

GLOBAL SUPERYACHT FORUM 2006

Conference Day 1 — 13th November 2006

Chairman's Opening Address	Martin Redmayne
The Owners Summit	Michael Bradfield Paul Crowther Joe Vittoria

Martin Redmayne

Good afternoon everyone. Thank you very much for coming. The idea for today was very simply was to make it easier to get here in plenty of time without too much stress applying very early in the morning and getting delayed by planes. Unfortunately Alex Longley has another story but you can ask her about that when you have a chance.

My little preamble is very simple. It's just to give you some pointers, some direction, and to discuss the objectives of the event. The few things I need to say are very simple, that we have fire exits all marked by green—these are housekeeping issues—if you need anything first aid wise, talk to the registration desk; we have several young ladies who would like to help any of you if you're feeling ill, but don't feign illness! I'd like to thank all my sponsors, the team organisation and I hope you like our new venue. Over the next 3½ days we'll have over 470 people coming to the conference; some are coming for one day, some are coming for the whole programme—so there'll be a whole mixture of new friends and faces coming in. The idea is that it's a networking platform, not a boat show. It's here for you to renew contacts, discuss issues, and with some fairly powerful people to find out what's happening to this market, going into the future. I've just realised my face is on the screen, which is really disconcerting. Hullo!!

The other things I need to talk to you about are we have various sorts of social functions every evening while you're here; lunch is obviously served every day. In the morning if you want to get in here early enough we have breakfast served at 8.30—just to keep the whole thing rolling as a networking platform.

Tuesday night—Royal Bank of Scotland have pulled some strings back in the Highlands, and they have something like 100 bottles of very fine malt whisky coming for a whisky tasting—different malt whiskies. So if whisky is your passion you might enjoy Tuesday night. I will. Wednesday night obviously we'll have our big GSF party for everyone; again, it's fun, it's networking. There's also a football match on, I believe, which we're televising, which is England v Holland—so for the Dutch people here and the English you might have an entertaining evening. I hear England are doing pretty badly at the moment. The other things I'm going to talk about—that I've introduced to the programme this year—are 3 very beautiful young ladies who are going to help with the microphone duty—just to enhance your enjoyment. I've Mimi, Elizabeth and Ulissa—if you need to ask a question or want to make a comment during the programme, raise your hand and they'll run to your aid, thrust a microphone in your face and ask you to say your name and your company before you ask a question. The reason being is that everything is being recorded as usual

and we like to know who has what to say, and the dialogue is much more interesting that way.

For those who don't like raising their hands, the idea is that we now have laptops on the stage, we have mobile phones on the stage. So if you want to email a question there's WiFi in the whole area—if you have your laptop with you and you want to email a question or a comment you may do so. There are 2 email addresses: tork@synfo.com or martin@synf.com . they'll come to us—you need to put at the bottom of your email "anonymous" or your name if you want to say who it is. The idea is to try and bring some more debate into it—there are people who sometimes have something to say but hold back—then regret at the end of the day not making that point. So we're trying to make sure that you have the freedom to say whatever you like via technology. With mobile phones, because we're allowing mobiles phones to be on in the auditorium please make sure you have your phones on vibrate. It does interrupt any speaker or programme if a phone goes off. I'm not into punishing people, I just want to make sure that it keeps the flow of the conversation going. That's fairly important.

The girls who are taking photographs—Caroline and Brook who are around for the whole duration, have very lovely smiles and they want you to do the same thing and smile while they're taking your picture. It just makes the pictures work. We don't like lots of grumpy old men—although we feel like it sometimes.

This afternoon session is very simple—it's what it said. The "owners summit". I'd hoped we'd have five people but one person has had to disappear on business, which is obviously to be expected, Stanley Bay was very upset because he can't be here because he has lots of things he wanted to share, and he's given me lots of notes to raise in the discussion this afternoon. Roger Liang is the owner of Kingship in China and is flying in tomorrow morning. He couldn't change his schedule to be here today so he'll join one of the panels tomorrow morning—the keynote debate. Roger is not only the owner of a shipyard but is a fully fledged yacht owner. So the idea now is to bring in our three panellists.

I have on my right hand side Michael Bradfield, the owner of a motor yacht Twizzle, built at De Vries, Paul Crowther, owner of a 30metre Heesen Valia; and I don't think Joe needs much introduction, due to the publicity in the past when his boat was built, Joe Vittoria, owner of Mirabella V and previous Mirabellas, obviously. The process now is to bring each of the panellists up to the podium to give a 10-15 minute dialogue on their opinions, views and perspectives on the market place. A variety of subjects is going to be raised, so after the three panellists have been up here to say their piece I believe Joe has a 3 minute movie of the recent sailing of Mirabella against Maltese Falcon, which hasn't been seen yet and will be shown on Discovery Channel but we're going to show that at the end of his presentation. Then we'll open the floor to as much discussion as you can handle.

Anything else to add. Oh, Tork Buckley is on my right hand side. I nearly forgot Tork, sorry. He is going to be co-chairing most of these sessions; the idea is that we both have opinions, we both have things to say about the market place. Tork is now full time editor of The Yacht Report and is doing a wonderful job twisting and turning and getting things coming out of the market that makes the editorial content even better. The purpose of this conference is to make sure that The Yacht Report is even better with what comes out of the debate, so hence Tork is going to play a very important role in the chairing and actual discussion process. He has nothing else to say apart from hello!

Michael, can I bring you up first? Michael Bradfield is going to give us a 15minute presentation on perspectives and views in the market.

Michael Bradfield

Good afternoon everyone. My name is Michael Bradfield, I'm from London, and I'm a boat nut. I like boats. We have been boating for over 20 years, we started with a 34ft Sunseeker and then found that we liked it so much that we kept building new ones and larger ones, Mediterranean boats; for a couple of years we had Tom Perkins Andromeda whilst we were building a 55½ metre Feadship called Twizzle. My family, my wife and I, we're very odd. We really like designing and building really good yachts, and we really like using them. To be quite honest we're rather anal about them; we get very involved in every detail of the construction of where every coupling goes and sort of where the toilet paper goes and where just about everything goes. One of the great things about being able to build a really good custom boat is that you can sit down, work out and project ahead what you really want to use that boat for and then design it. Every boat, as we know, is a compromise between all sorts of things but if you get your priorities right you can build a great boat. Not only are we anal but we have a very good crew who've been with us for many years and who are just as anal. Now our captain Gordon Percy, has been with us for at least 14 years and our main crew, our first mates and engineers, have been through a number of boat designs and builds with us and to be quite honest they're even more anal about it. We don't just want to be able to build it well, we want to be able to operate it well. Twizzle was designed to be a floating holiday home, to go round the world, to go to areas and places that you really can't get to very easily and to see the magnificence of the world. We keep hearing about global warming and so on and the destruction of places but there are still some absolutely magnificent areas and for instance this Summer we were up in British Columbia and Alaska which was absolutely sensational. We were the only big yacht there. Last year we were the only big yacht north of Boston and so on. Most boats are used in sitting around in Cannes or St Tropez or whatever but we want to use them. In order to use a boat we explained to Feadship (we also explained to every previous manufacturer) that if we go and buy a PC or a video recorder or a game or whatever and we open up the box, take it out and plug it in we expect it to work. For some reason a lot of shipyards don't seem to quite have that view of things. Yes, we know that yachts are very very complex and becoming more and more complex all the time, but still, you expect that when you get your boat it's ready to take away and it should be working. Well, we explained this to Feadship and we then explained that the way that we think that can be done is by having our crew there at a very very early stage arguing over every little bit of the design and so on. But also being there to help make those 1001 little decisions that are not actually on the drawings or not quite understood, and it proved to be incredibly useful and an incredibly good partnership with De Vries and the workmen there. They are superb craftsmen, engineers, and just as they are in the Italian yards and so on. But when you can actually marry it up with the guys who are going to operate it you get a phenomenal boat. Well, I'm happy to say that we actually kept the boat in Amsterdam for about 6 or 8 weeks after the sea trials—usually people take them away about 3 or 4 days later. We have very innovative, rather complex electronics and navionics, with touch panels and glass things and all sorts of things that I designed (I'm a computer nut). So I thought it would take rather a long time to get them really working. What we actually found is that they worked extremely well straight out of the box, but it gave us time to finish off the yacht, and to finish every last little detail of it. I have to say that it's one of the great things about using Feadship and Holland, the quality of the engineering and the quality of the finish, the enthusiasm and pride that they take is extraordinary. When we took the boat

Feadship did admit that it was the most complete and finished boat they'd ever delivered and that was it. We took it away and we've used it in March 2005, we've done over 30,000 miles, we've been all over the place and it has worked unbelievably well, and actually exactly the way that we had envisaged about 5 years earlier when we started the design. We're currently on our way down to Costa Rica and Galapagos, we'll be in Tahiti, Bora Bora, Tonga and Fiji over the summer, and so on. So for us it's brilliant.

Of course not every owner wants to do the same thing. Most owners actually are quite happy to be on a fantastic looking boat, and any big yacht is terrific. They don't really care how the engine room is laid out, they don't really care about any of it. This is rather like being in an English country home. The family never go into the kitchen, they just want to know that the food comes out. In fact the only real thing that a new owner—and certainly if you're trying to sell a superyacht you have to have a really whizzy audio visual system. Well, it happens that I'm also into all that so Twizzles had at the time *the* state of the art audio visual equipment. But all a new owner can do is touch the crest on the panel and show his friends that he can get CNN and then a DVD coming up, and then look at the TV picture from the camera on the mast. He's not really going to drive the boat, he's not really going to do very much other than getting in the kayak or getting in the laser or usually the jet ski. And they're not terribly worked up about the quality of the build, because that's the job of the crew. Well, we do have a couple of other problems—if you look at a lot of boats that are being built by people—they might then be sold on, or if they've used them only for a couple of weeks—the crew have very little input, they're not really laid out quite the way—because those owners don't necessarily know what they want. A lot of those boats are still sitting in Cannes Harbour, Cannes Bay, St Tropez or whatever and then they'll go somewhere and no-one quite knows how well they're going to stand up, or how well they're going to keep being used by the engineers and so on. We believe that the sooner you start working out exactly what you want out of the boat, that there it is. And to give you an example, we are now designing a new boat. It's going to be—we don't really think we can better Twizzle that much, we can make it bigger, but we don't particularly want a larger boat—we're designing and will be building a 57½metre sailboat. But we want certain things that we've had on motor boats. One of the main things we want is a shallow draught. Now to a real sailor that is anathema. But it's how we want to use it. We want to be able to sail well, we want to be able to use the latest sail and mast technology, the carbon fibre, and sails and so on which are very lightweight, have very tall masts, 62metres so they come just underneath the limit for the Panama Canal but we want it to have the same draught as a motorboat. Why? Because we have been all over the place and in so many areas you are in shallow water and we went round Croatia once with a boat called Squaw which is a Dubois designed Perini and has a very deep fixed keel, and we were tying up on the rocks with Andromeda which had a 3.6metre draught and admittedly we were pulling rocks and trees out all the time but Squaw couldn't come in within ½ a mile of the coast. And when we were up in places like Maine it is very very shallow and places like Belize and Guatemala and so on it is really shallow, so for us that is very important. Now the other interesting thing is that with our motorboat, we've had it now for about 16-18months and we've done over 30,000 miles and it just cruises long distance, gets there, and we use it. We believe that the most important thing that you have to get right on a boat is the power management. We're now using more and more computers, more and more electronics, hydraulics, stabilisers and all sorts of things and you're using these generators all the time. We aim to and have achieved using one generator for at least 85% of the day and then the second generator kicks in. In order to make sure that those generators are running as efficiently as possible we put in load banks that bring the efficiency or

