

Southern Rocklobster Ltd Clean and Green Project Business Framework

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COOPERATIVE
RESEARCH CENTRE**

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This project was conducted by Rural Directions Pty Ltd, on behalf of Southern Rocklobster Ltd

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Non-Technical Summary

2012/765 - Southern Rocklobster Ltd Clean and Green Project Business Framework

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PROJECT OBJECTIVES:

This project was established to assist SRL Ltd complete a Clean Green business framework that could be the basis for an ongoing, financially sustainable, not for profit business activity.

OUTCOMES ACHIEVED

The Vision proposed for SRL Clean Green is:

By 2016 Clean Green will be; the core program for best practice, risk management and promotions for the Southern Rocklobster industry.

Ninety per cent of the harvest sector will participate in the program and it will be recognised by processors, consumers and regulators as the principal product standard for Southern Rocklobster.

Clean green will operate a self-sustaining and viable business model.

A business framework was prepared which is designed to enable Clean Green to achieve the following:

1. Operate with a self-sufficient financial model with no external funds required for management, promotions and auditing,
2. Ensure the majority of the harvest sector are participating in the program,
3. Access funding for extension and training activities (where required),
4. Gain recognition by regulators and other government agencies that Clean Green is the premier product standard,
5. Gain recognition for a Skills Set or qualification associated with the program for industry operators, and
6. Engage with the complete Rocklobster supply chain.

PART 1: Current Situation and Vision for the future

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Current Situation and Vision for the future

Clean Green Program

March 2013

The purpose of this document is to provide an overview of the current situation (environmental scan) and identify opportunities to improve the business model for the Clean Green Program.

This document clearly demonstrates that the current business model for Clean Green is not sustainable. Alternative options must be developed to ensure this program can create an operating surplus.

1. Current situation

The Clean Green program was developed eight years ago by Southern Rocklobster Limited (SRL). The program includes a Product Standard, industry training and audit program. The Clean Green program is unique as it captures the key areas of:

- OH&S
- Animal Welfare
- Sustainability
- Environmental Interactions
- Food safety and quality

The program is currently used by 116 vessels in South Australia, Victoria and Tasmania. This is equivalent to 23% of the industry (503 vessels in the industry).

There is a clear need to review the current extension and participation model and develop a Business Case for increased industry use and market awareness of the Clean Green program, in a cost-neutral manner.

Details of the current program including SWOT analysis, strategic issues and current market description are provided as an overview of the current situation.

2. SWOT analysis

Below is a SWOT analysis of the Clean Green Program.

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none">• Comprehensive resources including training manuals and DVD's<ul style="list-style-type: none">○ The program covers five areas• Resources have been developed and printed<ul style="list-style-type: none">○ They are ready for extension• AQIS recognition of boats within the program• JLT Insurance premium discount provided to participating boats• Correlation with SafeWork SA and other fishing boat legislation• When issues have arisen, Clean Green is prepared with a response of guidelines for the industry<ul style="list-style-type: none">○ Proactive approach• Strong support from industry associations	<ul style="list-style-type: none">• Ongoing lack of support from processors• Standard needs to be reviewed• Traceability project started but was not completed• No promotion of the program• Level of industry engagement has not increased from 23% of harvest sector• Industry complacency and apathy towards the program• Perception that the program was linked with the US marketing project and there is some poor perception because of this• Lacks legislative endorsement and government advocates• Benefits are not identified by key decision makers

