

Annual Report

Boating Industry Association of Victoria Ltd



*Boating Industry Association
of Victoria*

1st July 2012 to 30th June 2013

PRESIDENT'S REPORT

Your board has approved a new vision and mission statement that they were working on this time last year. The VISION: "To build a healthy active boating community"

The MISSION: We achieve our vision through

- leadership
- strategic alliances
- industry growth
- boating community awareness
- effective communication using technology and
- being financially sustainable for the benefit of our members"

I thought it might be useful to structure my annual report around these mission headings.

Leadership can be defined as a process of social influence. The board's attention of recent times has been to point out to government the inadequacies of boating infrastructure in the state. To this end I have had a number of meetings with Hon David Hodggett the Minister for Major Projects amongst other things. We have now been given a seat at a round table discussion group consisting of representatives of many of the government departments that have influence in the outcomes for our industry. We continue to have input with the various coastal boards, and to our head organization Boating Industry Alliance of Australia who deal with federal issues.

In terms of strategic alliances we also maintain relations with our good friends at Parks Victoria, Yachting Victoria, and VR Fish and indeed with the caravan industry with whom we share so much that at times we are competitors. We have shared responsibility with the Caravan Industry for running Leisure Fest in October each year at the Sandown Race Course but the joint venture agreement has come to an end and the Caravan Industry has decided to go it alone next year.

While industry growth is a laudable aim it is sometimes difficult to achieve. The boating industry has seen some interesting times since the Global Financial Crisis of 2008. While our banks and insurance companies remained solvent, and our government did not have to resort to printing money, the shock waves from places where the above was not the case did have an impact. Consumers have taken the opportunity of low interest rates to pay off debt rather than consume. The Australian dollar was seen as a haven for global money, which drove its value up. This created a two-speed boating industry. Those that were importing boats and equipment seemed to have unprecedented growth and the marinas remained full. Those that were manufacturing in Australia found themselves priced out of the export market and facing extreme price competition at home. Boat Registrations have fallen for the first time in many years. Anecdotal evidence is that consumers were using the high Australian dollar to holiday overseas rather than using boats at home so sales of maintenance items dropped as trailer boats have sat in the back yard. We acknowledge the help that has been provided by government in trying to get some training programs back on track for our boat builders. This gives us a training base for future growth. We see a continuing role for this industry association for training of participants in our industry. The recently announced Marine Card training is a step in this direction.

Boating community awareness is something your association achieves by branding our boat shows and promotional advertising with our name, and therefore the brand that belongs to our members, and maintaining a professional approach. We encourage the attendance at our boat shows of the marine authorities in order that they can put their safety messages directly to the public. However all members of our association should be actively engaged in this exercise. Providing good advice to the boating community is critical. The new Marine Act Regulations make it mandatory to keep a boat fit for purpose i.e. properly maintained. Safe boating is something that needs to be reinforced at every interaction with your customers. We have been encouraging a program called the "50 point boat check" to this end.

A new General Manager, Steven Gill has joined us. He has taken onboard as a challenge to improve the level of communication with our members. Firstly face to face at our regular events and in his travels around the state. More recently members will have noticed our recent reintroduction of our quarterly printed Industry News. For those that use the Internet regularly the news section of our website gets updated regularly and we have nearly 2,000 "likes" on our Facebook page.

While our members have been struggling with the shifts in our industry, the Boating Industry Association has had its own challenges in financial sustainability. Our principal source of income is our annual winter boat show. Our landlord at the Melbourne Exhibition and Conference Centre has made life difficult by not giving us our first choice of dates but we have now secured a slot in the calendar for the foreseeable future. We have suffered a decline in public attendances at the boat show along with all the other major boat shows in Australia so we are challenged to make more with less. Our success can be seen in the accounts attached to this report. They show that we have achieved a surplus for this year, which is a turn around from our deficit of last year. We have struggled over the last couple of years to keep the ground floor of our building tenanted. We can now report that we have a single tenant with a long-term lease. This will underpin the long-term strategy of paying off the building over time and leveraging the long-term growth in the real estate market.