loading on them up to around 80%, because you don't want to run them too low, otherwise you start getting pitting and all sorts of things. The last thing you want on a boat is your generators going wrong. We also have 3 generators, and they've each done over 6,000 hours. The caterpillar engines, even though we've gone all this distance, have only done about 1500 hours each, so when we are sitting down looking at this sailboat, for us and certainly as far as the crew are concerned, the most important things are the generators, not the engines. So we feel that you need to have 3 generators and they've got to be generously sized, because I can tell you every yard underestimates the loading. That is much more difficult to design into a sailboat. Sailboat culture is very different from a motorboat. Motorboats have got space inside. So you can run your piping, your hydraulics, your fuel and so on in much straighter lines and much more logically laid out, whereas on a sailboat you have to have all the same hotel facilities, the engines and generators and so on, the fire protection but you still also have to have the sail systems all squeezed into what is a much smaller and much more restricted hull design. So when you're sitting down, and we're still evolving this design, it is much easier for us to have a swing daggerboard in the centre and 2 engines on either side and frankly 2 generators, but that's not what we're going to be able to get away with, because we know that from the experience we've had on other boats—there are certain things that we have to set as a priority and if you can do that, you can do far better. I will say that for the vast majority of owners there are only a few who really want to innovate, or a few who really get that worked up about the design and hopefully we're going to see Mirabella and Maltese Falcon racing each other and I have to say that Joe and Tom Perkins are the epitome of people who are pushing the envelope and creating and innovating absolutely amazing new yachts and new designs. And that's really what the Global Superyacht Forum is all about. It's about people who want to innovate and build really good systems. However, for most people, having a semi custom design is probably a much better way to go. You've got companies like Hessen, and some of the Italian boats, who are really really good at it and you now have Feadship and Amels coming out with their semi custom designs because if you can write the designwork off over 3, 4 or 5 hulls and you replicate the engine rooms and the hotel equipment and so on you're going to get a much better built boat, you can put the work into the 3-D design and for the owners they get a much better value boat, they get one that they know works, that there are a couple of them in the series so people have become much better at building them and it's a much better way to go. The slight little drawback when I saw Italian companies doing this is they thought what a brilliant idea, we will do semi custom and the first guy comes along and wants to have a fantastic interior and the second guy comes along and wants a totally different interior. They think for that sort of money they're getting their own boats. Companies like Feadship where they have this wonderful design where you can drop in different interiors into your model actually sound really good. Unfortunately it's no use for me, because we like to innovate and it's certainly no use to people like Joe and Tom Perkins, who want to do their own thing. That's the great thing about boats. The owner can actually do what he wants with it, within the regulations and reason. I have to say that if we're talking about regulations, and I've also quite oddly for an owner, coming to these projects for many years and have seen the discussions involving the class and MCA and all sorts of things, which to most owners are incredibly boring. But I think they're terribly important. We talk about the safety aspects, and you've got to have them because you're going to be chartering. And if you're chartering you've got paying guests on there and you have to look after their safety. Well, not to put too fine a point on it, my most precious possessions are my family, my friends and frankly me, so if those safety regulations are there for charterers I want them for myself as well, so I think that these regulations are terribly important, and have moved the whole industry on. But I'm also very very aware, especially as we run an ISM rated yacht, we built in right from the start, ISM and all

the computer systems; we also have 5 tons of spare parts, everything's bar coded, sealed, distributed around the boat in standard boxes, the boxes are all builder's risk coded and we know where it all is. But I have to say that ISM is a very onerous system and not very many owners are willing to get that involved with it. We now have a situation where we have a 500 gross ton limit. It's almost an arbitrary limit—500 and above, you have ISM, you have a lot more rigorous build requirements and so on. So a lot of boats, especially the semi custom builds all want to come in at just under 500 gross tons. Trying to design a sailboat that does all the things that I want it to do and have the space for everything that I want, and keep it about 495 gross tons, because there's always a 1% difference in the build, is quite difficult. If it were up to me, or if I could make a plea to the industry, I would say why not bring in a mini ISM at about 350 or 400 tons and raise the limit of the 500 gross tons up to say 650 or 700 tons. I think that as those boats are getting bigger and more complex there should be a lot more regulation. It's a very good discipline and if you get over the initial problems with it, we think it's a first class discipline. It makes training new crew much easier and you certainly know what's happening. Unfortunately the other effect of this is you need much better trained and experienced crew and that's becoming very difficult, as you especially all know. There are about 50 or 60 new boats being launched a year, and we're talking big ones, boats over 45 metres. That requires loads of new crew and the crew that are available are being snapped up by some of the smaller 27 metre boats, Ferrettis and so on, and they're being taken on frankly before they're fully experienced. So a lot of those people are coming out of the industry and then coming back in having been over promoted. There's a lot of training required for crew and it's certainly becoming one of the big problems. How do you keep crew? Well, the way that we deal with it is we feel that you have to give a lot of priority to the crew areas, make it easy and make it really good for the crew. In fact if you have to compromise and make some of the guest areas smaller, the guest cabins, well, it's a funny thing but I've never had a guest say oh, I'm not coming again because the cabin wasn't large enough. I can always get lots of guests, I can't get good crew all the time, and especially a boat like Twizzle which is travelling round the world, goes to these areas which sound really great like turning up in Belize City and the crew on the first night all went into a restaurant and witnessed a gun battle between two rival gangs there. So these guys are spending a lot of time in close proximity; the stewardesses are not only having the run around looking after people but have to run the laundries etc. And if you want a good laundry, put the laundry in the same general area as the crew mess so they can talk to people; don't stuff them down in a hull somewhere, sticking one person in there for the whole summer. They don't really like it. And the way you get much better crew is give the crew good quarters.

I'm not going to carry on too much but I will just say two other things. That's to do with taking boats to far flung areas. One of the problems that you get with say going to North America is that they have very different regulations for chartering, and especially for pilotage. Well, there we are, having gone 4,500 miles from Panama up to Seattle and Vancouver, Seattle actually wouldn't let us in for all sorts of ridiculous reasons, we had to come out of America and go back in, and come in to Alaska after we'd been up in British Columbia but both of them required pilots. Why they require pilots is completely beyond me. And certainly anyone who can read a tide table can actually navigate their way around there without any difficulty. In fact in Canada we had Marine Mounties moonlighting as the pilot waiver people. Our guys knew much more than they did and certainly an ISM boat is so much more qualified than any American boat that it's ridiculous. In fact in Canada as long as the captain has been there for a year he automatically gets a pilot waiver. So why not just allow it. Up in Alaska we actually had to take a full pilot on; we managed to negotiate to keep him on board the whole time so that we weren't flying him in and out at 5 in the morning

by flat plane, but it cost an absolute arm and a leg and is also totally ridiculous. You can't charter there, we actually had a meeting with the Minister of Tourism of British Columbia explaining that this is a magnificent area but it takes an awful commitment for an owner to actually send their boat all the way up there. It would very nice to be able to recoup some of that by being able to charter the boat, because it's not the sort of place which you're then going to leave until the end of the summer. The same in Galapagos and Mexico; in a lot of places these rules have evolved because there are not many people living there and it's a protectionist thing, trying to protect some of the local guys who've got hold of some tourist boats and they don't want to see their business disappearing to these great big boats. Well, to be quite honest, we don't compete with them and actually only about 6 weeks ago or so an old converted ferry from Norway which was being used as a tourist boat in the Galapagos actually sank, so the safety aspects there are nowhere near what one would have thought. We actually prefer the approach that places like Tahiti are taking where they want to slap a tax on it. Well, if you have a 15% tax or whatever on a charter and you pass that on to the charterer then I think it's quite a good idea. I think they should be benefited in the areas that we go to but at least allow it to happen.

Martin

Michael thank you. Rather than having questions from the floor we'll run through all 3 panellists first and then we'll bring questions into the session. Can I just ask Ulissa and Mimi—do you want to sit down rather than standing up for 2 hours?

Paul, please would you come and join us on the panel?

Paul Crowther

Good afternoon everyone. Well I wasn't expecting a full 15—20 minute talk this afternoon so I have about 3 minutes of notes here which I'll extend slightly and try to keep it interesting for you.

I've always been known slightly as a maverick of this industry so I intend to put a little bit of a mix into various concepts this afternoon and no doubt you'll come back to me with a bit of reaction. First of all, I'm not that well known in the yachting industry but I wanted to put a little bit of background about myself. 43 ships and yachts I've owned in the last 20 years. My background has been in commercial shipping mainly; I've had 5 yachts from 20—30 metres, the current one being a 30metre Hessen. But the rest of the 37 vessels have ranged up to 90metres and around 5000 gross tons, and that's been in the research and offshore development market, everything from offshore tugs to seismic vessels and many of you would say what on earth has that got to do with the yachting industry. Well, I think the thing is that there's an incredible crossover here between the 2 sections; going to sea is going to sea, operating yachts, operating boats it's very much the same thing. I've learned a lot over the years and have now moved much more into the yachting market over the last year. I see a lot of similarity in the industry. I'm hoping I can share a little bit of that with you this afternoon.

Funnily enough, listening to what's just been said, the fact is that I'm going to say a lot of the same things but with a little more depth to it on certain points. My concern initially—where is the industry going, with this regulation. I'm talking now as an owner more than anything. I've seen over the last 20 years that we've been increasing our safety on the seas and reducing the enjoyment, to give a new support industry their living. Whilst I completely and utterly agree with the greater safety, it's absolutely important, completely crucial, but it needs to be in context and it needs to be

reasoned and it needs to be reasonable. 15 years ago I purchased my first ocean going tug, a 5000hp 60metre offshore support ship. At that time we needed 5 certificates for class registration and safety. Now to operate the same vessel in 2006 that same commercial ship requires more than 20 annual certificates and crew training courses on an annual basis. We need a full time person ashore employed just to maintain the one vessel's safety and regulatory paperwork. There's ISM, ISPS, WMCA, GMDSS, Noise Pollution Control, it goes on, it's endless. And all in the 15 years. So where is it going to end. I'm seeing the same happening now in the yachting industry and this is my personal war against the industry and it is only an opinion. I sold my ships, moved out and moved into the yacht. 12 years ago my 20metre Azimut was chartered from Antibes. Apart from a registration certificate all that was required was the appropriate insurance and a captain with a yacht master's certificate. Now the STCW and MCA certification requirements have changed all that. As the cost and regulations increase I believe you reduce the pleasure level for the private owner. More and more, the owner is paying money for nothing more than additional bureaucracy, rather than just increase safety. There has to be a limit to this; I believe we've reached it, the industry should stop and consolidate and consider this. One of the prime examples of the issues that we're seeing is that of crewing, mentioned before. The fixation on certification has resulted in a very large shortage of crew this year. Not only a shortage of experienced crew but of certified crew. The old school crew are staying in their existing jobs or in fact giving up their careers early due to the cost of training, and the time they require ashore. The number of new yachts coming into the market is increasing demand for the newly trained influx so this is leading to a shortage. I've seen this before, 10 years ago in the commercial shipping world. What it does, is simply leads us to employing inexperienced crew just because they have the right piece of paper, and in my opinion this will lead to more accidents, not fewer. It will lead to more problems in the future; we need to nurture and maintain our existing crews and support them, and not allow the over regulation to run away with itself. 20 years ago this industry needed to be tightened up, there is no doubt about that. The days of a British sailor being able to jump into his bathtub and go to sea without a certificate are over. But the accident statistics with yachts are but a drop in the ocean compared with the commercial shipping world. We're at sea for pleasure as owners, for pleasure, not to run a business. The industry and those who control it need to remember that the owners are the ones paying the bills and should halt this slide now. That's the first part of what I have to say and it's a little contentious, I'm sure.

