



ICOMIA MARINAS GROUP(IMG) POLICY ON MARINA LEASES

POLICY STATEMENT: June, 2018

Marinas provide essential on-water and off-water boat storage and associated infrastructure and amenities as well as public access to waterways across the land/water interface. They create employment, economic activity and support tourism to the communities surrounding their location and contribute to the aesthetic and social fabric of their communities. They are most often developed and operated with private investment and require professional management of the complex interface between public access, operational health and safety, environmental control, industrial activities, tourism and community activities. Essential to their long-term viability and consequential delivery of high quality public benefits is an investment framework that provides investment certainty through both security of tenure and affordable seabed and land rents within the range of Sustainable Occupancy Cost⁽¹⁾

Authorities responsible for seabeds and associated adjoining lands upon which marinas are located often tender the lease of public dry and wet lands to facilitate the development and ongoing operation of marinas. ICOMIA supports competition and the fair financial return to government for the lease of public assets but notes that this must be balanced and tempered with ensuring that this return is also financially sustainable over the term of the lease to the operator to deliver the ongoing community benefits derived from professionally managed and maintained marina infrastructure. As such, financial return to government should be considered in the context of the broader community benefits that flow from the development and management of marinas by professional and experienced operators. Unsustainably high occupancy costs typically lead to, poorly maintained, operated or abandoned facilities delivering poor community outcomes.

Marinas provide a range of local and regional economic benefits by providing a broad platform for all segments of boating, from small trailer boats to superyachts. As such, the assessment criteria for awarding a lease, or determining rent, should include their economic advantages considering the quality of the project, the breadth of publicly accessible services offered, the aesthetic and functional characteristics of the proposal, the environmental characteristics, the health and safety characteristics, the affordability characteristics, the delivery time, the professional reputation of the operator, the contribution towards increased marine tourism and the social benefits and services for the local and regional community. It should also take into account the restrictions imposed by the marina lease compared to other more intensive or valuable land uses.

¹ Sustainable Occupancy Cost is the amount of rent on unimproved land that can be afforded as a percentage of gross turnover of the operating business on completion which takes into account the initial and ongoing capital costs, the operating costs including maintenance, depreciation and amortisation, the weighted average cost of capital and other factors. Rents set at or below the Sustainable Occupancy Cost provide a commercial framework within which a professional marina operator can operate and maintain marina infrastructure over the term of the lease and make a reasonable market referenced return on investment. Rents set above this level will not attract or retain investment capital and deliver poor long term outcomes to the boating and broader community.



The International Council of Marine Industry Associations - ICOMIA - is the international trade association representing the global marine industry since 1966. ICOMIA brings together national boating federations in one global organisation and represents them at an international level, presenting a strong and united voice when dealing with issues challenging the industry. For further information, visit www.icomia.org

It should also be noted that the lease area a marina requires is affected by many local environmental factors including water depth and seabed profile, exposure to wind and waves (and consequential attenuation requirements), tidal or river range and flow, vessel size and type to be accommodated, services and facilities to be included and local topographical and planning requirements. These factors affect the configuration of the marina and associated capital cost per length of boat storage and consequently, they need to be factored into the analysis of Sustainable Occupancy Cost and lease tenure. These factors also make the financial comparison of marinas difficult as areas and capital cost to deliver the same boat storage and service capacity can vary significantly.

The financial criteria for public land tendered for marina development by way of lease should be based on a clear understanding of the Sustainable Occupancy Cost for a given marina development taking into account the various uses on the site and the length and certainty of lease tenure as determined by suitably qualified professionals. This can be then translated to a lease fee per surface unit for the land and water area covered, if required, to enable suitable analysis of tenders. This fee can be floating if based on a percentage of turnover and/or fixed for the life of the lease (except to reflect inflation), in order to protect the financial plan made by the investor from arbitrary variables. Where tenders are received in excess of the professionally determined Sustainable Occupancy Cost caution should be exercised to ensure that the proposed project and operator has the necessary financial capability, experience and commitment to community benefit outcomes to sustain the operation and maintenance of the facility to a high standard for the term of the lease.



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