



POSITION PAPER

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FUEL WHARVES - A SIGNIFICANT PUBLIC AMENITY

Fuel wharves are an important component of Australia's \$13b pa recreational boating industry. Fuel wharves enable safe fuel transfer from land based storage facilities to recreational and working vessels. Fuel wharves are environmentally important as they serve to minimize risks associated with using potentially damaging petroleum products within the delicate marine eco system.

The provision of on-water fueling facilities that give the boating public a safe and clean environment is a costly service to provide.

A clean coastline is essential for the sustainability of our marine eco system and for coastal flora and fauna. A clean coastline is of significant benefit to the tourist industry, the recreational boating public, operators of commercial vessels, waterfront property holders and the wider public who use the waterways, beaches and foreshores.

Marinas and fuel wharves that form part of our coastal infrastructure help provide a vibrant social and community leisure resource. A modern and well maintained fuel wharf is a service of convenience for boat users. Ease of refueling increases the use of boats and means that more people enjoy the social and health benefits of boating.

MIAA estimate there are approximately 300 fuel wharves or fuel docks in Australia. While the number of vessels registered nationally increased 22% during the 2000 - 2006 period¹, MIAA believe the number of fuel wharves in Australia has remained static over this period of time.

The reasons for fuel wharves not increasing to meet growth in boat numbers include the rapidly increasing costs of developing and maintaining fuel wharves, onerous development and regulatory requirements by some local and state governments and better returns that may be obtained from using wharf space for berthing rather than fuelling.

A modern and well maintained fuel wharf not only provides safe and efficient browsers and associated pipes and hoses. On-land infrastructure typically includes expensive in-ground storage facilities. Staff qualified in dispensing fuel, safety and fueling procedures signage, spill containment equipment and materials and fire fighting equipment are typically provided on the wharf.

Safe and environmentally responsible on-water fuel provision from highly regulated fuel wharves comes at a significant cost that can only be recouped through the fuel cost.

¹ Boating Industry Association NSW web site - national industry statistics

Some boat users are not prepared to accept this cost and do not support regulated on-water fueling facilities. MIAA estimate that in some areas of Australia up to 65% of on-water fueling is done illegally; this is driven purely by the desire to save money. While cost saving by boat users is understandable, particularly in hard economic times, the safety and environmental risks associated with un-regulated re-fueling practices are very significant. Typical accidents are petrol and oils spills into the marine environment. Periodically there are explosions and even deaths resulting from unsafe on-water re-fueling practices.

Operators of most fuel wharves in Australia do not benefit from the purchasing discounts enjoyed by car petrol sites, particularly the multi site, high volume sites controlled by operators such as Shell and BP.

MIAA has undertaken a detailed economic analysis of providing and maintaining fuel wharves in Australia. The analysis indicates the capital costs of building a fuel wharf are approximately \$410,000. The cost for example of providing dispensing, safety and emergency equipment at the required standard is estimated to be \$53,000. The base wharf infrastructure is estimated to cost \$190,000.

The analysis assumes an amortization period of 15 years. Analysis shows that the annual running cost of a fuel dock is approximately \$185,000 per annum. This analysis excludes rent and carbon taxes which will take running costs to in excess of \$200,000 within 3 years.

Breakeven analysis assumes the cost to purchase the fuel is \$170 per litre. Analysis shows that at an 8% margin, fuel being sold at \$1.84 cents per litre requires approximately 1,322,164 litres of fuel to be sold and approximately \$2,427,494 in revenues earned simply to breakeven at the fuel dock. On a 20% margin, fuel being sold at \$2.04 cents per litre requires approximately 544,000 litres of fuel to be sold and approximately \$1,100,000 in revenues earned simply to breakeven at the fuel dock.

(To provide some sort of perspective here a typical land based petrol station dispenses 4-7 million litres of petrol per annum as well as sales of around \$100,000 per month in convenience items.)

The analysis highlights the economic challenges faced by marinas in providing safe and environmentally important on-water fueling facilities while operating relatively low fuel turnover facilities. The analysis provides a clear indication as to why there has been no growth in the provision of fueling facilities at marinas despite the growth in powered boats in Australia.

MIAA is concerned that if this trend continues we will see increasing environmental damage due to oil and petrol spills and increasing numbers of accidents related to unsafe re-fueling practices.

MIAA believe that the fuel wharf or dock should be considered like a public amenity – no different to the sewerage public pump out facility at a marina.

MIAA is very concerned that in at least one state the government body providing marina leases is considering charging rent on the turnover figure of fuel sold. Most MIAA members providing fuel do so as a service to their marina users and the wider boating public. MIAA do not believe there should be any rent charges linked to fuel sales.

On-water fuel wharves are already at a serious competitive disadvantage. Further government taxes and charges will increase the probability of on-water fueling infrastructure being closed down and the wharf space devoted to more profitable use. This in turn will result in more illegal and unsafe refueling practices on our waterways.

During a time of harder economic circumstances it is important fuel wharves are maintained and expanded to meet boater demand and to encourage recreational boating. Fuel wharves are a public amenity providing a convenient service which in turn encourages greater boating activity with its associated health and lifestyle benefits.

The associated Excel worksheet provides a model for calculating the costs of running a fuel wharve. The data was gathered in July-August 2008 from eight marinas/yachts clubs selling fuel on the East coast of Australia.

To obtain your own calculation of costs, replace figures in the fields highlighted in yellow with figures from your marina.

For further explanation, contact colin@marinas.net.au