I want to discuss briefly now the broking business. I'm not going to discuss my own broking side but what is involved in the broking business now, as of about 8 months ago. Part of the reason for that is to take a little bit more interest in the industry from my own private point of view. I was flying over here yesterday afternoon and noticed a full page advert in the competing magazine, Boat International, this month. A large yacht being sold by the owner, and it says *no brokers welcome*. It points out that a broker's fees will be passed to the buyer. So why does an owner feel that he needs to do this? Why can't he get the help and support he needs from the industry? I believe this is not a matter of cost; I think it's a matter of method of business and the owner's perception of the broking business. MYBA and the other associations need to be more transparent and consider having ownership representation on their boards. For example, MYBA actually controls the Mediterranean yacht charter business and its members have over 90% of the large yachts for sale on their books worldwide. Actually to a degree I can see why. In order to stop a free for all and cowboy business tactics MYBA is really important, and it's needed and I thoroughly support it. However, the way it operates is as a highly secretive organisation. Perhaps they're embarrassed by the commission levels and business terms, or is it protectionism. I'm not sure. No-one from outside the organisation can attend their

meetings or even read up on the outcome. Some yacht owners are excluded by brokers. The MYBA contract terms are not allowed to be negotiated, and many smaller brokers are excluded from this club as well. There are rules of conduct but no-one can see them. You cannot even join MYBA unless Invited. The contracts are written to protect the broker and not the owner. In fact in my opinion and that of my lawyers they're breaching European anti competition law on cartels and I believe this must change. Personally as a commercial ship owner I used to think 10% to sell a yacht? Who are they kidding? A commercial ship broker might achieve 1% commission if he's lucky. But the fact is that yacht brokers do have far higher costs than commercial ship brokers; there are far more failed deals to pay for, far higher advertising costs and a lot more work for the broker to do. I don't think that 1% is enough either, and it has to be a balance, like any industry. I don't think that the brokers should be embarrassed about the commissions they charge but they need to be transparent. Unlike the commercial shipping world, no sail is a standard one, but the reality is that the commission on a large yacht sale is almost always negotiated to lower levels. So MYBA, why not make it a sliding scale and then stick to it? The latest MYBA sale agreements have completely removed the mention of commission altogether. Why? Invite industry participation into MYBA, publish the minutes of meetings or the outcomes and let the owners know what's going on. Start to liaise with them. Why not open up a little bit? Without the owners there is no industry. We need each other and I believe this openness will assist the brokers cause and effectiveness for their comment. Why not be both transparent and fair. No-one will complain about a fair deal, least of all the owners who just want to sell, or buy, in a smooth and easy transaction. This is for pleasure, after all, it may be business for you, but it's pleasure for them. I believe that this will attract more support for the owners and will make for a more successful industry that will not alienate people such as the seller in Boat International this month. Thank you very much.

Martin

Thank you Paul. Joe please.

Joe Vittoria

Thank you Martin. Good afternoon everyone. It's a pleasure to be back here again; I think it was 3 years ago when I had the opportunity to speak about the building of Mirabella 5 and Martin very kindly invited me back for this panel to discuss various issues. I happened to like being an owner, it takes a lot of passion to get into boating, from the owners' perspective. There's no question that the smart person charters, it's very simple. You use the boat when you want to, when you're gone you don't have any more responsibilities. But then again you haven't created anything, and that's something that's very near and dear to me. When I started my own yard (I was going to say shipyard but that would be an exaggeration) down in the Thailand in the late 80s with the intention of building 40metre sailboats, sloops, at that time I guess you could say the largest ones, but people keep accusing me of wanting to build the largest sloop for egotistical purposes but to me I was trying then, and repeated it with Mirabella 5, to create a sailboat that would compete with the many powerboats being built and still today I'm guessing and Michael might know better than I but I think it's 20 to 30 powerboats being launched for every reasonably sized sailing yacht, and by that I mean 40metres or more. So they are still the major thing being done out there from a boating point of view. But I was ready to do a little bit more of taking the mickey out of Michael on this power boat ownership when he now announced he's having a sailboat built so he's stolen a lot of my thunder. But in any event I'm very pleased to hear that Michael and I'm sure you're going to see many new issues, to not call them problems, in dealing with a sailboat because they are far more

complicated to create, particularly new ones like I have done, like Tom Perkins has done, to a certain extent that Jim Clarke has done but not quite to the same amount because Jim created an interesting schooner, and again, the same as Michael, as long as you stick to rigs of a certain size everything is available. When you go beyond that, as Tom has done and as I have done, you have to deal with a whole new set of rules. There is nothing, everything has to be created, everything has to be designed, everything has to be made and it's going to lead to issues. I'm somewhat concerned about things that have appeared in the yachting press recently about comments made on the dock side, as I read it, of the fact that Mirabella 5 does not sail very well and that it takes an enormous amount of time to tack it. Now I'm not sure but I don't think that any of those dock side commentators ever sailed on the boat, but a lot of people who are very knowledgeable have sailed on the boat and have commented on it. I brought along this 3 minute piece to show you a day out off Monaco, I'm sorry I didn't advise Martin and the others—we were out with Maltese Falcon and I will make some comments but the crew on the boat was from the Discovery Channel preparing something to be shown at some point in the future and their interest at the time was really Mirabella 5 and therefore Maltese Falcon sadly does not appear in the video that was taken. But it was out there with us, we had a great sail, I was able to see how she performed and Tom certainly could see how we performed and in approximately 35 knots of wind or maybe closer to 30 in the morning when we were both out together. We were pretty much sailing neck and neck at somewhere between 60° and 75° off the wind. We were able to keep up with her quite well at that point. I'm sure if we had cracked off further we would have had another situation on our hands, but that day I was not in a position to use my large Genoa which I might point out is 1,800 square metres because of some problems with the foil that we've since repaired but that day it wasn't available to use. So we stayed more or less on that angle. But the fact is that if you were involved in the design of Mirabella 5 and that took us 4 years before we even started the build, then you would have known that we weren't really building a 75metre sailing yacht to race around the buoys. That was not the intention, therefore tacking at some incredible speed was not in our thinking at all; after all, even on my 40metre yachts we have to roll up the headsails before we tack, and it does take time, so if you have a bigger headsail it takes a little more time. Also we have to drop the main down to a certain point past beyond the backstay. I've been criticised for that design factor. Now I'm working with Ron Harlan, Robbie Doyle; we did this for a purpose, something that I can't discuss in detail because I'm not that prepared from an engineering point of view, or an airflow point of view. But the reason why boats build these large sails is not just to get a few more square metres of sail, it's to get a better slot between the Genoa or the jib and the mainsail and be able to lift the boat higher in going forward. So there's a reason for it and it's not just something we did for appearance but people think that maybe that's what we did, and therefore it creates this confusion of having to lower the sail when we tack. Well, we have requirements by MCA which actually instructs us to what extent we can carry the full mainsail. The reason this came up is that I purposely as I've done with every sailboat I've ever built or overseen the building of, I've made the rig bigger than the original design criteria and the reason for this is simply that I want the boat to be able to sail in light airs in the Mediterranean during the summer where the boat spends almost 6 months of its life, and the fact is that when we took certain members of the press out in late June of 2004 when the boat was first launched they had the opportunity to sail her. There was about 8 knots of wind and we were sailing at 8 or 9 knots. So that's a great speed to be able to do to show people that boats sail. And that was the purpose of creating this particularly large rig. But most of the time, virtually all the time in the Caribbean the mainsail is reefed. That's the way it was designed. So for people to comment on this and for the press (The Yacht Report excluded) to comment negatively about this is very unfortunate. I understand the commercial side of things,

my boat was built by a warship builder, VT Shipbuilding—they don't advertise in the yachting press. I don't advertise in the yachting press because I don't need to. So unfortunately I don't have commercial relationships with these magazines and I want to repeat, I understand this, but the fact is you can take shots at me without any fear of any kind of reprisal because there is no-one there to do it. I think it's somewhat unfortunate that the boat has taken a little bit of a bad rap because of unknown people making comments to the press and then press repeating those comments in various places. As I said, the boat sails very well in light air conditions with a full main and as you will see in this video it sails very well when the winds build up and conditions get a little more interesting. Why don't we just throw it on now; it's just 3 minutes, it's a little bit repetitive. Unfortunately it's not for any kind of distribution and they had respected it because it's video taken by the Discovery Channel crew for that programme.

[Video begins] This was home made, this piece of it, by the way.

Martin

The theme music is Pirates of the Caribbean, for those who don't recognise it.

Joe

It's just something that my son threw in.

This boat is doing 17½ knots just now; you can see what the movement is, but according to Jim Scott Anderson who was on board and sailing it for a while, he said it was the smoothest movement he's ever felt in a sailboat of any size. People who say they get seasick on boats have never been seasick on Mirabella 5. You notice people fairly relaxed there on the rail, no-one seems overly concerned about the angle of heel, which was somewhere about 18° to 20° at this point and we have now picked up speed and are doing almost 18½ knots. About 60° to 65° off the wind. You can see the mainsail is in the reef position at this point. In these conditions Maltese Falcon was, in the morning, with slightly less wind, we were heeling at about 16° and she was heeling at somewhere between 25° and 28°.

[Video ends]

Martin

Thank you.

Joe

That shows you that the boat is ready to go when the wind conditions are higher; we are severely controlled by MCA in what we do; we cannot heel the boat over 20°, we have to change sails, reduce sail under certain conditions; we wouldn't even be allowed by MCA to have carried a full main in those conditions, nor would it have made any sense to carry the full main because it would just have pushed us over a little bit more. Something that Mike mentioned about the new sailboat he's working on, is a settle board—I'm not sure that's what you've decided to do but one of the things that I decided against with Mirabella V and the other Mirabellas, but with Mirabella V in particular, was that I wanted a keel that would give me windward performance and that required us developing a keel that would go up and down by about well, down 10metres and up is 4metres, so it's got a lift of 6metres. The reason is the same as Michael's, I want to be able to get in to various places where I know I

can go with the other boats and as long as I'm a little under 4 metres I can do the same thing. However, when I'm sailing like we were in that video we have the keel all the way down to 10metres and there's a 95lb ball at the bottom of it, giving us that rigidity, and that's why we don't heel that much and it gives us much better upwind sailing performance. But in any event, the issues other than the comment I made about the PR and whatnot, and the fact that hearsay tends to get around and people get the wrong impression—other factors that I want to add to Paul's comments is the difficulty we're having with crew now. In one of my smaller boats we had a series of 2 or 3 engineers over a 4 year period, qualified engineers. When the last one left along with the captain, thanks to one of my charterers, who decided to build his own boat and take my captain and crew, we were left to put a new crew on board on short notice which we did, and discovered that there were significant problems, nothing serious, but lots of small problems, air conditioning, pumps, water—things like that which are critical to a boat that's very active in the charter business. I was able to find two engineers in Italy who were in Italy at the time, I believe they were from New Zealand, older gentlemen—not by my standards but by some of your standards; I think they were in their 50's. These people had come out of the Navy, from whatever country they had come (I believe it was New Zealand) and in a matter of days they got this boat working again and over the course of the next six or eight weeks virtually put everything right and the boat was in excellent condition after that. They're not qualified by the MCA. Now we got permission to use them because they allow you a certain amount of time, when you're in a situation like that, to use engineers who do not have the full qualification according to MCA but are qualified in the country they're from. Well this is something that needs to be looked at, because there are a lot of people out there who are at an age where they don't want to go back to school to get those requirements but quite frankly they know 5 to 10 times more than some of these engineers you get who are qualified by MCA. That's the experience I had.