<ul style="list-style-type: none"> • Industry recognition <ul style="list-style-type: none"> ◦ Hardcore supporters with the industry • JAS-ANZ accredited program • Southern Rocklobster own the program • Increasing government understanding of the program <ul style="list-style-type: none"> ◦ Via channels such as sational vessel safety management system 	
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> • WA coming into the program • Self-funding the audit process by using a Clean Green employee • Newsletter from SRL • Build membership and participation the program from all members of the supply chain • Use the program to differentiate Rocklobster from competitors • Develop a pathway for recognition of a Skills Set or qualification based around the program • Positioning the industry to proactively respond to key impediments imposed on the industry such as OH&S, animal welfare • Communicate value to other members of the supply chain • Adapt program to other fishing sectors • Expand program to include traceability • Funding to update the standard • Resources to promote Clean Green program • Clean Green branding for marketing of Southern Rocklobster • Investigate opportunities to use smart phone technologies to add-value to Clean Green in areas such as traceability • Secure an insurance premium reduction from more than one insurance providers 	<p><i>Threats</i></p> <ul style="list-style-type: none"> • Lack of support • Lack of resources and critical mass of members to reach commercially viable position • Declining numbers of fishers in the industry (fewer license holders, fewer boats, etc) • China (biggest market) does not currently value programs such as Clean Green, it is unknown if the next generation will • Lack of trust between processors and harvesters which can make working together as a supply chain difficult

3. Strategic Issues

The following strategic issues are a problem or opportunity that, if action is not taken on it now, is likely to prevent the program reaching the vision and objectives for the future.

1. Update to the training package to become a recognised Skills Set or qualification and link to an appropriate RTO provider.
2. Identify funding options and sources for the training package.
3. Update the Standard to ensure it is current with legislation and best practice.
4. Traceability program linked to the Clean Green brand to remain ahead of market requirements.
5. Full supply chain engagement in the program and promotion to industry participants, consumers and other stakeholders.
6. Management and administration model and budget that facilitates the programs vision.
7. Legislative recognition and advocacy across the whole sector, including environment, OH&S, fisheries, animal welfare, etc.
8. Utilising new technologies (such as smart phones and Apps) to adapt to changing consumer demands and requirements for product knowledge and traceability.

4. Current Market

	Features of the program for each segment	Benefits
Harvesters	<p>2012: Currently 116 boats in the program</p> <ul style="list-style-type: none"> • Fishers and their skippers or deckhands attend training session (2 day) • The boat undergoes the pre-audit process • Full audit is then undertaken and the boat joins the program • Each boat will undergo an audit every five years • Cost is currently \$250 per boat plus GST per year • Program provides manual, induction materials, DVD's, stickers and signage • Rejoining fee is two years • Receive a license to use the Clean Green brand and logo 	<ul style="list-style-type: none"> • Minimising risks <ul style="list-style-type: none"> • OH&S requirements are defined and adapted to the industry • Reduce stress and anxiety of undertaking an audit with an external regulator • Emerging animal welfare issues are addressed in a proactive manner • Keep your boat operating when a OH&S incident/breach could mean your boat is unable to be operated <p>Vision:</p> <ul style="list-style-type: none"> • Clean Green brand differentiates product and attracts a premium price • Competent person is recognised in the Clean Green program and compliments the fisheries management plan
Processors	<p>2012: No processors in the program Approximately 60 – 65 processors in SA, Vic and Tas (of this 50% export)</p> <ul style="list-style-type: none"> • Auditing and training offered • No defined fee structure • Use branding to differentiate the product • AQIS recognises the boat audits undertaken via Clean Green 	<ul style="list-style-type: none"> • Clean Green boats meet AQIS standards for export requirements, therefore the processor can save time and cost of auditing <p>Vision</p> <ul style="list-style-type: none"> • Associated fee structure • Product differentiation and niche marketing

Legislators	<ul style="list-style-type: none"> An existing program that has been designed to meet legislative requirements such as OH&S and vessel safety programs A tool to create advocates for the industry and program Linked with 'competent persons' working in the industry 	<ul style="list-style-type: none"> Compliant and professional industry Managing an industry that is operating consistently Feel confident and reassured about the industry
Customers and consumers	<p>Include users (customers) (e.g. Chefs and wait staff) and consumers.</p> <ul style="list-style-type: none"> Finest in the world being delivered by worlds best practice Minimum standard from pot to plate 	<ul style="list-style-type: none"> Healthy, quality, safe product Environmental and sustainable best practices Provides definition to WHY it is the best in the world <p>Vision:</p> <ul style="list-style-type: none"> Traceable product

5. Current Business Model – 2013

Fee per vessel \$250 per year (Jan – Dec)
Current participation 116 vessels

All items below are GST exclusive

Income for 2013

116 x \$250	\$29,000
<u>Total Income</u>	<u>\$29,000</u>

Expenses

Program Manager Position (Ross Hodge)

Below is the estimate of the time taken to perform Program Management duties, please note Ross Hodge is currently not paid this amount.