Lastly I would like to thank the BIA staff, and all those who have served on the board and association specialist committees for the past two years of my Presidency, for their time and invaluable support of our industry goals.

A handwritten signature in black ink, appearing to read 'AW', with a stylized flourish at the end.

Andrew Warner
BIA V President
Boating Industry Association of Victoria

General Managers Report

I joined the BIA in January 2013 so I can only report on the finances for second half of the financial year. However, my general comments about the BIA and its activity reflect my first 11 months in the role. I will also outline the opportunities and priorities (as I see it) for the BIA and its members in the following 12 months.

As many of you will know my background is in management of not for profit membership based organisations and in particular, advocacy on behalf of members. I see my role as seeking to build relationships with Government to remove obstacles, red tape and bottlenecks for marine businesses.

The strength and effectiveness of membership based industry associations is often a reflection of the passion & commitment of members and the staff employed by the members. I took over my role at the BIA following a period of several months without a General Manager. The first thing that impressed me about the BIA was the professionalism in which the board and staff of the BIA managed the business & service to members over this difficult period.

The Board of the BIA have been very welcoming and extremely supportive over the first 11 months in the role. I would especially like to thank the President Mr Andy Warner and Vice President Mr Paul Benjamin for their ongoing advice and commitment to the success of the BIA. During my transition into the role I have sought and received very strong support and advice from many of the individual board members and would like to thank each and every one for their time and their willingness to provide advice.

I stepped into the role with the planning for the Melbourne Summer Boat well underway and a very clear direction and established plan for both Summer Boat Show and Melbourne Boat Shows.

The BIA was at the forefront of negotiations with Government about the many concerns BIA staff identified within the new Marine Act and Regulations. Some of the proposed changes had the potential to have a very dramatic impact on the industry and boaters. Of particular concern were changes to anchoring rules along the shipping channels and fairways in Port Phillip Bay. The BIA was successful in achieving changes to the proposed rules. This meant that the recreational boaters and fishermen in the bay were unaffected by any of the proposed changes put forward by government.

The accounts and administration of the BIA was super organised and all of the accounts & information required to bring myself up to speed on the issues was easily accessible and available to me. This made my transition into the organisation easy.

I must congratulate the BIA staff of Mary, Ben and Ashley on the highly dedicated and professional way in which they go about the business of organising the boat shows and advocating on behalf of the membership. In both endeavours they strive to achieve the best outcomes for not only the Boating Industry but also boaters and the recreational fishing sector.

The second part of a successful membership based organisation is a clear and decisive Board of Directors that sets a clear strategic direction for the staff to deliver against. It is also critical that the membership base is willing and able to provide constructive advice to the BIA staff on concerns they have or challenges they face in their businesses.

Since starting with the BIA I have received a great deal of advice and guidance on the major issues impacting on the boating and marine industry. The clear feedback that I have received can be broken in to the two elements that make up the BIA's core functions.

Boat Shows & Event Program

The Melbourne Boat Show is the flagship event of the BIA in Victoria. It is extremely important to the ongoing financial success of the BIA and provides the industry with an opportunity to showcase all of its products and at the same time promote boating and increase participation. The event plays a very important role in the ongoing success of many businesses in the marine sector. The timing of the event in June provides a boost to marine businesses during what is generally a slower time of the year. The timing also means that boats ordered at the show can be manufactured and supplied prior to the start of the peak boating season in Victoria.

BIA members receive substantial discounts for exhibition space at the Melbourne Boat Show, which in most cases covers the cost of membership many times over. Members have continually stressed to me the importance of a successful boat show in maintaining their business profitability. Majority of members believe that the Melbourne Convention and Exhibition Centre is the best venue for the show and being all under the one roof creates an atmosphere of prestige and professionalism that would not be possible at other venues. The MCEC is easily accessible for both exhibitors and patrons of the show.

Majority of members have a preference to continue the show at the MCEC rather than the BIA continuing to explore opportunities at lower cost venues. As a result, at least for the foreseeable future the Melbourne Boat Show will continue to be at the Melbourne Convention and Exhibition Centre on the weekend after the long weekend in June.