So this is not a knock at MCA, I feel they've done a lot of positive things and even though they've hurt us a little bit during the build of Mirabella 5 by coming up with things during the build that we did not foresee, such as having to change all the fibreglass constructed doors to steel for the cabins, which made them very heavy and awkward, whereas several months later composite doors were developed and approved, and we certainly would have built them with composite if we'd been given that opportunity. I mentioned this when I spoke in New Zealand a couple of years ago to the MCA people—they were using an old book; and as they change this and consider fibreglass things are going to be different and the rules are going to change as you go along, yet we get stuck with the old conditions, based on the book that was basically written for boats of that size and tonnage, made out of steel, for the most part.

So anyway, a couple of comments taken from Michael's comments about motor yachts—wonderful things, but as he said, the most important thing for him was how to work various systems on board because he doesn't go into the pilot house or get that involved with it, as most owners don't, on large power boats. And on sailboats of any size, particularly the larger ones, it is one of the first things that our guests and our friends want to do, and that is to get behind the helm and get involved in driving the ship. Driving is about all they can do, because controlling the sails is a very delicate matter, and that stays in the crew's hands. But sailing gives you the vacation from beginning to end. There are no dry parts of it where you are just getting from A to B. That's what has held my passion up for these big boats and an opportunity to try and offer to the yachting world sailing in a size that gives them the comfort that their power boats did, and I'm glad to see sitting right here on the panel with me is a

convert to me in what Michael has done, and I hope there are many more. So I'll be looking to answer questions or just discuss this further.

Martin

Joe, thank you.

It proves the WiFi is working—we've already had one comment on Paul Crowther's presentation—"never has so much sense been spoken at a project seminar before". Paul, thank you.

The panellists are now willing to take questions from the floor—if we can have some more light, so I can see who I'm looking at and pointing at. Mimi and Ulissa will strut around and thrust microphones in your faces. Hands from the floor—if any of you would like to comment? Any questions for the panel? Feel free please.

In the front here, Ulissa.

Preben Kristensen The Dragon Project

I have a question for Michael Bradfield along the lines of what made you want to build a sailboat now. I understand that you were mainly into powerboats before?

Michael

Well, we were always motorboat oriented, especially when the children were smaller. You have much more space; frankly—a smaller sailing boat tends to be full of ropes and metal and cables etc. And so kids fall off. And also in the Mediterranean a lot of the boating that you do is—you get in the boat, you switch on the engine and off you go. As we found that we were going further and further we actually liked the boating experience. We've always loved the big boats, the Perinis and so on; quite bizarrely when we'd already started the design work and placed the order with Feadship and we had a 30metre San Lorenzo that we were running around the Mediterranean in, we went to Fort Lauderdale after 9/11, and the Perini guys said you've got to go and see this boat—it's our favourite boat, it's Tom Perkins' second boat and he's just come back from New Zealand where he's put the first Martin spar carbon fibre rigs and masts on and so on. So we went to have a look and we thought wow, what a fabulous boat; we met Tom and I said why are you selling the boat? And Tom said well, I've got these 3 boats. One I race, one I use just for myself just to go sailing which is this one, and it's then a support boat for the racing, and one I live on, so I've decided to build something that everyone has told me can't be built, and therefore I'm going to start doing that. So he put Andromeda up for sail. We sort of fell in love with it. He didn't know very much about MCA and all those requirements, and in fact it had come out of ABS when it was being refitted in New Zealand. It was a 1990 boat, so at that point in 2000 when he had the refit it was 10 years old and it had circumnavigated the world twice. No-one bashed a boat more than Tom Perkins. He would only be happy when he was going as close the wind as he could. We fell in love with the boat and actually, as Joe said, no-one's ever been sick on his boat. When we got Andromeda, just after Christmas in 2001 and we went to St Barts, we inherited his racing team. They said oh we've got to do the St Barts bucket race, we always win. And off we went. We did the bucket race and I have to say it was the most enormously good fun. It was brilliant. They, of course, were devastated that along came these two boats and crept up behind us and overtook us—that was Kokomo and a boat called Dolce Far Niente—the latest two carbon fibre, you name

it, very very light and very efficient, sailboats. Well, in fact, they only had perhaps $\frac{1}{2}$ a knot on us, and as I explained to the crew, who were rather devastated at not winning (they're New Zealand racers) we had 3 times the sail as they did but we had 10 times the weight, therefore they are more efficient. However, there wasn't a lot in it. The other thing was, nothing, but nothing, could deflect this boat. It was extraordinary. Twizzle is named after my daughter, which was a nickname for her when she was very young, and unfortunately she gets travel sickness, when she's in cars and boats and all sorts of things. The only boat she never ever got sick on was Andromeda. We'd actually considered a Perini, we'd considered a Feadship too, for this boat that we wanted to build to go round the world, and although I still think sailboats are brilliant, I think for the sort of work that we want it to do to be able to go from the rivers of Guatemala in the winter up to the glaciers in Alaska in the summer, that's the best boat for it. Although having said that, Andromeda went from Alaska down to the Equator and then down to Australia in one year—not with us, but with the previous owner Tom Perkins. We think that a motorboat is probably better for that—you've got much better systems, you've got much more space, and you can go from cold to warm and all sorts of things. But we loved the sailboat and we loved the sailboat experience. There are a lot of yachties who will tell you that a boat like a Perini or a boat like Mirabella doesn't race as well as an optimised Maxi. Well, to be quite honest, you design a boat for whatever it is that you want it to do. All the Maxis aren't going to do as well as an America's Cup boat. I was in Valencia on Thursday and Friday having a look at the Alinghi boat and the America's Cup boats that they've got. Not one of those boats can compete with the America's Cup boats. They are so optimised, so created for that one experience that they're amazing. The owners of Perinis, the owners and users of Mirabella and so on want to have the experience of being on a boat, on the sea, having a wonderful time. One of the great things is that you switch off the engine, put up the sails and you go sailing in the afternoon with your guests, who think it's the most amazing thing. My wife still can't understand how a great big boat like that can be propelled by the wind. It's extraordinary. The design criteria that we said we wanted, because we wanted to be able to go in and out of ports and in and out of corrals and all sorts of things, was that we want it to sail really well. I don't want it to win, I don't even want to win a bucket race. I want to go and do fun races and not get very worked up about desperately winning. A cousin of mine was actually the captain of the British Admiral's Cup team when they beat the New Zealanders. They built boats—he had a 52ft design; you could lift the entire hull in by one person; it was made out of all sorts of amazing materials. We will incorporate a lot of things like that, to be able to get very good performance, but that's not the main criteria, which is having a great time on a boat. A company like Perini has built a huge brand. There are lots and lots of Perinis; the owners love them. We were at the Perini Cup, where Tom Perkins was racing and we were all racing and it was nice. In truth, most Perinis don't race very often and if they do, they race against one another, they're just having a really great time, enjoying it. They don't necessarily have to sail against Maxis. There was one Maxi there, of course, who was trying to get in and out and I can't say it was sailing that brilliantly—it almost collided with Parsifal and we had to tell it to go away. It just didn't. But in an actual handicap race it will do as well as you want it to do. Why are doing a sailboat? Because we can't really do much better with building another motorboat. We love the experience. Also it's the huge challenge; the challenge for actually just raising the sail on Mirabella is so great; you've got such a huge area there, and the forces are staggering. Those are not forces that any motorboat actually has to consider. Joe had to create a whole new material to just create those, because the amount of weight that you're lifting is staggering. It's an amazingly complex design challenge and I don't think that motorboat owners have the slightest clue; you cannot take a boat like Mirabella or Maltese Falcon and compare it to a Wally. The Wallies are brilliant—they can surf at

19-20 knots; they can go much faster than in theory their hull length should allow them to—why did Tom Perkins want to do Maltese Falcon? He wants to be able to go faster than any sailboat in the world. And that is basically a function of waterline length. And it's amazing; it works. He had to create his own factory to create those amazing dynamists. OK, Tom Perkins then turned round and said he's sorry but he's obsoleted every other sailboat in the world. No he hasn't. He's created a new class of sailboat, he hasn't obsoleted them. Just as Joe's created a whole new class of boats.

Martin

Michael, thank you. Hands please? There must be people with issues—manning issues, brokerage issues? Mimi, down the front here.

[From the floor]

Michael, you mentioned that you had your crew present for the build. I'm just wondering how you manage operating your current vessel and how you envisage having your crew operating the boat and handle the build of a new yacht at the yard.

Michael

When we did that, we weren't just doing the build. The build takes quite some time; when we placed the order we didn't need a very fast delivery on the boat because I had a son who was still going through school and I didn't want to really take delivery until about a year before he finished school and now he's finished high school in England and he's gone off on his gap year and so on; we actually took over Andromeda and put our crew—in fact we got some of our older crew who had gone off to one or two other boats and came back for it. We did the MCA—we brought it back into ABS and then we grandfathered it in. It was the first Perini to actually be fully MCA certified. We had to do quite a lot of work to it. Tom had done fabulous work on the sailing systems; we did a lot of the interior. There was a lot of stuff in there that needed changing in order to be able to get certification for it. We also learned a hell of a lot; one of the things that we did was we were prototyping some of the things that we were going to be using on the new boat. We also then rotated some crew; we sold the boat to an owner who then did some more work on it and we're following him around the world. He went right across the Pacific and he's now up in the Barrier Reef with it. We had our crew there from when the metal was almost finished and we were rotating some of them because we also believe in main jobs in crew rotation; we think the further away you're going from Europe the more unacceptable it is if you've got very good senior staff who have family that they're away from for 6 months at a time. So we don't do that. But they were in the yard much much earlier; I would say that certainly for the electronics and so on it's very very important that our engineers checked every bit of it. Not just the project manager, and we used a fantastic project manager, Wim Koersvelt and his team, who did a very good job on that side of it. But it was also documenting every single bit of what's coming on; we use a computer system called Idea, which we had them modify quite a bit in order to take it. But having the crew there, they then knew every bit of it; they documented it, they photographed it, they were very instrumental in exactly how to lay out things like the engine room and the various things in the different crew, owners and guest areas. It just made for a very much better boat. The proof is in the pudding; it's been superb to actually use. We use it in totally varied conditions.

Martin

Thank you. There's a question in the middle? And in the front, Andy Gifford—I can just make out your bald head. Sorry, Andy.

