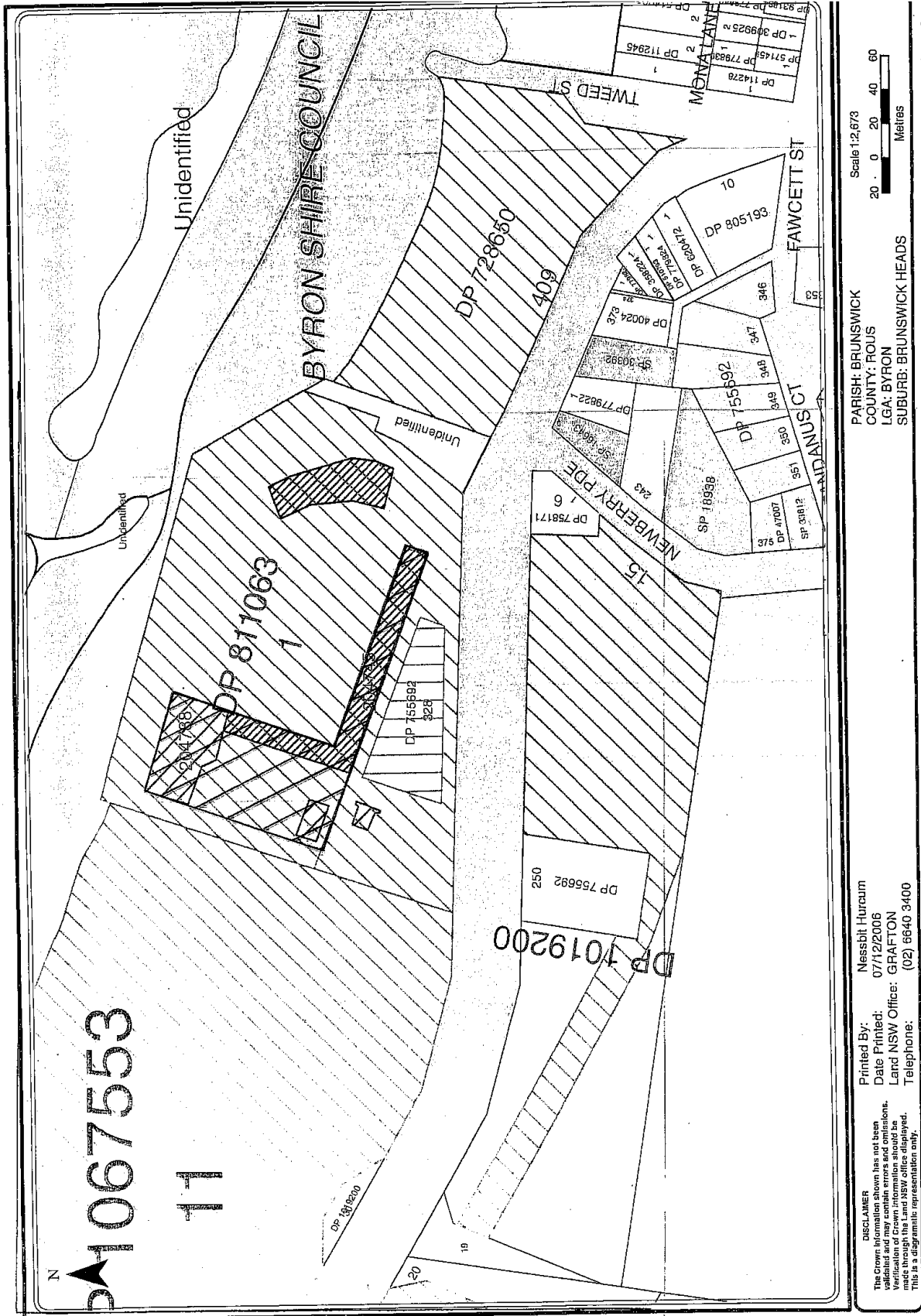
Wendy Shields, Secretary, Brunswick Heads Cruising Yacht Association

Yvonne Stewart, CEO, Arakwal Aboriginal Corporation

Frank Mills OAM, Local Historian

In addition, there are 26 Brunswick Heads community groups and businesses that have expressed their support for the COMS project.