The Summer Boat Show in 2013 was a successful event providing an opportunity for the BIA to promote boating in the peak of the boating season. The Summer Boat Show provides an opportunity for larger boats to exhibit and showcase the range of luxury yachts and cruisers available.

Planning is well underway for the 2014 Melbourne Summer Boat Show. The Port of Melbourne has come on board as a sponsor and are providing guided tours of the port facilities by a ferry leaving from the Melbourne Summer Boat Show Marina.

The long term home for the Melbourne Summer Boat Show is a little uncertain with the area that we have been using likely to be developed over the coming years. There is potential at a number of alternative sites around the Bay that the BIA Event Management team are exploring.

Industry Advocacy

The other core element of the BIA is advocacy on behalf of its members. The strength of an industry association lies within its membership. It is critical for the membership to identify and raise issues that are restricting industry or business growth and communicate the issues to the BIA. Many individual businesses do not have the time or resources to successfully negotiate and lobby government for solutions to the challenges and red tape that arise in business. The strength of an industry association is that they do have the experience and expertise to address many of the challenges on behalf of the whole membership.

Over the past 12 months the BIA has been extremely active in its industry Advocacy. This annual report provides a detailed report on the successes of the BIA Advocacy program over the last 12 months.

In the time I have been with the BIA I have spoken with many members about the challenges and issues retarding growth in our industry. Many of the issues require longer term planning and resources to adequately address.

I believe the priorities for the BIA over the following 12 months are:

- Achieve significant financial investment by government in trailer boat infrastructure.

- Strategically plan to address the lack of trailer boat parking facilities and extended delays that occur at boat launching and retrieval points around Victoria.
- Address the lack of good quality research data on boating participation, growth in demand for boating and better statistical knowledge about individual boat usage.
- Seek the timely release of reliable boating registration data and make it available to industry in a form that is useful for business planning and analysing trends in the boat market.
- Implementation of a validation system for boat registration data and HIN within the boating registration database.
- Support the new training provider entering the market to deliver VET training for our industry and its apprentices.

Elections at any level of Government provide the opportunity for industry groups to achieve changes in government policy and get funding commitments for valuable and publically supported projects. The Victorian State election is scheduled for November 2014. It is a real opportunity for the BIA to seek commitments from the major parties to a reform agenda and major policy change and funding programs that address the priorities outlined above.

These are high priority issues that are constraining industry growth and participation in boating.

The BIA is preparing its policy reform agenda for the boating industry at the moment. We will circulate it to all candidates and parties in plenty of time for the parties to respond and further develop their own boating policy platforms.

The BIA has been calling for the Minister to establish a constructive dialogue with the industry on the problems with boating infrastructure across Victoria. We achieved a significant step towards this with The Hon David Hodgett the Minister for Ports, Manufacturing and Major Projects agreeing to a one off Ministerial Round Table with industry representatives and departmental stakeholders. .

The BIA position in the lead up to the roundtable discussion can be summarised below.

Infrastructure Reform Agenda

Victoria does not have an effective strategic plan to address the infrastructure needs and growth of the recreational boating sector. Over time Victoria's maritime agency has narrowed its focus to the point now that it is only boating safety. Boating infrastructure planning and delivery has been dropped from its core business and has not be adequately pick up by another agency.

The financial resources collected from boaters (registration fee, launching fee, licence fees) to develop infrastructure and fund maintenance programs on facilities has not been invested in boating infrastructure or maintenance.

This has led to increasing congestion at existing facilities and poorly maintained facilities that are unable to meet the current demands of the general boating population. This is impacting on the industry's growth potential.

The Boating Industry Association of Victoria believes that the best way to address these challenges is to bring together a high level strategic group from industry and the various government stakeholders to provide ongoing advice to the Minister on the best way to deliver reform. How it should be funded and what additional research / data is required so we do not see this situation again where growth in the industry is being constrained by poor facilities.