Andy Gifford Larry Smith Electronics

My wife refers to it as my solar love panel, Martin. That's why I live in Italy. *Did I really say that?*

One for Joe and Michael as well. Two questions really. Joe, I noticed you put on an arch on the back to handle the antenna issue on Mirabella; at Tom Perkins we put an island on the front, a very (some people say ugly) good solution for the dynamic to put our antennas on. Michael, as a self confessed electronics nut, what is going to be your solution for where the antennas go on the new sailing vessel and then for Joe, if I may, what's next?

Joe

What's next? I have to breathe for a little while. This was a long project; 7 years from concept or idea to actually completing the build, you know, we're through it now, but we had some quirks on it, some things I pushed too far, some things I wanted to do like a continuous loop main halyard that would pull the halyard up on a captive winch and lower it as well, that did not work out very well and we're replacing it now with a single—just lifting the sail with a downhaul if we need it. Given that the mainsail weighs a ton $\frac{1}{4}$ we're not too concerned about getting it down—it falls down very well on its own through gravity. But we'll certainly have a downhaul on it for safety. And we discovered our bow thruster which I think was a question of manufacture, it was not made by the shipyard but was brought in by another supplier, really couldn't handle the load of the boat so we're replacing that but pretty much we're beyond that now; it's an enjoyable time on the boat and I am enjoying it; it is for sale like I think most boats are—it's not aggressively for sale but it's for sale and that would leave me open to start thinking again. But I think I'd need another year or so to catch my breath. I will say one thing—I've done the big thing now, I don't think I'd go any bigger than that because I've seen what we can do with that but now I want something that my children can enjoy a little bit more as well.

Martin

Thank you. Michael?

Michael

Electronics are probably the single most important part of a modern boat nowadays. They've come on enormously and they've also allowed boats to be utilised so much better. In fact, the big difference is—being computer nuts—we've put in just about every bit of electronics and communications; for me it's terrible important to have continuous wideband or broadband communications. The crew speak to their family all the time by Skype etc over the broadband and we have lots of teenagers and friends and they're all sitting there with their laptops—everyone brings laptops on board nowadays and they're loading all their digital photos on and they're talking to people and they're getting their emails and linking in and so on; so the owners' systems are terribly important. Not only that, the other thing is satellite TV. As we know, people have more trouble with satellite TV and so the bigger your dish the better it is. When you're moving from area to area you have to consider what

satellites you can get, what are the decoders that you need, what are the LMBs and so on. There's a lot of change coming on that. We also looked very much at the aesthetics of it; I probably spent more time on the design of the mast and the superstructure and we were refining it even as it was being made, while it was in metal form. One of the big problems that you get is the interference between different satellites. You must have your satellite dishes above your radar and so many boats that you see have it the other way around, and they're interfering. When it comes to your broadband and whatever—somewhere along the line there's going to be a moment when you're going to have interference from your mast. Quite interestingly I met a guy who's actually probably a competitor of yours from the Isle of Man who said oh, I've got a great solution for that. We are putting the satellite dishes on the sailboat mast on a hydraulic bracket that can move the dome from side to side, which is frankly a lot better than what I sometimes need to be in communication, and I have to turn the boat around. In places like Antigua where you get the swell and the wind it's not that easy sometimes, you're oriented the wrong way. You can put 2 sets of them on and be very clever and all sorts of things but by and large it's not really that necessary. The other big problem is always keeping the distance between your GPS, your VHF, your radio aerals and your control room or your wheelhouse to a minimum. Well on this new design that we are doing, we're doing a Perini style flybridge and there's an area with a raised wheelhouse, because we found that that worked extremely well on Andromeda. What we've done on Twizzle is, we have some of the aerals just right above the raised wheelhouse, or as close as possible. We had some of those aerals much further up on the superstructure and probably the only real things that we've had to do some improvements to is move some of those into a better position. The further away they are, the less well they work. So aerial and antenna positioning is absolutely vital and critical to a build.

Martin

Andy—any comment on that?

Michael

By the way I also have to say that the electronics and stuff you put on Maltese Falcon is just superb. Absolutely amazing.

Andy

It's really a question of if the antennas are critical for us all the time, if you were going to do something like Tom did, to get the antennas off the mast, to get rid of the blockage we put the antenna mast up forward, on Mirabella we solved the problem by using an arch. Are you going to do anything to get the antennas off the mast or are you going to put them on the mast and then perhaps use this hydraulic option?

Michael

I'll put them on the mast and then probably use the hydraulic option and have some of the fixed antenna, the non dish ones, actually on the roof of the wheelhouse.

Martin Baum Pantaenius

I have a question—as you mentioned before, every boat is for sale. I wonder is it a good investment, is it good business to buy a superyacht and then sell it as fast as possible? I'm asking this because actually we realised in the insurance business that

new boats are insured for a certain value and then over time they are actually worth more in many ways, which is obviously contrary to any car or house or so on.

Joe

Since I made the comment—boats, First of all, unfortunately a power boat is a much better investment, because there are so many more buyers out there for them. They're very often a first purchase in the boating world and therefore can be an impulse purchase for people who are making a lot of money, and there are a lot of these people around. So you'll find that there are actually purchases made well over the asking price and closed in a matter of days on power boats. The sailing community is a little bit more reserved, a little bit different. Sailboats tend to hold their value, maybe go up in value, but you have to always look at what does it cost to replace the yacht. Once the yacht gets older, I have 2 boats now that are 12 years old, 12 and 10, and those obviously have depreciated now, but if you sell a boat in the first 2–3 years of its life, the chances are you'll certainly get back what you put into it, and possibly more, depending on how clever you were in negotiating the contract to build it. Some of these contracts today tend to go beyond the original price for various reasons and owners are finicky about changes and things like that, so the price of the boat in the end will almost certainly be more than you anticipated. I tend to be—and I'm not suggesting more experienced—but I tend to know about that, having built my own boats in my own yard in Thailand and I was very specific on my specification for the boat and therefore we eliminated a great majority of changes made during the build and kept to the contract price, or very close to it.

Michael

The answer is both yes and no. Yes it is for everyone else and no it's not for me. Actually just before I walked in here I had a chat with a friend of mine who keeps building very large boats and then sells them before delivery. At the moment his wife is giving him hell because he's just sold one just before delivery and never got onto it and another one is coming behind it and it looks like he's about to sell that and he keeps selling them for huge amounts of profit. His wife is really upset because she never gets on the boat, so he's now thinking of buying a Perini and wanted to talk to me about it. Just to keep her happy. The way that I build boats and the way that Joe builds boats, we put so much work and effort and time and design and whatever into a one-off design that they are rather expensive compared to what you can build. I think if you build a series boat or a boat without that much complication built into it, just the fact that the manufacturing cost, the labour and materials keep going up and the fact that it's a pretty good business because you can't get delivery of a new boat from a good yard until 2010 or 2011 or 2012 and people want a boat now. Especially a boat that is commissioned and working and comes from a good pedigree, not just the yard but the designers, the owners and so on. So there's a lot of people who'll come in and say I want to buy that boat. It is probably true that it's harder to do with a good sailboat because there's a lot more involved with a sailboat and the crew that you need for a sailboat than a motorboat. But motorboats—you only have to look at some of the big Lürssens—a guy went on air and chartered it, said I want to extend the charter, and they said well you can't, so he said great, I'll buy it. So having spent all that time building a boat they handed it over almost immediately. So the answer is, that there are some guys making a lot of money on it. Some guys who are building like I do, probably don't.

[From the floor]

I have a question for all three of the panellists, whom I would also like to thank very much because I appreciate your time is very valuable, for coming and joining us. The question I have touches on a point that I know the last 2 panellists brought up and that was supply of the quality crew in the industry. Have you considered guidance for your programmes on how to resolve this problem that I particularly am facing as a captain, a problem for us might be an opportunity for gentlemen in your position.

Joe

I'm not sure I really understood the question itself.

Paul

Part of the business I bought earlier this year has a crewing agency within it and it's been absolutely fascinating to see the other side of the coalface, so to speak. The problem really does come down to what I was saying in my little diatribe earlier on, that the paperwork really seems to have overtaken experience. I think if the industry could take a step back and look at the experience and take that into account, with the crew, we'd have a far better selection of crew available out there. I think this needs to be taken into consideration earlier rather than later, otherwise we're going to lose a lot of very experienced people out there. Some of the captains and owners have kept crew on, uncertified, who probably shouldn't be there on a legal basis any more, and just as an example, I'm one of the owner/skippers myself, having spent many years at sea on commercial ships before, and nowadays having not kept up my (looking at this list of things here—STCW, etc) that I've had to do over the last 4-5 years, my certificate has lapsed and I now only hold a yacht licence for offshore. Does this mean that I'm no longer a decent captain, that I have no experience? It's a good question, because there's an awful lot of people out there, a lot of good crew who are in the same position, who have reached the end of their willingness to go back to college and learn again just because someone says they have to. I think the industry really needs to have a good think about it. My experience would be that, from a commercial shipping point of view, they need to look at the past experience and actually take that into account on the certification.

[From the floor]

Yes. Just for clarification, I was going to repeat my question, which was have you considered a solution to this issue of a shortage of qualified crew for our industry as it grows?

Martin

So you want the owners to solve the problem?

Michael

Well, from a practical point of view there are a couple of things that really need to be pushed, and I believe the professional yacht association, the PYA, have been in long negotiations with MCA trying to do things. There are a lot of very qualified crew out there that have Australian, New Zealand and various other different countries' certification, and there needs to be more equivalence, so that they can then be brought into say MCA type certification much more easily. There are also various other issues. The issue of engineers—you have to have 2 engineers above 500 gross tons, of whom one is Class 2. Well the difference between a Class 1 and Class 2 is largely the Health & Safety issues. So there were very few Class 2 certified

engineers; we put our engineers through the certification system and it's very long and laborious and I have one really good engineer who happens to be Bulgarian, and is absolutely superb. But his issue with the Class 2 was the fact that it's all in English, and his written English wasn't as good, and it's not so much about the engineering aspects as about the Health & Safety. Things like that are areas that I think we need to look at a lot more closely to try and make it less English oriented. The other problem is that you need a lot more certification of people. With ISM you have to have a minimum number of STCW, whatever, certified people. Well if you have chef on board he is not certified. Largely because they've come from the best restaurants etc. Therefore you have to have someone who can be the certified chef or ship's cook who has the certification. Well, it's mad. You don't really need it, it's silly. But all these MCA rules and certification systems come from the professional side and have driven everybody round the bend. By the way this is in all industries now. Most of the increase in employment during the time of Gordon Brown has been by the Government taking on people to do Health & Safety and compliance them and all the rest of it. We need to find a much better industry oriented way of training and actually we need to reflect the needs of the yachting industry, not a cruiseboat industry. We are not cruiseboats. When the ISPS came in it was idiotic and everywhere that you went, we went to America and all sorts of places, ISPS certified ports—and they hadn't a clue what was going on. They didn't know what they should be doing. And then some places decided well, you really have to be treated as a cruiseboat, have you got the metal detectors etc, and it was just idiotic. Well, it's calming down now, it's working a lot better, but most of the work that the First Mates and the engineers and the captains are doing is sitting there logging and doing administrative work. My wife goes berserk. She says why are we having to have these specially bound manuals to log every single bag of garbage and what we're doing with it? They're constantly training, constantly doing stuff. Everything's got to be ticked off, you have to have an entire computer system that deals with all these things; you have to have badges on that say who you are and what you're doing. And of course every time you go into a place it's different people. We were in Panama and we had to do some ISM and MCA certification—well, the only Lloyds certified people to do that were the guys that work on supertankers and huge container ships and they didn't understand some of the nuances. So our guys have to go through fire training, this and that training. Most owners don't understand it or want to do it so they give it to agencies to do, and ship managers. It's getting very difficult to find these people, and to keep them.