Program management	\$16,900*
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Assumptions:

- \$650 per day / 26 days
 - Invoicing - 12 days
 - Updating database – 3 days
 - Arranging audits – 4 days
 - Follow-up non-conformities – 2 days
 - General administration – 5 days

Auditing (services provided by SAI Global)	\$17,435
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Assumptions:

- 20% of participants audited annually
- \$1,585 per day
- Approx. 23 boats per year / 2 boats per day

Travel for auditor	\$4,000
<u>Total Expenses</u>	<u>\$38,335</u>

<u>Operating Surplus/Deficit</u>	<u>-\$9,335</u>
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*Program Manager currently receives approximately \$4,000 for this role, the 'gap' is filled by other project funds or it is provided in-kind to Clean Green.

6. Essential factors for a business model that generates a surplus

Section 5 (above) demonstrates that the current business model for Clean Green does not pay for itself (generate a surplus).

To move this to a 'profitable' (surplus generating) business model, it is essential additional income is generated to:

- Pay the Program Manager for all duties performed,
- Undertake promotional activities for the program to attract and retain participants,
- Review and update existing materials,
- Review the training package and deliver training sessions, and
- Develop the opportunities (section 2) and address the strategic issues identified (section 3).

7. Vision for 2016

By 2016 Clean Green will be; the core program for best practice, risk management and promotions for the Southern Rocklobster industry.

90% of the harvest sector will participate in the program and it will be recognised by processors, consumers and regulators as the principal product standard for Southern Rocklobster.

Clean green will operate a self-sustaining and viable business model.

8. Objectives

By 2016; Clean Green will:

7. Operate with a self-sufficient financial model with no external funds required for management, promotions and auditing,
8. Ensure the majority of the harvest sector are participating in the program,
9. Access funding for extension and training activities (where required),
10. Gain recognition by regulators and other government agencies that Clean Green is the premier product standard,
11. Gain recognition for a Skills Set or qualification associated with the program for industry operators, and
12. Engage with the complete Rocklobster supply chain.

9. Next Steps

This document has provided an overview of the current situation for the Clean Green Program. The Clean Green Program will now be analysed to develop a surplus generating model and identify projects to support this. Please review the document title "Future Model for Clean Green".

PART 2 - Future Business Model for the Clean Green Program

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Future Business Model for the Clean Green Program

Clean Green Program

1. Market Research

As part of the development of a revised business model for Clean Green, it is essential that we understand the current participants and what they value from participation.

Ross Hodge undertook a small phone survey of harvesters and spoke to:

- 8 Current members
- 4 Non-current members / they had left the program
- 2 Harvesters who had never been in the program

Summary of this research:

1. Benefits of the program
 - Program provides OH&S management approach.
 - Program reduces insurance premiums.
 - Proactive opportunity to be recognised as managing animal welfare issues (risk mitigation).
 - First step towards a traceable system.
2. Barriers to getting involved
 - Perception from the 'USA Project' has left some harvesters disinterested in this program.
 - Uncertainty around the future of the industry in some regions due to issues such as Marine Parks.
 - Profitability and sustainability of the businesses involved is impacted by factors such as tighter margins and quotas being leased to other businesses.
 - Capacity to pay 'another fee'.
 - Finding time to do the training.
 - There can be a 'follow the leader;' type mentality in some regions ("if the majority is not in then why should I be in it"). Essentially the program needs to reach a critical mass of participation to ensure 90% engagement target can be achieved by 2016.
3. Capacity to pay
 - Most are supportive of up to \$500 per year (currently \$250) but this is closely linked to the associated insurance premium discount.
4. Suggestions for improvements
 - Providing standardised contract document for deckhands.
 - Reduce regulatory burden (particularly OH&S) by having greater legislator recognition of the program.
 - More than one insurer providing discounts.
 - Traceability system.
 - Use of the Clean Green brand to differentiate the product.
 - Include vessel survey requirements in audit.
 - Use Clean Green to educate and improve public perceptions about the industry for example social licensing.