The BIA is proposing the following terms of reference for the ongoing Ministerial Advisory panel:

- Clearly identify and articulate the expectations of boaters and the role that Govt Agency needs to take in the coordination, planning, management and maintenance of boating infrastructure.
- Clearly articulate and provide advice to the Ports Minister on the best way to resource investment in Boating infrastructure and ongoing strategic projects.
 - Boaters currently contribute substantial financial resources to Government with only a small percentage returned.
- Clearly articulate and address the lack of demand and growth data for boating. How do we use this data to strategically plan for future investment in boating facilities over time and geographically.
- Develop a long term state wide strategic plan for prioritisation of boating infrastructure projects.
- Establishment and resourcing of a Peak Industry body, its role, function and funding. Potential for the BIA to be a service provider to Government to undertake consultation with the boating community on infrastructure development and delivery.

The other major policy platform for the BIA is reform of the Vocational Education Training process. The Victorian manufacturing sector was left without a provider for the delivery of the certificate 3 in Marine Craft construction when Victoria University withdrew from delivering the program. The delivery of VET training is critical to the long term sustainability of the Victorian marine manufacturing sector.

The BIA was very active in lobbying for action on the Marine Craft Construction apprenticeship. The Government initiated a research project with an industry steering group to look at the requirements of industry and a more sustainable delivery model for VET. The project identified a number of key issues. Following the release of the report an alternative service provider announced that they were putting Marine Craft Construction on scope. GoTAFE have entered the market with a different, innovative delivery model that is based on workplace training and assessment. Enrolments for the courses are currently being sought and BIA are continuing to support where ever possible the GO TAFE training program.

Other management issues on behalf of the membership relate to the best use of the investment in the property at 24 York St. The ground floor of the building was under utilised as a tenancy. The one company that was leasing half of the downstairs have been moved up to share the current facilities of the BIA.

Recently the whole of the downstairs of the build has been leased to a music/marketing company on a 3X3X3 year lease arrangement. The lease is at current commercial rates plus outgoings. This is a positive arrangement for the BIA members generating additional revenue for the organisation.



Steven G Gill
General Manager
Boating Industry Association of Victoria

ADVOCACY – Providing a voice for the industry

Hansard (COUNCIL): *"I have encouraged the Boating Industry Association of Victoria (BIAV), as the peak organisation for the recreational and light commercial boating industry, to explore BIAV's role in ensuring the future viability of boatbuilding courses and I am pleased that they are actively leading initiative development to this end"* Hon. P. R. HALL (Minister for Higher Education and Skills)

The 2012/13 year saw the successful delivery of key initiatives in our advocacy effort. However, it has become apparent that unless we take a DIY approach to gathering important data and delivering projects that pave the way for our industry growth nothing will happen.

Hansard (Council): *"It is quite a feat in an area like marine safety, where there is, frankly, one major stakeholder -- there are a number of smaller stakeholders but only one major stakeholder, the Boating Industry Association of Victoria -- for a government to manage to alienate that stakeholder so comprehensively"* Mr PAKULA (Lyndhurst)

The BIAV is driving key economic studies, recreational boater demand research and infrastructure development projects that will provide a base for the Victorian Coalition government to consider increasing infrastructure spending that is strategic and in line with its election promise to our industry.

The focus of our advocacy effort for the coming year will be sustainable apprentices and industry skills, recreational boating infrastructure funding and delivery, facilitating member business growth and the Victorian State election.

Hansard (COUNCIL): *"Consultation with the industry has been undertaken, and the peak association supports this legislation"* Mr DRUM (Northern Victoria)

Legislation introduced into parliament

The regulatory environment remains fraught with speed bumps to both boating participation and industry growth with the advocacy effort focussed on making sure decision makers are aware of any impacts. The BIAV successfully challenged the change to State waterway rule 23(b) that saw recreational boaters the subject of enforcement activity for anchoring in areas of Port Phillip Bay not marked with channel markers.