Paul

You asked for a suggestion. Here's one. For a number of years I've operated commercial ships. We have probably one of the finest Navies in the world in the UK and the United States; so we have an enormous number of very very highly trained professionals in those Navies and yet none of the certification that those people go through and the many years of service that they do can be transported as it were across into MCA certification or the equivalent. When they walk out of the Navy they are uncertified people. What a ridiculous situation, and how much that could help the industry if those people could be brought in, as an example, and be allowed to work in our industry and to crew our yachts.

Michael

Absolutely. And the same is true not just of the British Navy but what about all the other Navies. What about all those highly trained people? As Joe was saying, he brought in engineers who weren't certified for this, and by the way you have another problem. Every second engineer—and we only take good second engineers

on—thinks that they can be a chief engineer, but the time taken to become a Class 2 engineer means you have to have a lot of time in service, you have to go off and spend months and months studying. Therefore they don't, they go off to become chief engineers or whatever on smaller boats under 500 gross tons. So you lose those guys, who would be very valuable to the industry. It's a great idea but it's not very practical. We need to find practical solutions to this. Just as with MCA etc—we're great believers in MCA, we've seen them become much more workable; Joe was talking about composite doors etc—well, the very first boat that was MCA certified was the original Tigre d'Or, the 50metre Amels, had a door *that* wide. For the owners cabin. It was absolutely idiotic. It weighed god knows how many tons. Nowadays we have A60 doors that are *that* wide, with composites and all sorts of things. My particular beef is that I can't bear having holes on windows for storm shutters; we don't need to have it if you're using double thickness glass which is stronger than the surrounding aluminium. So that's all become a lot easier to deal with. MCA also needs to come in and get rid of stupid things like the man overboard boat, which no-one actually uses in those circumstances because you've all got flotation suits that someone jumps in and uses. These things need to be seriously introduced because this is becoming a huge industry; there are billions and billions of dollars a year going into it and people need to be much more practical about it, otherwise there's going to be a crisis.

Martin

Michael, thank you. Tork, do you want to come in?

Tork

There's a certain degree of contradiction here. I mean Paul you're saying that we should respect those in the industry who have experience but are unqualified but on the other hand MCA's approach (it's actually IMO's approach rather than MCA, lets be fair) is to demand more and more experience as well as qualifications. Let's say some years ago you could go zero to hero and get your ticket, basically fairly useless. The required experience now has increased massively. The other thing you said that I find quite curious was that people were moving out of the industry because of the cost of getting qualifications. What it cost me to become qualified as a master compared to what I could earn was not a significant factor.

Paul

But what are we talking about? We're talking about the age of people too, it's a combination, it's not just a cost issue. I mean if you're getting to a certain age in life and you've only got so many years left in a career, are you really seriously expecting that person who's been at sea all his life, with a huge amount of experience, to go back to college and start again?

Tork

But somehow you have to quantify in a way that's as reliable for owners as it is for insurers, to be able to quantify the qualification. I mean I agree it can be too rigid, but there must be another way to do it.

Paul

It is too rigid. The problem is they're trying to transpose a commercial shipping industry into what is ostensibly a pleasure industry. It doesn't work. It's got to become more flexible and it's got to look at the experience and everything that goes behind it. Be more flexible overall in the approach.

Tork

To expand it out as well, Michael, you run your yacht on a time on time off system, which creates and encourages a culture of training. Other owners don't. I personally strongly believe that one of the reasons for the shortage of crews is because insufficient quantities of owners are taking that enlightened approach.

Michael

Well, we're only doing this with some of our more senior staff but we do send off some of our more junior staff for proper training, so that they too can become properly qualified. There's a certain measure of, first of all, cost involved but also a time cost, because if they're doing it themselves they're not actually earning, and they're paying for it, so they have to feel that they're getting a benefit from it. Of course, we're talking about red flag ships. We're talking about ones who have MCA; there are more and more American owners who are coming round to the idea that actually you need to be certified for this otherwise your boats don't have the resale value that a red flag one will have. But there are still a lot of people who say well I'm not qualified but I'm going to go to a Panama registered or whatever, and just get out of that system. There are a lot of people who don't operate that system. There are still big boats being built at all the big shipyards that are not class or they're not MCA.

Tork

But they're quite vulnerable if they do that because you can't flag away from IMO.

Paul

Well I beg to differ slightly because what we saw over the last 20 years in the commercial sector was that because of this very very stringent system with classification societies where we ended up with the 5 major 1X class, the senior flags, we've ended up with a whole pile of fly-by-night flags springing up and offering ways around it. Is that a good thing for the industry either? I don't think so. And secondly, just going to your point about crew training, the MCA realised that there was going to be a huge problem with crewing about 10 years ago so they sort of went round the whole thing in a different way and introduced the tonnage tax. I don't know if you've come across it. What effectively they did was, they gave a tax break to commercial ship owners to train crew. You could opt into the tonnage tax system and you were then allowed to train crew members coming through, at college for example, and all of that was subsidised by a reduced tax levy on your business. But of course the yacht industry doesn't have that. There is no major income that the commercial ship owner has. So I think that the industry needs again to look at some way of assisting the owner in that training; if it's going to have to be done and it's going to be done in the way that we'll be requested to do it as owners then some industry assistance and some flexibility again is what I'm saying.

Tork

Of course the difference again for the owners is as Michael said, the most valuable asset is himself, his family and friends. Compared to a remote ship owner who may

face a loss of revenue but is probably insured, it's a little different when you're actually riding on the vessel yourself, when you're quite motivated to have well trained people around you.

Paul

I mean surely an owner would have thought about that all along.

Michael

But it's a fact of life that these are more and more complex boats. They're more and more expensive assets which you need to look after, and you need good people to look after them. Not all owners take the same attitude. It really depends where you're operating them and how you're operating them, and who you've got on board. We're probably much more aware of it than most people just because of how we use the boat—we want to use the boat in the middle of nowhere and I want even my deck crews to be very good and to be able to think and do stuff. Also you're all living in quite close proximity for months on end with people, so you want good crew and you want crew who can live with each other and not fight each other etc and who can be with guests and charterers and whatever. They have to be competent. It's quite important.

Martin

Yellow shirt please?

Erik Goldring Goldring and Goldring PA

What I'm hearing here is a fight of different dichotomies. You've got MCA is good because it's giving us regulations and safety but what you're also hearing is you've got people, crew, captains, engineers, that may be able to pass an exam but they can't fix a pump. And you have a lot of that going on and then the people that actually have the talents and abilities are the ones that say I'm on the water. I'm a seaman, I am not someone that does paperwork, someone that sits at school and does all this and then you add to that the other mix. Yes there are certain owners that have very loyal crew. And they may have captains that stay with them for 10-12 years. But the majority of the industry doesn't have that. And if you have a captain or engineer that's experienced he's going to say you know what, it's time for me to get home with my family. And so now if you have a scheme where you have owners paying for the education of their crew then they're paying for a future that practically speaking isn't going to happen. They're going to go. You do a first officer, first mate, he's going to want to become a captain. All this time he's logging the time and he goes well, I'm glad that I'm loyal but I want to make the money that I want, to do what I need to do. How do you propose or see the practicalities of crew being mobile and not staying, and that's the practicality of it, and their desire to be free—which is why they're crew to begin with, not to be tied down—work with this MCA scheme? I see it, just to throw one more point out, as the steel door -v- composite door scenario, where yes, the steel door works, but it doesn't work. And there's got to be, rather than a reactive approach, a proactive approach and say we need to have a scheme that encourages crew to try something new, to go this route, we need to encourage our surveyors, our technical people, to say what other solutions do we have, or maybe not have, but we need to get, other than what's here, and require that now.

Joe

The problem, as I see it, and I think I brought it up earlier, is that you're getting a lot of new yachts coming off the skidways and most of them are very large and have requirements for a first officer who's generally a Y4, a full certificated captain, possibly 3 engineers with all the complications they have on board; you can't keep up with this demand, and it's sucking away these qualified people from the other smaller yachts. And there are people out there who can do this work—not necessarily the captains, whom I think we can find with the qualifications. I find the big problem is the engineers, for whatever reason (better quarters, the fact that they get home more often, the fact that they're getting paid more). I'm in a commercial business, I charter my yachts so I have a budget that I try to stick to as best I can but they're being drawn away. There are people out there, like I found this summer, who are extremely qualified, far better than the engineers I had, who had the qualifications. I think there has to be a way other than a temporary fix, which the Isle of Man allowed me to do, for the summer. But there has to be a way to let these people work better, if the owner and captain are satisfied with the work they're doing, because they are out there, they're older men (they're mostly men, I haven't run into a woman yet in this position); mainly from New Zealand, Australia, South Africa, and places like that, English speaking; that have been doing this even in their Navies or commercially for a long time, and nowhere to put their hands. They could be useful. There are older people coming out of the British Navy; they've probably done their 4 years, or whatever they have to do; some of these people with a certain amount of training can be qualified but they're not very school oriented, and that's the problem. And certainly to have an engineer who has to have the (what do you call it, Michael?) the Health & Safety certification, you have other people on board who have the Health & Safety, the engineer doesn't have to have it. These are the things that have to be clarified.

Paul

Just one more interesting point maybe for some people out there, one of the sectors of the business that I'm involved in is aviation, private jets. A thing that they've brought in over the years because of the cost of maintaining the pilots' certification which just for example, a Joe Bloggs pilot on a small private jet would be expected to spend somewhere between \$15,000—\$20,000 a year on training commitment from the owner, there is a bond scheme, where pilots are bonded to the owner for a period of time to allow that to be repaid and if he leaves earlier then he repays it, or the next person who employs him takes on that scheme. Something along those lines might be possible to be looked at, which would enable the owner to have more confidence in spending the money with his crew, knowing that they're not going to leave at the end of the season and try and get a better job around the corner for twice the pay.

Tork

That actually happens on an ad hoc basis with quite a number of owners, who will subsidise the training and expect a certain degree of service for it. It's a very good system.

Michael

Well, we actually do just that. We will reimburse you for your training as long as you're there at the end of the year. It's also part of the encouragement of getting people on. I've got one guy who is an absolutely superb guy, who's been with me for quite a while and he's doing his more advanced training. He went to a very good school but he was very dyslexic and couldn't actually study very well at school, which

is why he went off to do diving, then he came onto boats. He's now gone back for a 2½ month training, effectively back to school and OK, he's much more mature now, he's going to be 30 this year—but for him it's a really big deal so we're sending him off to do that and hoping that he's going to then grow and stay with us. There's no guarantee of that because people are running around trying to hire people. We had a charter recently where they were trying to hire some of our staff. That's what happens.

Simon Ballard Cameron Richard Smith

In a sentence, what's the worst and then the best part of ownership in your experience?

Joe

The best, in my opinion, is creation of the yacht. I enjoy the work in putting the ideas together, since what I've been doing generally are breakthrough type yachts and require a lot of preplanning before the work starts. That and the build period. I'm very involved with the build period itself. Those to me are the most enjoyable parts. The most difficult part, I have to say, are these crew issues that we've already brought up. This wasn't a problem 5 or 6 years ago and it's getting worse and worse every year.