There has also been recent progress with some opportunities identified within the SWOT scan process. These breakthroughs build the business case and/or can reduce barriers for more harvesters to join the program in the future. These include:

- Workplace Services and Marine Safety Tasmania agreeing that Clean Green program will be recognised as a compliant OH&S program. Harvesters not in Clean Green will have higher auditing fees from these agencies.
- Recent floods and critical events (Algal Bloom and associated Paralytic Shellfish Toxin) in Tasmania have increased the focus on the need for Emergency Response Procedures for the industry. The suggested traceability program would be the vehicle to achieve a responsive industry. There is a need to "get serious" about traceability.

- In Victoria PrimeSafe has been a barrier to take-up of the program. Last year SRL made a submission to a State Government Rural and Regional Committee Inquiry into the Impact of Food Safety Regulation on Farms and other Businesses. The final report has made two key recommendations:
 - That The Minister for Agriculture and Food Security, work with Dairy Food Safety Victoria and PrimeSafe to recognise private sector food safety standards where it is safe to do so, as one approach to minimising the cost of compliance faced by farms and other food businesses.
 - That the State Government removes the regulatory requirements around the handling of live seafood, in a way which is consistent with the approach taken with other states in Australia.
These recommendations, if implemented, can remove some barriers to Victorian harvester joining the program in the future. The implementation of either option will make Clean Green and affordable program for Victorian Rock Lobster Fishers.
- Increased focus on Social License. This is the need to gain community support for why and how a product is produced / harvested in a particular manner. Clean Green is well on the way to assisting the Southern Rocklobster industry have an accepted Social License.
- A joint application between SRL and the AgriFood Skills Council has been submitted to Department Industry, Innovation Science, Research and Tertiary Education to provide NWDP (National Workforce Development Program) funding for the – skill set project. The application has cleared the preliminary hurdles of being reviewed by the Department and is now approved for submission.

2. Summary of current business model

Fee per vessel	\$250 per year (Jan – Dec)
Current participation	116 vessels
Total income	\$29,000
Total Expenses	\$38,335
Operating Surplus/Deficit	-\$9,335

Invoicing is based on calendar year; therefore this is the program position for 2013.

3. Options for the future

The vision for Clean Green is:

- By 2016 Clean Green will be; the core program for best practice, risk management and promotions for the Southern Rocklobster industry.
- 90% of the harvest sector will participate in the program and it will be recognised by processors, consumers and regulators as the principal product standard for Southern Rocklobster.
- Clean green will operate a self-sustaining and viable business model.

To achieve this vision:

- Participation needs to increase from 116 vessels to 450 vessels (approximately 500 vessels in the industry).
- Awareness and recognition across the supply chain will need to improve.
- Income for the program needs to increase so that the necessary improvements can be implemented.

4. Analysis Undertaken

During this process, a variety of options were discussed and modelled to determine if a surplus generating model would be possible for the Clean Green Program.

The following ideas were explored:

1. Save costs
 - This option was not explored in great detail because many of the costs are not currently covered in the financial model at the moment. The focus has been more on determining the actual costs of program management to ensure the 'new' model can completely fund these costs.
 - One cost saving option that was considered was employing or sub-contracting the SAI Global Auditor directly by Clean Green.
 - This would have saved approximately \$500 per day for all auditing time budgeted for.
 - The risk of perceived or actual loss of independence was a large factor as well as potential impact on third party auditing requirements.
 - This option was discussed and it was agreed that the cost:benefit of this option was not significant enough to warrant modeling.
 - This option was not pursued further at this stage. The best scenario is to maintain the current auditor (SAI Global) to ensure on-going third party certification.
 - There is limited scope to save costs in the short term.
 - In the longer term a full time manager role could be created, this might reduce the daily rate paid for this role (salary paid instead of hourly sub-contractor rate).
2. Increase participation
 - Training participants or past-participants are a key target market for this program as they have previous knowledge of it. It is estimated that there is 115 potential participants in this target group.
 - Other industry participants are also a key target market but it will be significantly greater investment to convert them to the program.
 - Participation must increase to achieve the vision for this program but to also achieve a surplus generating model.
3. Increase cost for participation
 - Currently participants pay \$250 (GST exc.) to participate in the program.
 - The market research, undertaken by Ross Hodge, showed that participants would be willing to pay more for their involvement.
 - A key assumption in this is feedback was the discount that flowed through to insurance premiums.
 - There is scope to increase the participation cost.