APPENDIX 2 - LOCATION MAP



APPENDIX 2 – AERIAL SITE VIEW



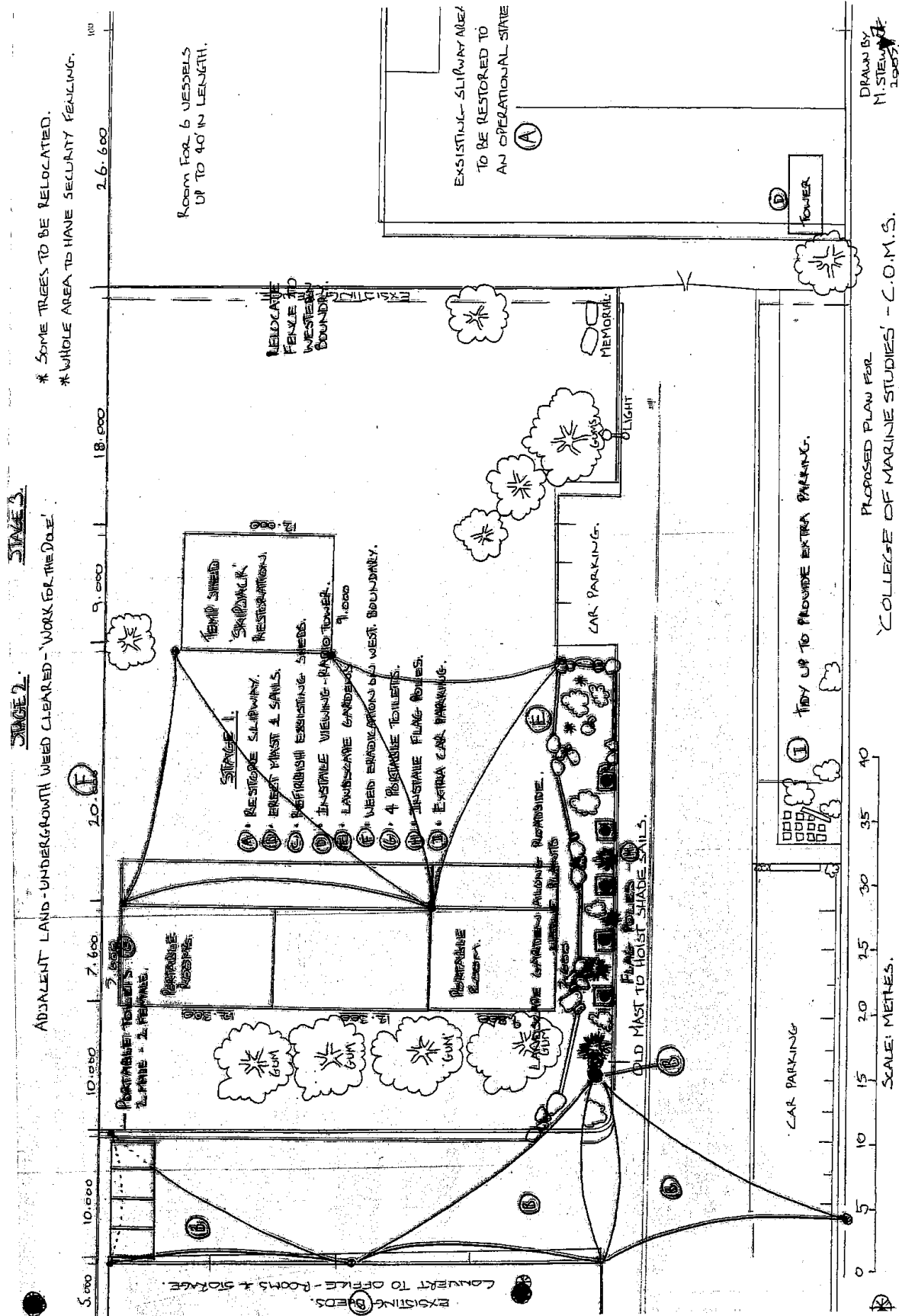
Source: Byron Shire Council 1.10.2008
Prepared by Victoria Allis Nov. 2008