Paul

From a personal point of view, to take a boat out to sea and to have the freedom where the mobile phone is out of range is the be all and end all for me. I love it. And I also absolutely just enjoy the engineering, I love getting into the engine room, I love going on the bridge, I like to take control of the boat, and to skipper it. So that's the personal bit. On the downside, for me funnily enough, most people would think having heard me this afternoon that's it's going to be regulation—it isn't. I think that safety is really important. But it comes down to crewing, for me. The same problem.

Michael

I would say both of those—it's the creation of a boat and then using it the way you wanted to use it. And going to fabulous places and using the boat exactly how you envisaged doing it. It's absolutely amazing—there we were, 50ft off a fantastic glacier up in Alaska. We built the boat to go to Alaska but also to go round the world. The two worst bits? For me probably dealing with petty regulations on the part of countries and ports and towns, which we know are just idiotic and having to—well, if you're bloody minded enough you can sort of work your way round them and deal with them. And, probably selling the boat at that point. I know everyone says oh, the two best moments are when you get it and when you sell it. If you don't enjoy a boat you can't go on to another boat.

Andy Stuart Tectonic Design Ltd

I've got a question for the panel regarding something they said earlier about the design of crew areas and how they got the yard involved in that. It was Mr. Bradfield I believe who said that. I wanted to ask the whole panel what sort of instructions did they give to the shipyard or their designer regarding these areas? Recently we've been going around some of the European yards and talking to them about this area of design and their opinion seems to be that it's not an area that interests the owner. I wanted to hear what they had to say about it and if they had any instructions, or had given any instructions, to the yard.

Michael

From my experience and I see lots of boats, I see lots of yards and talk to lots of people, I think it does come from the owner rather than from the yard. If you talk to an Italian yard as far as they're concerned, having doors on the cabins is probably too good for them. They really don't care. The boats that we see that are pretty iconic boats that have owners very very involved with every last detail tend to have very good crew areas because they're very into that. You just have to go and look at say Maltese Falcon and what they put in. Someone who's just going off and buying a boat just couldn't care less. Generally the crew area is done by a different installer or to a different standard and shipyards really don't care—they'll build whatever you want. There are rules—now you're not allowed to have 3 in a cabin and things like that. But I think it's very much down to the crew themselves in determining what they think is appropriate. And you also have to remember that with all the new regulations and the increased regulations and from when you start a design to when you're actually operating the design you have a lot more regulations and you probably need a lot more staff. We haven't talked about it but you know, you used to have crew working 24hours a day; now there are maximum periods that they can work. You now have to have a lot of monitoring; you have to have someone on duty monitoring 24hours a day. We've always got someone at any time of the day or night even when we're at anchor on standing watch. We've had to put in electronic systems, video cameras, that also detect people and set off alarms and actually dial through to the duty officer or whatever and come out and do all sorts of things, in order to comply with ISPS etc without having to increase the number of crew, but I would say that you definitely have for the same boat just like you have for commercial boats, for yachts that are ISM and over 50metres, you need more crew, therefore you need more crew areas, and then you go to places so you need to house pilots and engineers or maybe you have divemasters or in Galapagos you've got expedition leaders; crew areas are hard to find—that's why boats always get bigger. It's a very big problem. I don't think a lot of the yards, if they're going to compromise somewhere, it's usually on the crew areas and crews just have to deal with it. But somewhere along the line if you've got 2 boats, you've got a boat with not so good, not so well laid out crew areas that basically mean you can't take as many crew for the same number of people and a boat that has great crew areas and can take more crew for the same number of guests, where's the best guy going to go? He's going to go to the one with the best facilities. It's a question of competition.

Andy

Yes. Do you not think that's the way then that owners can retain crew, going into the future? By better design of these areas?

Michael

I think it certainly is. Certainly we're seeing it in some of the better boats. But remember in a lot of boats the owner has very little say in the actual overall design anyway, and certainly never gets to see it. These are huge boats.

Andy

That was my original question, is who directs the shipyard in that area? Is it yourself or your principal designer?

Michael

Well, probably the 3 of us are very very hands on during the design, but I'd say that speaking to most yards they only get to see the owner three times; once at the beginning when they sign the contract, once at the middle to discuss how it's going and once at the end. Therefore they leave it to project managers and to outside companies so I think it's something that one needs really to discuss at a much earlier stage, and it's something that people need to look at. Certainly if you talk to the yards they only ever get to see the crew and certainly the captain turning up maybe 3—4 months before delivery so at that stage forget it, it's much too late. Owners who have got captains that they've done a lot of work with in the past—those tend to be much better boats. There are also the boats frankly that the yards prefer to build for more experienced owners and crew because there's a lot more feedback from them; it goes into that mix. I remember when we were first looking at and trying to design Twizzle and we were speaking to yards and speaking to various different designers and you'd say well, what do you think of this designer and that designer and they'd all say well, you know, they're very good and they do wonderful things and they create these wonderful staircases but they always forget to put lockers in so you haven't got sufficient areas to put things in. Then you would talk to people who had real techie project managers and you'd get all lockers and not a lot of things in the interior. It's a fine balance. You need both. A boat has to work as a boat and it has to work as a floating summer house and apartment. It probably needs to have the performance of a Ferrari and be stand alone and have its own waste disposal systems and garbage systems and water systems etc; you have to take all that. A very successful superyacht is a product of literally hundreds and hundreds of people who have had input. It's the management of all those requirements to synthesise them into something where you can say well, these are our priorities, this is what's important to me and that's what's important to the yard and that's what important to the crew. Someone has to put that together so the more involvement you have of the main people pushing it, the owner, the project manager, the captain, the better the product is going to be. Of course at that stage it'll probably be a lot more expensive than if you just started out with a simple system. But it won't work as well.

Martin

Andy, what does your company do?

Andy

We design technical spaces for crew, accommodation, galleys, laundries. But I just really wanted to know because we're speaking to shipyards and they're constantly saying oh this is not an area that really interests the owner. But it is an area in fact that impacts the owner greatly in the end.

Michael

Oh absolutely.

Andy

Well, retention of crew will eventually—as Mr Crowther realises, from the commercial industry, the accommodation you get there for crew is far superior to what you'd get on a 160metre yacht in our industry, where you can bring wives and girlfriends on board. I'm not saying that's the way we want to go, but there is the possibility to have a balance, I think.

Tork

The scary thing, I think, if what you say is right, and I think it is, is that it's only going to get worse, because at the moment the industry is moving towards semi production and away from the highly refined custom build. Whether that will spring back in a few years I don't know, but at the moment there's increasingly less owner involvement so in fact the owners we have here are almost a rare breed compared with what the typical new yacht owner of today is.

Andy

Well maybe we could ask, are there any shipyards that would like to comment on this?

Martin

Probably not! I knew Billy would. Billy Smith at the front.

William Smith Trinity Yachts LLC

The crewing spaces are very important for the shipyards but we went overboard with one owner. He took the crew levels almost to guest stateroom levels and we thought we were doing a great job for the crew and they would just love us for it and they basically pulled us aside and said next time an owner asks you to do that please defer; we have enough to maintain already. All we really want is privacy, quiet and low maintenance and if you can give us more space, that's great. So the crew is an area of concern; more and more experienced owners such as yourselves are looking into the layout of crew spaces early on. Things like the crew access to the guest quarters on the under 500 ton vessels, where you're going to be going through a water tight bulkhead. On the bigger vessels it's a little bit easier, but on these 50metre and below vessels, it's a little bit tighter to get good access for the crew into the guest areas and also to make sure that the crew can get around the boat without disturbing the owners' privacy. So quite a bit of time is being spent in these areas and Tork is right, if the boat is known as being a comfortable boat the crew gravitates towards that boat. The crew doesn't have the power to direct the owner as to what yacht he's going to build, but we have found that if the crew doesn't like you they can pretty much veto a build. They can say enough bad things so that the owner goes somewhere else.

Martin

Thank you Billy.

Michael

Actually if I can just add to that, it's actually very interesting. One of the things you need to think about very carefully is are you building a boat primarily for charter or primarily for the owner's use? We do some charter but not a lot, we're not a full on charter boat. The criticism we had for our boat by a guy who has actually built a number of boats, primarily for charter, he felt that we didn't have that hidden access, corridors for crew to move around without being seen and so on. The design criteria for our boat was that we didn't like boats with lots of corridors. You don't have them so much in a house; we want to be open plan. Actually we like our crew and if we're sitting in the main salon— and we do spend to spend most of our time outside on the

flybridge or on the aft of the boat—for us it's not actually a big deal. We don't mind if someone has gone down to the guest areas to clean it after dinner or whatever and then you see them come up. We don't particularly care. But the people who build for charter feel that that's one of the things that you're giving your charter guests, you're giving them this experience and you should have designed your boat for that. What you must do, is you must make it easy for them. The easier the better, therefore you have to have in guest areas places to put all the towels etc. One of the big things you've got are laundry spaces and things like that. If you've got 10 or 12 guests and you've got 10 or 14 crew you've got 28 people on there. What about cooking all day long. What about just the washing of clothing. It's fine if you're in very hot areas, but when you start going up to Alaska or Maine and it's much cooler, people are wearing more clothing, they're going out, it might rain, they might get muddy clothes. There's just a hell of a lot more of that. Then it's a very long day, especially with charters, because they expect to be looked after all hours of the day and night. Crew work tremendously hard; they don't get days off; what they need is quiet time; they need their own area, they need to have chill out areas; some of them want to sit and watch a DVD together; some just want to be on their laptop working. We put full audio visual units set into each bunkbed so that they can actually go and listen to their own thing or just chill out. But most boats have got a crew mess, but you also need another area, like a crew sitting area in many cases. But then you're constrained by space and you can't always do it. They're not really that worked up by whether they've got the owners' area wallcovering but they do want to have some space for themselves; somewhere to put their gear. It's a balancing act. Actually the best thing to do is ask the crew—what do they want?

Martin

Absolutely. Michael?

Michael Moore Moore & Company PA

This is a question for Mr Crowther. In your crew agency, have you seen anything like what we're seeing in some of the commercial lines, as well as the cruise industry, where crew is coming in from what might be described as non traditional countries, or are your crew coming from the UK and United States, Australia and so forth. We're seeing a lot of Croatian and Philippino crew now, for example, and now that the United Nations is looking into crewing, particularly with respect to the yachting industry are you seeing that as well in your crewing agency.

Paul

Yes, we are. One of the interesting things about it is that actually some of these people are not only highly qualified but are absolutely brilliant hard working individuals. I think that there's a lot of benefit to be had, to having some of these nationalities coming in. On the other side, what's such a shame is that so many of those British, American and European nationals who could be crew, could be training up to doing the job can't because they either can't afford to train themselves or the many other reasons that we've discussed today. Going back only say about 7—8 years now, we got into such a crisis within the shipping world because of the lack of certified people that we'd actually end up with a situation where the captain on the bridge was say a British guy who didn't have the right certification so we would bring in Indian crew with the right certification who we knew couldn't do the job. And we'd have 2 captains on the bridge, one to actually steer and handle the ship's business and one with the right certificate to stand next to him. That happened a lot. It'll be a real shame if the yachting industry doesn't get its act in order and sort this out now.

Martin

I have a questioner right at the back who's been very patient.