As outlined above, a deficit position is the starting point for this analysis. Below is the model that can shift Clean Green to a surplus generating model.

5. A surplus-generating model is possible

Below is the projected position of the program for the next three years.

The assumptions indicate that a surplus generating model can be created by 2015. By 2016 it is anticipated to have 250 boats in the program and a surplus of at least \$10,000. A summary of the participation and program outcome (surplus or deficit) is provided below (Figure 1).

Year	2013	2014	2015	2016
Total Boats	116	150	200	250
Surplus / Deficit	-\$9,335	-\$3,555	\$7,825	\$19,375

Figure 1 – Summary of next three years – participation and surplus result

This target is reliant on achieving a significant increase in participant numbers. Furthermore, an increase in participants is reliant on investment in the development projects, outlined in Section 6, the targets set may not be achieved.

2014

Income		Boats	Fee per Boat	
Existing boats		116	\$ 300.00	\$ 34,800.00
New boats (training complete but left CG)		34	\$ 600.00	\$ 20,400.00
		Total boats 150	Total income	\$ 55,200.00
Variable expenses	<u>Assumption</u>	Days	\$/day	
Invoicing / banking / follow-up	5% participants	8	\$ 650.00	\$ 4,875.00
Database maintenance	2% participants	3	\$ 650.00	\$ 1,950.00
Arranging audits	15% of boats being audited	5	\$ 650.00	\$ 2,925.00
Follow-up non-conformities	10% of boats being audited	3	\$ 650.00	\$ 1,950.00
Stationary, mail and printing	5% of total income			\$ 2,760.00
Auditing - SAI Global	20% of boats @ 0.5 day/boat	15	\$ 1,585.00	\$ 23,775.00
Auditing - travel	10% total income			\$ 5,520.00
		Total Variable expenses		\$ 43,755.00
Overhead expenses	<u>Assumption</u>			
Administration	0.5 days per month	6	\$ 650.00	\$ 3,900.00
Industry liaison and CRM	0.5 days per month	6	\$ 650.00	\$ 3,900.00
Newsletters and web comm.	Quarterly communication	4	\$ 650.00	\$ 2,600.00
General promotions	Quarterly communication	4	\$ 650.00	\$ 2,600.00
Travel				\$ 2,000.00
		Total Overhead expenses		\$ 15,000.00
		Surplus /deficit		-\$ 3,555.00

Figure 2 – 2014 model

Outcome for 2014

- Deficit -\$3,555
- 150 boats in the program

Assumptions for 2014:

1. Participation reaches 150 boats
 - 116 existing participants
 - 34 new participants join the program, these come from the 115 participants who have completed the training but have not stayed in the program
2. Price is higher and differential
 - Existing participants move from \$250 per year to \$300 per year
 - Anyone new to the program in 2014 pays \$600 for the first year and then the normal price for every year after that. The higher price in the first year is to account for the cost of auditing so they can re-join.