AERIAL VIEW OF THE SITE

1/10/2008

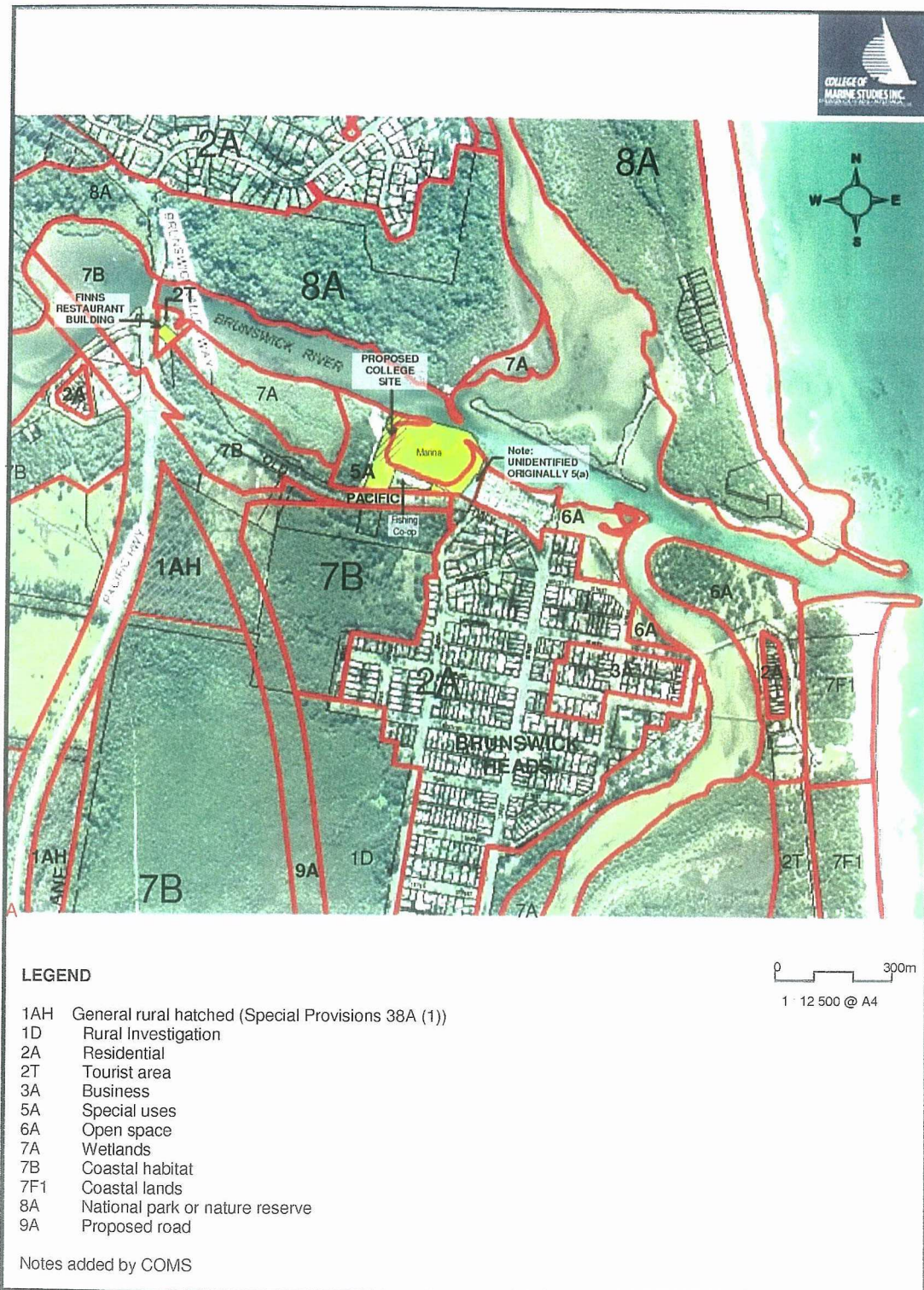


APPENDIX 3 – PROPOSED FACILITIES



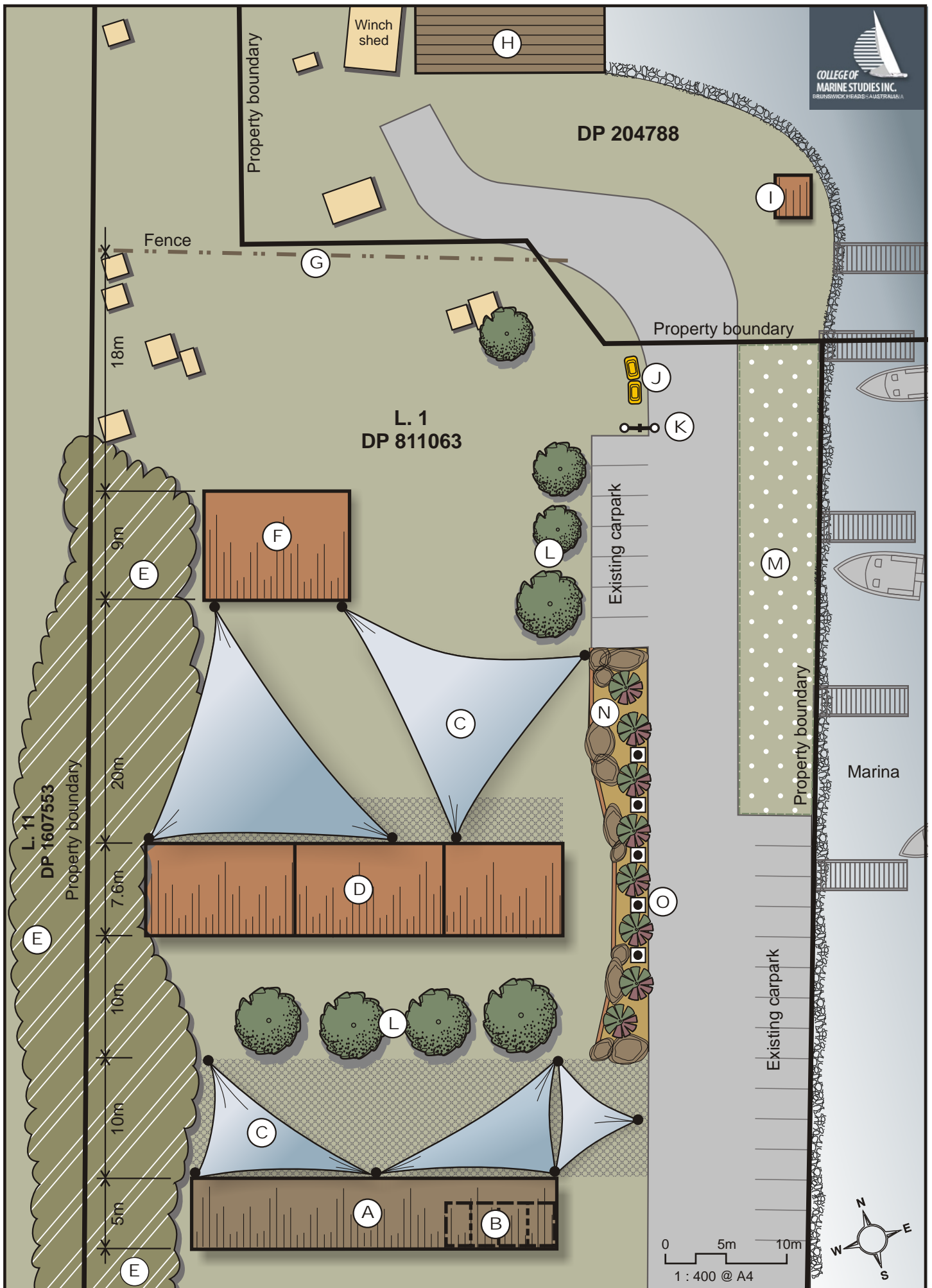
DRAWN BY M. STEWART 2007

APPENDIX 3 – SITE CONTEXT



Source: Byron Shire Council, printout 1.10.2008 & website 7.12.2008
 Prepared by Victoria Allis Nov, 2008
 File No: coms_context_01.cdr

SITE CONTEXT AND ZONING




Refer to Sheet 2 for legend and notes

Source: COIMS plans by M. Stewart 2007
Prepared by Victoria Allis, Nov. 2008
File No: coms_site_01.cd

FIGURE 1
CONCEPT PLAN
Sheet 1 of 2

LEGEND

- A Existing shed to be refurbished
- B Portable toilets (2 male, 2 female) to be installed within 'A'
- C Mast and sails to be erected (to manufacturer's specifications)
- D Portable rooms to be installed
- E Area of weed eradication along western boundary
- F Temporary shed for skipjack restoration
- G Relocate existing fence to western boundary
- H Existing slipway to be restored
- I Radio/viewing tower to be constructed
- J Memorial to be constructed
- K Light to be constructed
- L Landscape tree (native species) plantings
- M Area to be cleaned up and designated as car parking
- N Landscaped gardens (native species) to be constructed
- O Flag poles to be erected
-  Existing building


NOTES

1. Location of buildings etc has been derived from aerial photo interpretation.
2. Dimensions shown are approximate only.
3. Do not scale from plan.

Refer to Sheet 2 for legend and notes



LEGEND

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Source: COIMS plans by M. Stewart 2007
 Prepared by Victoria Allis, Nov. 2008
 File No: coms_site_01.od

CONCEPT PLAN

Sheet 2 of 2



APPENDIX 4 - FINANCIAL ASSUMPTIONS

Income

<u>Apprenticeships</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
No of apprentices	24	36	60
No of hours per day	7.5	7.5	7.5
No of days per year	36	36	36
Base income per hour	\$9	\$9	\$9
Total base income	\$58,320	\$87,480	\$145,800
Regional & rural loading	15%	15%	15%
Base income plus R&R loading	\$67,068	\$100,602	\$167,670
Small business loading	30%	30%	30%
% of trainees eligible	60%	60%	60%
Trainee contribution (each)	\$348	\$348	\$348
Total trainee contribution	\$8,352	\$12,528	\$20,880
Total income with loadings	\$85,918	\$128,876	\$214,794