Hansard (ASSEMBLY): *"The Boating Industry Association of Victoria is most unhappy with the proposed changes"* Ms HUTCHINS (Keilor)

Key Legislation introduced into parliament:

- Marine (Domestic Commercial Vessel National Law Application) Bill 2013
- Transport Legislation Amendment (Marine Drug and Alcohol Standards Modernisation and Other Matters) Bill 2012

Hansard (ASSEMBLY): *"This concern of the association, which I would urge the minister to look at in terms of the provision of adequate infrastructure to accommodate the definition of 'registered mooring', could well mean that a person who is holidaying or on a houseboat or yacht will not be able to effectively moor their boat for the purposes of finishing their daily activities by having a drink with dinner. This issue is a legitimate concern"* Mr PALLAS (Tarneit)

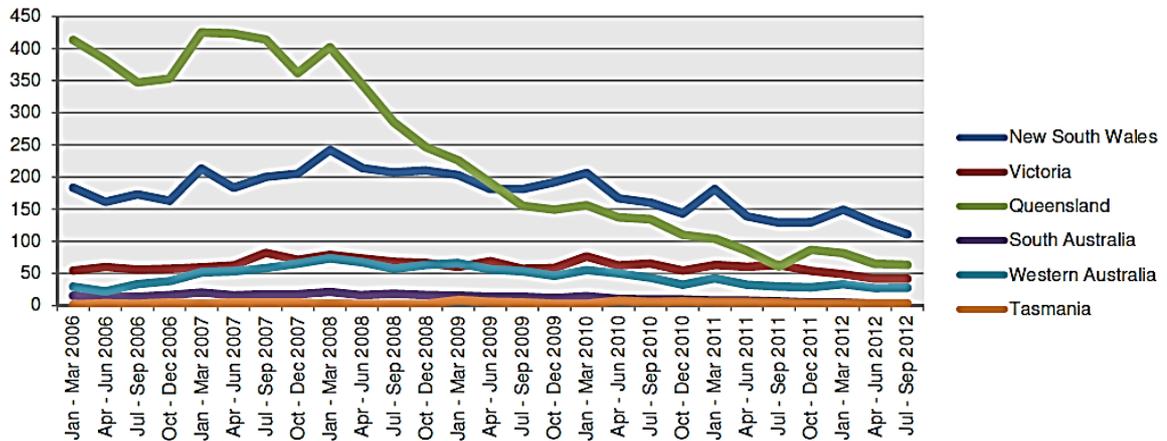
Strategy for recreational boat manufacturing training in Victoria

The Allen Consulting Group report to the Department of Education and Early Childhood painted a dire picture for boatbuilding and repair apprentice training in Victoria under a status quo scenario (*Fig 3.1*). The BIAV is at the forefront of delivering on the options outlined in

the important report and supporting training providers to deliver sustainable training. There have been positive outcomes from interim training arrangements with Kangan TAFE and GoTAFE support and the Department of Education and Early Childhood Development deserves special credit for the hard work and expertise they have provided BIAV on this important issue.

Figure 3.1

NUMBERS OF REGISTERED APPRENTICES IN THE CERT III IN MARINE CRAFT CONSTRUCTION BY STATE 2006 - 2012



Facilitating Member Business Growth

The BIAV facilitated a number of successful member business grants across the Enterprise Connect (Commonwealth) and Grow Your Business (State) for the year. Under these grants eligible member businesses have access to an extensive range of services tailored to help them become more innovative, productive, competitive and sustainable.

Special Projects and Advocacy Examples

Some special projects and advocacy during the year include:

Patterson River Redevelopment Feasibility Study

The primary task of this consultancy was to prepare a comprehensive project brief for a BIAV proposed feasibility study into redevelopment of the National Water Sports Centre to provide navigable access to the Patterson River.

BSPVES

BIAV joined forces with Yachting Australia to advocate for the inclusion of trailer boats under the subsidy scheme applied to caravans travelling to and from Tasmania. The Coalition Government have an election promise to our industry to review the scheme with a view to listing trailer boats.

Gippsland Lakes and Boating Study

BIAV, on behalf of the Gippsland Lakes Ministerial Advisory Committee, is project managing a comprehensive economic input study into recreational boating activity and the supporting marine industries. This information (economic input, number of jobs generated) will support improvements to recreational boating infrastructure and will provide us with the ammunition to see off the recurring attacks on this very important activity.