3. Variable expenses
 - Based on a percentage of participating boats
 - Invoicing / banking / follow-up
 - Database maintenance
 - Arranging audits
 - Follow-up non-conformities
 - Auditing - SAI Global
 - Auditing - travel
 - Based on a percentage of gross income
 - Stationary, mail and printing
4. Overhead expenses
 - Ongoing communication and promotion activities for the program manager, including administration, industry liaison and CRM, newsletters and web communication, general promotions and travel to industry events.
5. Program Manager role
 - Assumed to be \$650 per day (GST exc.)
 - Days per year increase as participation increases
 - Total days 38

2015

Income		Boats	Fee per Boat	
Existing boats		150	\$ 350.00	\$ 52,500.00
New boats		50	\$ 600.00	\$ 30,000.00
	Total boats	200	Total income	\$ 82,500.00
Variable expenses	<u>Assumption</u>	Days	\$/day	
Invoicing / banking / follow-up	<i>5% participants</i>	10	\$ 650.00	\$ 6,500.00
Database maintenance	<i>2% participants</i>	4	\$ 650.00	\$ 2,600.00
Arranging audits	<i>15% of boats being audited</i>	6	\$ 650.00	\$ 3,900.00
Follow-up non-conformities	<i>10% of boats being audited</i>	4	\$ 650.00	\$ 2,600.00
Stationary, mail and printing	<i>5% of total income</i>			\$ 4,125.00
Auditing - SAI Global	<i>20% of boats @ 0.5 day/boat</i>	20	\$ 1,585.00	\$ 31,700.00
Auditing - travel	<i>10% total income</i>			\$ 8,250.00
			Total Variable expenses	\$ 59,675.00
Overhead expenses	<u>Assumption</u>			
Administration	<i>0.5 days per month</i>	6	\$ 650.00	\$ 3,900.00
Industry liaison and CRM	<i>0.5 days per month</i>	6	\$ 650.00	\$ 3,900.00
Newsletters and web comm.	<i>Quarterly communication</i>	4	\$ 650.00	\$ 2,600.00
General promotions	<i>Quarterly communication</i>	4	\$ 650.00	\$ 2,600.00
Travel				\$ 2,000.00
			Total Overhead expenses	\$ 15,000.00
			Surplus /deficit	\$ 7,825.00

Figure 3 – 2015 model

Outcome for 2015

- Surplus \$7,825
- 200 boats in the program
- The program will break-even at 175 boats paying \$350 for continuing boats / \$600 for new boats

Assumptions for 2015:

1. Participation reaches 200 boats
 - 150 existing participants
 - 50 new participants join the program
2. Price is higher and differential
 - Continuing participants increase again to \$350 per year
 - New boats pay \$600 per year
3. Variable expenses
 - Same assumptions as 2014
4. Overhead expenses
 - Same assumptions as 2014
5. Program Manager role
 - Same assumptions as 2014
 - Assumed to be \$650 per day (GST exc.)
 - Total days 44

2016

Income		Boats	Fee per Boat	
Existing boats		200	\$ 400.00	\$ 80,000.00
New boats		50	\$ 600.00	\$ 30,000.00
		Total boats 250	Total income	\$ 110,000.00
Variable expenses				
	<u>Assumption</u>	Days	\$/day	
Invoicing / banking / follow-up	5% participants	13	\$ 650.00	\$ 8,125.00
Database maintenance	2% participants	5	\$ 650.00	\$ 3,250.00
Arranging audits	15% of boats being audited	8	\$ 650.00	\$ 4,875.00
Follow-up non-conformities	10% of boats being audited	5	\$ 650.00	\$ 3,250.00
Stationary, mail and printing	5% of total income			\$ 5,500.00
Auditing - SAI Global	20% of boats @ 0.5 day/boat	25	\$ 1,585.00	\$ 39,625.00
Auditing - travel	10% total income			\$ 11,000.00
			Total Variable expenses	\$ 75,625.00
Overhead expenses				
	<u>Assumption</u>			
Administration	0.5 days per month	6	\$ 650.00	\$ 3,900.00
Industry liaison and CRM	0.5 days per month	6	\$ 650.00	\$ 3,900.00
Newsletters and web comm.	Quarterly communication	4	\$ 650.00	\$ 2,600.00
General promotions	Quarterly communication	4	\$ 650.00	\$ 2,600.00
Travel				\$ 2,000.00
			Total Overhead expenses	\$ 15,000.00
			Surplus /deficit	\$ 19,375.00