Hospitality Course

No of courses	0	3	5
Trainees per course	12	12	12
Fee per trainee	\$1,250	\$1,250	\$1,250
Total income	\$0	\$45,000	\$75,000

Coxswains Course

No of courses	3	5	7
Trainees per course	12	12	12
Fee per trainee	\$1,500	\$1,500	\$1,500
Total income	\$54,000	\$90,000	\$126,000



Other Courses

No of courses	10	15	20
Trainees per course	10	10	10
Fee per trainee	\$200	\$200	\$200
Total income	\$20,000	\$30,000	\$40,000

Boat Building

Total man hours	3600	4800	7200
Cost per man hour	\$75	\$75	\$75
Total Income	\$270,000	\$360,000	\$540,000

Margin on Material

Material cost	\$54,000	\$72,000	\$108,000
Margin on material (%)	25%	25%	25%
Margin on material (\$)	\$13,500	\$18,000	\$27,000

Slipping Fees

Assumed average boat length (ft)	30	30	30
Haul out fee per ft	\$8	\$8	\$8
Charge per boat	\$240	\$240	\$240
No of boats	10	20	30
Total haul out fees	\$19,200	\$38,400	\$57,600
Avg no of days on slip	3	3	3
Daily slip fee	\$80	\$80	\$80
Total slip fees	\$2,400	\$4,800	\$7,200
Total Slipping Income	\$21,600	\$43,200	\$64,800

Marina Berths

No of berths	23	23	23
Charge out rate per week	\$77	\$77	\$77
Maximum income available	\$92,092	\$92,092	\$92,092
Assumed occupancy rate	80%	80%	80%
Total Income	\$73,674	\$73,674	\$73,674

Other Income

Monthly other income	\$200	\$300	\$500
Total other income	\$2,400	\$3,600	\$6,000



Expenses

<u>Salaries*</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
CEO	\$60,000	\$60,000	\$60,000
Training Mgr	\$40,000	\$40,000	\$40,000
Admin Officer	\$30,000	\$30,000	\$30,000
Total Salaries	\$130,000	\$130,000	\$130,000

Property

Electricity	\$8,000	\$10,000	\$12,000
Insurance	\$15,000	\$18,000	\$20,000
Security	\$1,000	\$1,000	\$1,000
Repairs & Maintenance	\$1,000	\$2,000	\$5,000
Total Property	\$25,000	\$31,000	\$38,000

Communications

Phone & Internet	\$12,000	\$14,000	\$18,000
Total Communications	\$12,000	\$14,000	\$18,000

Administration

Printing & Stationery	\$3,000	\$4,000	\$5,000
Postage	\$1,000	\$1,200	\$1,400
Equipment leases	\$5,000	\$5,000	\$5,000
Total Administration	\$9,000	\$10,200	\$11,400

Other

Promotion	\$5,000	\$5,000	\$5,000
Professional fees	\$5,000	\$5,000	\$5,000
Travel	\$2,500	\$3,000	\$4,500
Depreciation	\$22,200	\$22,200	\$22,200
Permits & Licences	\$500	\$500	\$500
RTO Registration	\$8,000		
Total Other	\$43,200	\$35,700	\$37,200

**COGS****Trainers**

<u>Apprenticeships</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
No of days/week	2	3	5
No of weeks/year	36	36	36
Total days	72	108	180
Cost per day	\$500	\$500	\$500
Total cost	\$36,000	\$54,000	\$90,000

Hospitality Course

No of courses	0	3	5
No of days/course	20	20	20
Total days	0	60	100
Cost per day	\$500	\$500	\$500
Total cost	\$0	\$30,000	\$50,000

Coxswains Course

No of courses	3	5	7
No of days/course	25	25	25
Total days	75	125	175
Cost per day	\$500	\$500	\$500
Total cost	\$37,500	\$62,500	\$87,500

General Courses

No of days	10	15	20
Cost per day	\$500	\$500	\$500
Total Cost	\$5,000	\$7,500	\$10,000

Total Cost for Trainers \$78,500 \$154,000 \$237,500

Boat Building
Tradesmen

No of tradesmen	3	4	6
Hours per day	8	8	8
Days per year (dry)	150	150	150
Total man hours	3600	4800	7200
Cost per man hour	\$50	\$50	\$50
Total Cost	\$180,000	\$240,000	\$360,000

Material Cost

Material % of labour	30%	30%	30%
Labour cost	\$180,000	\$240,000	\$360,000
Material cost	\$54,000	\$72,000	\$108,000