Ben Scullin
Manager ~ Strategic Programs

BIAV Membership Update by Darren Finkelstein

The Boating Industry Association of Victoria constantly reviews the member benefits to increase the value-add, we continue to promote these through e-news, newsletter and the website. New members have joined the Boating Industry Association of Victoria with more to come.

Government advocacy remains at the intangible end of the continuum and has been sadly disregarded by many of our members, but the time taken, the meetings held, the phone calls, letters and submissions do reach their mark and do amount to very tangible outcomes for the marine industry as a whole. Whilst individual members may or may not experience an immediate benefit, your Board can assure you that the entire BIAV team works tirelessly to ensure the recreational boating industry has a voice and that voice is heard.

These main benefits make joining BIAV worthwhile let alone the other benefits that add to the advantages.

BIA continues to build on benefits package and now boasts a substantial list including:

- **FREE** BIAV OH&S manual reviewed by WorkSafe Victoria (retail value \$300)
- Membership is intrinsic to the ongoing success of the BIAV. All staff at BIAV will listen to your views and translate these where possible and practicable, into actions by the Association under the direction of BIAV management.
- Being part of a professional trade association which represents over 90% of the recreational boating industry in Victoria
- The exchange of current marine industry information through meetings and networking functions
- Business referrals from the BIAV office and company promotion via the BIAV web site
- A significant discount (up to 50%) on the purchase price of space at all BIAV Boat Shows
- Melbourne Leisurefest
- A **FREE** line listing Shipmate Directory and on their App
- Online member directory on the new BIA Victoria Website
- Regular industry newsletters and other communications
- Approved usage of the BIAV logo, BIAV signage and Membership Certificate
- Quality marine insurance packages accessed through our insurance brokers IC Frith
- **FREE** Domestic and International Travel Insurance
- Discounted merchant banking merchant service rate with the National Australia Bank
- Access to up-to-date industry statistics such as boat registrations and information on marine facilities that are being planned and built around Victoria
- An Accreditation program
- Access to providing the 50-point Safety Check

Financial Divisional Members

With resignations and un-financials taken into account the table of members is as follows as at 30th June 2013;

DIVISIONS	2012/13	2011/12
Chandlery, Services & Associations	72	76
Manufacturers, Wholesale & Distribution	52	52
Boat Dealers	54	56
Clubs & Marinas	28	29
Life Members	11	11
Total	217	224

Accreditation:

Dealer Accreditation was introduced to the members at the 2010 MBS. The take up has been less than expected over the year but this program remains an important program for Boating Industry Association of Victoria.

Our accreditation program introduces many elements of the ISO standard for quality management which is a recognised standard that many industry bodies apply for to promote the fact that their businesses have checks and controls in place to deliver a consistent standard of service or product and the ability to manage it to much higher levels.

In many cases government only award contracts to accredited businesses. To the purchasing public accreditation suggests quality, reliability and peace of mind when using their products or service.

The BIAV is confident that many members will apply for accreditation and reap the rewards of a quality management system. This self-regulated industry program is aimed to raise the standards of the boating industry and outlets and the give the customer/purchaser more confidence to buy from a BIAV outlet.

Being Accredited and having a vibrant and meaning-full Accreditation program remains a genuine focus of the BIAV we are exploring the expansion of our current program to areas and business segments, beyond that of simply our Boat Dealers.

Consequently a sub-committee has been formed and is actively researching a suitable model for our Chandlery, Services and Associations division. Be assured, it is the BIAV goal to formulate Accreditation programs suitable for all of our membership divisions, where it makes sense and add value to our membership and the consumer.

More information shortly:

Boat Dealers - Accredited as at 30 June 13:

- St Kilda Boat Sales
- L & P Savage Streaker Boats
- Melbourne Boat Sales
- R Marine Jacksons Victoria
- Webster Marine ~ Paynesville
- Stingray Boats
- Cranbourne Boating Centre
- The Marine Shop

Darren Finkelstein
BIA V Board Director