Figure 4 – 2016 model

Outcome for 2016

- Surplus \$19,375
- 250 boats in the program

Assumptions for 2016:

1. Participation reaches 250 boats
 - 200 existing participants
 - 50 new participants join the program
2. Price is higher and differential
 - Continuing participants increase again to \$400 per year
 - If the price did not rise and stayed at \$350 in this year, the surplus would be \$10,875 (instead of \$19,375)
 - New boats pay \$600 per year
3. Variable expenses
 - Same assumptions as 2014
4. Overhead expenses
 - Same assumptions as 2014
5. Program Manager role
 - Same assumptions as 2014
 - Assumed to be \$650 per day (GST exc.)
 - Total days 50

Summary and Next Steps

A surplus generating model is possible. To achieve this, the key performance indicator for the Clean Green Program is that there must be at least 175 boats in the program by 2015.

The proposed model is reliant on supporting funding for promotions and program improvements to achieve the target. The most obvious target market to join the program is the 115 individuals who have completed the training but not stayed in the program.

The development projects will build awareness and participation in the program, provide opportunities for additional income sources (training and traceability tags sales) and support a fee increase for participants.

These projects require funding support; the budget and objectives for each are outlined below (section 6).

6. Business Development Projects

The following projects are required to ensure Clean Green can achieve a surplus-generating business model.

Below is an overview of each project, their objectives and budget. Funding is requested for all projects over the 13/14 and 14/15 financial years.

Project 1	Development of promotional material to boost awareness and program participation
<i>Overview</i>	<ul style="list-style-type: none"> • Visit all boats (approx. 100) which have completed the training for the program but never joined the program. These boats have awareness of the program but need effort to be applied to ensure they join the program. • Develop and extend promotional materials <ul style="list-style-type: none"> ○ Case studies and video testimonials • General program promotion <ul style="list-style-type: none"> ○ Program newsletters / website updates ○ Attendance at key industry events • Set-up a “local champions/advocate” program to assist with referrals and conversion of boats into the program.
<i>Objectives</i>	By 1 Jan 2015: <ol style="list-style-type: none"> 1. 200 boats in the program 2. Build awareness and conversion of leads to build participation in this program 3. Support a business model that achieves breakeven point and target participation strategy
<i>Budget</i>	Half a year (full time) - \$30,000 - \$35,000 (depending on person recruited) Plus budget for required travel and other direct costs
<i>Delivery</i>	Commence this project as soon as possible to begin recruitment and promotion activities (ideally from 1/7/13 but recruitment of this person will take time)
<i>Benefits</i>	<ul style="list-style-type: none"> • Provides opportunity to recruit new participants • Ensures ongoing participation in Clean Green
Project 2	Standard and Protocol Review
<i>Overview</i>	<ul style="list-style-type: none"> • Standard adjustments to ensure currency Including Update for new Workplace Health and Safety (WHS) Act and other changes • Tasks will include meeting with legislators, stakeholders, review program, make adjustments and communicate changes
<i>Objectives</i>	At the end of the project: <ol style="list-style-type: none"> 1. Standard and protocol are 100% current and reflect all industry and government requirements 2. Communicate all changes to the materials to the participating boats 3. Support a business model that achieves breakeven point and target participation strategy
<i>Budget</i>	Half a year (full time) - \$30,000 - \$35,000 (depending on person recruited) Plus budget for required travel and other direct costs
<i>Delivery</i>	Within the same delivery period as Project 1 – both completed within twelve months
<i>Benefits</i>	<ul style="list-style-type: none"> • Ensures ongoing participation in Clean Green • Provides opportunity to recruit new participants • Opportunity for stakeholder engagement and building of ‘social license’
It is proposed that Project 1 and 2 are delivered by the same person (employed on a twelve month contract). This will make the investment efficient as the program knowledge and industry understanding will be leveraged.	
<i>Estimated total investment for Project 1 and 2 \$85,000 - \$90,000 (GST exc.)</i>	