Adrian McCourt Watkins Marine Services

I've heard a couple of worrying things from the 3 speakers with regard to their attitude to some of the legislation they have to comply with. One of the comments was that we can find a way round some of those petty rules and regulations. Another point was chief engineers not needing to know about Health & Safety and I wonder how that squares up with the captain having overriding authority. Do the 3 owners find at any time that they run the risk of captains perhaps skirting rules and regulations to please the owner?

Michael

Can I just clarify—I never said that about the yachting regulations. I'm talking about idiotic regulations in little ports and towns and whatever where we have to notify Washington of where we're going to be—we have to give 96 hours notice to go from one little port to another little port when it's actually 20minutes away.

Adrian

That's an ISPS requirement, isn't it?

Michael

Actually, we don't really think so.

Adrian

Well unfortunately the captain's decision—

Michael

No. The captains have to go and comply with all of this. We were in Tobago and we were going round the island. Now there is a sort of rule there that says you have to clear in and clear out of every single little port. Now when we're talking about ports, we're talking about a little port that had a tiny little jetty and so we didn't really think we needed to clear in or out of that little port, having just come from the bay round the corner. Unfortunately we ran into an immigration guy there and who came from the main island who had just been told that he's now going to have to stay another 3 months in Tobago and got really pissed off with everyone, who decided we hadn't cleared in and out of this tiny little port and so they boarded us with guys with guns and all sorts of things and gave us an incredibly hard time on our brand new boat, all because he didn't go and clear in and out, but when he went in there wasn't anyone there. So we just dropped anchor. It's that sort of silly little rule. Even in America you've got in every single little port you go to the local guy who doesn't know what the rules are—first of all, not that many boats came in. We went Salem in Massachusetts in a rainstorm and we were then going to go from there to Manchester by the sea which is about 15 minutes away. There isn't really a proper port there but the port captain demanded that we had a pilot to take us even from one side to the other. Not that there was a pilot available; he was giving us an incredibly hard time and wanting to charge us vast amounts of money for it. It's that

sort of little thing. It's just not that useful. But then if you talk about Europe and so on, every country now, although we're all in the EU, every EU country has got different rules. You can't charter a boat in Spain otherwise they'll confiscate your boat; if you start the charter in France the French want to charge you the VAT on it and make you have an establishment there and all sorts of things. If you go to Croatia they want other things; everyone has different rules. It's all meant to be much easier. Well, actually, what has happened over the last couple of years is all of those rules are becoming more and more complex. There are lots of authorities, all creating different rules, some of which are in conflict with one another. ISPS says you have to lock down a boat and not allow people to get access into your boat. MCA says you have to have people who can get out very quickly or can get into the boat very quickly in order to save people. What do you do? Well, the way we solve it is we have hidden digital access panels so that the people who know about it know how to get into the boat very quickly to get people out but no-one else does. And that way we comply with both, but it's very hard, because you have to make it up as you go along. It's all that sort of thing.

Joe

I would say that most captains, while they want to accommodate the owner are very concerned about their own ticket and getting into trouble themselves, so they're pretty cautious on anything that might be suggested that isn't totally in line with the rules. I said earlier that we used 2 engineers who were extremely able to do the work but were not qualified, but before we used them we did call the Isle of Man, we spoke to them and we did get permission to use them for the summer season or until we could replace them. So there is a certain amount of help here; but what I'm saying is I think there are a lot more of these people out there who could help fill the ranks, but the captains would not have done that if the Isle of Man hadn't agreed to them doing the work.

Martin

Thank you. Simon?

Simon Alexander Atlas B2B

Would you, as owners, recommend crewing on yachts as a long term career industry?

Joe

I certainly would. If you look particularly at a charter boat, what the crew are now earning, which is tax free, their accommodation is paid for, their clothing and food is paid for, and the tipping runs anywhere from 10—20% of the charter fee. They can put away a lot of money over a reasonable period of time and build a nest egg to buy a home or whatever. So I would think there is a great opportunity and quite frankly your captains, engineers, chefs, mates, generally do that. Where there is more rotation it's either that someone has stolen or drawn your captain or engineer away or the lesser qualified people who generally will put in a year or two and then move on or rather will go off and ski for 6 months because they've saved the money and they're only 22 or 23 years old, and then they'll come back again to the industry, maybe to your boat, maybe to another boat. So I think there's an opportunity out there for people in the skilled positions; their salaries are very good—in fact they earn more than most landbased people earn on a net basis. There is some sacrifice; you're away for periods of time—we try to accommodate people as I know Mike has

indicated by giving them time off. Because our boats do both the Caribbean and the Mediterranean we use relief captains, relief engineers to take them across the Atlantic which gives the captain and engineer and the chef virtually a month's break, twice a year. And they can take certain time off in the yard period as well. So you do everything you can, but it's really an opportunity for somebody to put in a reasonable period of their time in their early life to put away a nest egg.

Michael

I have to say I fully agree. It's a very good profession. It's one of the reasons that you get so many Australian, New Zealand and South Africans. We have a stewardess who was an accountant; took a year off, got into yachting and has done very well with us, actually she stayed on and is now our no. 2. It's hard work, you've got to be prepared to work. The girls that would turn up in Antibes thinking what a brilliant idea, we'll get onto a boat for the summer—those days are over. Yes, you might get onto a smaller boat but it's much harder. But they're being fed, they're sleeping on it, they're saving a lot of money that can go towards buying a home etc and once you leave you go on to other things and we're constantly being asked for a reference on someone who worked for us 5—6 years ago who's now chief stewardess, chief engineer. And of course the employment opportunities are great now so you have a very well structured employment path. I'd say it was a fantastic industry and look how many people are here, just talking about superyachts. How many are actually employed? It's a huge number now.

Paul

Really just to agree with the 2 panellists. Being resident in the South of France myself now for the last year, most of my neighbours are captains; they've done very well and seem to be having a fantastic career and long may it continue.

Nigel Newnham Solent International

I have a question for Mr Crowther, please, and then a multi part for the rest of the panel. Mr. Crowther, when you were a commercial ship owner did you have any experience of owners' associations, and were they helpful? And then I'd like to know the views of the whole panel on whether there is a place for a yacht owners' association. In particular with influencing the way these regulations go and finally could I ask each one of you in turn if you are individually a member of any formal owners' group, then maybe Martin would like to finish that one off please?

Paul

Well as a commercial shipowner the fact is that there isn't one overriding professional body. I used to sit on various small things; Shoreham Port Association controlling the movements in and out of Shoreham Port because that's where most of my vessels came in and out of. But one of the most interesting things that I was involved with from time to time was going up to the Baltic Exchange; because up at the Baltic you tend to meet and network with a lot of shipowners and there was an awful lot of shall we say under the table business being done between the ship owners, and at various conferences like this, the same sort of thing. But I do think that if there could be some owners' input into the yachting industry it would be a fantastic boost. It would be a really really good idea, and sooner rather than later.

Martin

Joe?

Joe

There have been attempts to put together owners' associations; it's not easy. Martin has made various attempts at this and I've certainly attended one of them. I don't know what it is but the owners of superyachts—yachts of over 30 or 40 metres—tend not to want to get involved. I think their management companies or the people that represent them would be willing to do it but it's not the same thing.

Michael

I'd agree because we were at the same one, and we thought it was a good idea. But we couldn't get that many people to join.

Martin

Shall I answer your question? It is a process that requires a lot of networking, a lot of people that need to understand what the objectives are. I think in any case with an owners association there's a lot of scepticism involved; of what the mission is of that organisation; I fully support the idea because I started it in a way, but ultimately if you could have 100 or 300 owners in one association making this sort of comment on the market, the industry would learn so much and very quickly we'd change things, I think.

Paul

Surely, one possibility would be to take the industry professional organisations that already exist and just integrate the owners into it. In my statements about MYBA, for example, when I was talking earlier, that it's very much a closed shop organisation. I know that there is an underlying mistrust between some owners and MYBA organisation; I think MYBA is a fantastic organisation and should be promoted but it would be fantastic if they also opened up a little bit and perhaps allowed owners into it. I'm not just talking about MYBA but all the trade associations; allow some input from the owners, bring them in, get them involved.

Martin

I agree entirely. I think the ultimate thing it really comes down to is that for a long long time owners have been protected by various people in front of them and that stops the dialogue opening. This is the first time we've had three owners—I've approached about 30 different owners to come on this panel all of whom would have loved to but their schedules just don't allow it. It's the mission from now on to try and force that to become a much bigger dialogue group between industry and owners, because I think we're hearing stuff which we don't really want to talk about sometimes. There are people in this room that deal with manning issues all the time that haven't put their hands up but maybe they should do, and say look, we're dealing with the problem but are we dealing with the problem? I don't know. We need to actually investigate that.

Tork

I can't speak for all the professional yachtsmen's association but I am the Hon. Secretary thereof and I would welcome input from owners, and membership too. I mean they are yachtsmen, after all. There is no bar to membership. That's certainly true, and input and discussion can only make our aims better in that regard.

Martin

Thank you.

Wilma Molhoek Wilmar Yachts

Yes, I'm from Wilmar Yachts in Antibes. I want to say about an owners association. I can imagine that it would be much more fun to organise regattas or for motor yachts maybe other events, to meet the owners and to talk about their own experiences and maybe to give ideas to one or the other, but I think it would be a nice idea to have it in a more pleasurable way than the dry way of a lot of associations, because they have a lot of associations to go to already.

Martin

That was part of the original objective of the owners association, to have meetings in Monaco or places that they can actually get to, but it's a programme that I'm still involved in and still want to drive, but it's a war of attrition.

Wilma

Actually, I organised a regatta and there were about 17 boats and the owners were there, and we had so much fun. There was so much talking to each other, and so many ideas being talked over.

Martin

Michael and I were both at the Perini Cup and the same thing happened there. It's not a rocket science issue, it's just finding the time for people to be together. Every owner I approached to be on this panel would have loved to have been here, but their schedule just wouldn't allow it in the proper way.

Michael

I would also say, someone asked me before why sailboat to motorboat—it is a fact of life that the sailboat people are much more sociable—they do get together and have regattas.

Martin

Is that why you're changing yachts?

Michael

No, but it is something that's part of the culture of the sailboat—you can all put your sails up and race each other; you know, have a fun race. You don't get lots of superyachts, you don't even get a lot of Feadships getting together and saying well let's race each other round something—it just doesn't make any sense.

Tork

it's an interesting concept; they could do it.

Wilma

Well let's be creative maybe. But I think in this yachting business sometimes we forget that the people who work with the owners construct boats that it's born out of pleasure, there's a lot of commercial parts in this business but I think the pleasure has to be always in the mind.

Martin

Why do you think we have these conferences in Amsterdam?

There are so many subjects we could have touched on but unfortunately I've already overrun, which is illegal in this conference. Any further things to be drawn out of this? I'd like to draw out MYBA and stuff but I think now that's for another day.

Paul

May I say one small thing? I'm going to play devil's advocate, but to much of the industry the owners are not just owners they're clients, and how many of those clients would they want to share in an open forum with another competitor? That's a problem, I think.

Martin

Agreed. No more hands? Gentlemen, thank you very much for your time. I've enjoyed it. The bar is open!

Just to recap, the bar is open for a few hours of informal drinks; we'll reconvene tomorrow, breakfast is served at 8.30 if you wish to come here. The session will start at 9.30 in the morning.

Thank you very much.

[End of Day 1]