Project 3	Development of a Country of Origin Labeling (COOL) / Traceability program for SRL industry
Overview	<ul style="list-style-type: none"> • Product COOL/tagging system is needed to enable full traceability <ul style="list-style-type: none"> ○ Product substitution occurs in China (New Zealand and South Africa sell “Australian” product to the market) ○ Traceability systems are underdeveloped in the industry to manage risks for consumers and the supply chain e.g product recalls • The technology and software exists in other industries and can be transferred to the SRL industry • Benefits for all supply chain partners • Will add significant value to the Clean Green program that builds demand for the program <ul style="list-style-type: none"> ○ Differentiated pricing strategy could be developed (Clean Green participants receive the tag at a cheaper price) • Provide an additional income source for the Clean Green program <ul style="list-style-type: none"> ○ If 2.8 million SRL's are sold, and they are all tagged, each tag costs 5c, then this is a potential income of \$140,000. • Work with exporters and importers to develop relationships and provide training or education that will aim to minimise the chances of the tagging system being copied or simply removed along the supply chain.
Objectives	At the end of the project: <ol style="list-style-type: none"> 1. Traceability system to manage product recall and reduce the economic impacts 2. Address product substitution in the market place 3. Ability to market ASRL more effectively through product/species differentiation
Budget	\$75,000 to \$100,000
Delivery	1 September 2013 - 30 March 2014
Benefits	<ul style="list-style-type: none"> • Be ahead of industry requirements • Defend/prove the product in the marketplace • Allow full supply chain traceability • Product marketing and differentiation through 'Clean Green' image • Leverage from existing technology used by other industries

Please note: The project below is already being considered for funding

Project 4	National Workforce Development Program – Skill Set Project
Overview	<ul style="list-style-type: none"> • To confirm the units of competency that underpin the training in the Clean Green program • To have the units of competency as a recognised Skills-Set • Training undertaken by Clean Green Participants to be normally recognised through a certificate of attainment
Objectives	At the end of the project: <ol style="list-style-type: none"> 1. To have the training competencies that underpin the Clean Green program recognised under the National Training System as a skill set within the Seafood Industry Training Package
Budget	Funded by Department Industry, Innovation Science, Research and Tertiary Education and the Seafood CRC \$70,000 and \$5,000 respectively
Delivery	1 July 2013 to 30 December 2013
Benefits	<ul style="list-style-type: none"> • Provide the ability to deliver accredited training in the ASRL Fishery • Formal recognition of participants through a certificate of attainment • Existing Clean Green fishers can undertake an RPL process to receive a certificate of attainment • Provide additional income potential for the Clean Green program through facilitating the delivery of training programs • Increase the professional image of the industry • Establish a training program/skills set adaptable for other fisheries

7. Opportunity costs of doing nothing

If the investment in these projects is not made, then the Clean Green Program will not continue in the future because it currently loses money.

The cost of 'doing nothing' needs to be considered within this decision because if the program ended and then had to be re-built in the future, the costs would be significantly greater.

There has already been an investment of approximately \$500,000 in the development of the Clean Green Product Standard and the associated training package, and with the delivery of training courses between 2004 and 2007.

If the program ended and then was re-built in five or ten years' time, due to an industry need, this would cost significantly more. To consult industry and government and re-build the program, it is estimated it would cost at least \$500,000.

Therefore, the cost of allowing this program to end is very high compared the investment required to get it back into a surplus model.

8. Conclusion

The Clean Green Program can create a surplus generating model by 2015. To achieve this result, the key performance indicator for the Clean Green Program is that there must be 200 boats in the program by 2015.

To achieve this goal, the program will need to consider promotion activities as the highest priority. The program will also need some review to ensure it is current and accurate.

Investment in the program will be required from Seafood CRC and without this investment; the Clean Green Program will not exist in the future.

9. Sign-off from Clean Green

"I can confirm that I am happy with the report and pleased to sign off on what Carlyn has presented to the CRC. I have had a lot of consultation with Carlyn in developing the documents and have also had Gary review the final reports before you received them".

29/05/13

Ross Hodge
Executive Officer