

CS CABLE RESTORER – OPTIONS FOR THE FUTURE

Annexure 2

BACKGROUND

1. Launched as **HMS Bullfrog** in January 1944, the vessels served in the RN for two years laying under water cables for communications and submarine detection in home ports. From 1946 until 1993 she served various commercial companies in the laying and repair of international undersea communications cables. In July 1993 she was presented to the Simon's Town Museum with the Board of Trustees assuming ownership.
2. Due to the museum not having the specialist staff or funds to maintain and run the vessel, it was chartered out to an independent operator with the necessary interest in its preservation to the benefit of the Museum and the community. The charter agreement specified an initial period and the option of 5 year extensions at request of the charterer. The current period expires on 30 June 2018.
3. Should the charterer not wish to extend the charter for a further period, all responsibility for the vessel will revert to the owners, namely the Board of Trustees. This will necessitate considerable recurring costs to the Museum or its disposal.

AIM

4. The aim of this study is to ascertain the implications for the Museum should the charter not be extended and propose options to be considered.

CONSIDERATIONS

5. The following aspects are covered:
 - a. The historic significance of the vessel.
 - b. Possible use of the vessel by the Museum
 - c. Berthing and maintenance of the vessel.
 - d. Compliance with content and responsibilities covered by the charter agreement
 - c. Possible options for disposal.

INFLUENCING FACTORS

6. This document is in the form of a decision brief and based on the existing Charter Agreement, an inspection of the vessel and an interview and was conducted by RAdm (JG) A.G. Soderlund SAN (Ret) and Capt R.H.L. Harrison SAN (Ret). It is based solely on facts and logical deductions based on them.
7. **Berthing.** The most significant factor is the need for berthing. When initially presented to the Museum, the original moorings were available at little cost. Due to certain circumstances, the charterer had to obtain a berth off the naval dockyard in his name. Since then considerable pressure has been placed on him to vacate. Once he relinquished responsibility, the berth will revert to PWD. The vessel is not seagoing. Development of the dockyard and the False Bay Yacht Club has meant that the option of laying moorings (at considerable cost and in six figures) is no longer available.
8. **Historic Significance.** The vessels being over 70 years does have some general historic value in terms of machinery and construction but has no particular naval significance. Although moored in Simon's Bay for 21 years and later support to the Lawhill Maritime College, she has made little specific contribution to local interest. There is little attraction locally for such museum vessels as shown by the current

situation with ex-**SAS Somerset** which is a massive weigh around the neck of IZIKO already. There is certainly on 'profit'.

9. **Maintenance.** As a vessel afloat, continuous maintenance is required and this required both man-hours and considerable expense.
10. **Refurbishment.** Considerable investment has been made by the charterer in terms of refurbishment to the vessel over the past 20+ years and the Charter Agreement covers the recovery of some expenses on completion of the agreement.
11. **Insurance.** Any vessel, seagoing or not, requires considerable insurance due to the possibility of salvage should it sink, pollute or run aground.
12. **Potential.** As the vessel is not seagoing, it offers limited potential for future commercial use other than as a filming venue or as a restaurant and/or accommodation facility. Filming alone cannot cover the cost of ownership and is an unlikely option. The cost of establishing her as a restaurant and/or accommodation venture will require a berth and considerable costs including the towing her to such berth and the provision of services and facilities.
13. **Scrapping.** The vessel, although old, in in good condition and of sound construction but contains a considerable amount of asbestos. Commercial shipbreaking is not an established industry in South Africa and would be strictly controlled – especially in view of the asbestos. The costs of contracting to break her up would far outweigh and possible returns as it would include declaring the hull seaworthy, re-activating the steering and the cost of a tow to the designated port for breaking.

DISCUSSION

14. There are a small number of critical factors that seriously influence the options open to the museum, the requirement for an alternate berth in Simon's Town being critical.
15. As neither of the authors are accountants or qualified to do technical costing, it is not possible to indicate actual possible costs BUT even if only in six figures, will be well beyond what funds the Museum is likely to have access to and certainly not worth it. Thus we can only recommend options which can be costed by professional.
16. It would appear that the charterer gains little benefit from the vessel which provides no income and that any further extension to the Agreement will only place him and his heirs under further financial pressure. In addition, the signed agreement specifically covers compensation to him should the vessel be re-chartered or scrapped.
17. No account has been taken of specific provincial and local legislation wrt to the disposal of assets such as this vessel.

OPTIONS

18. **Option 1 – New Charterer.** In view of the requirement for a berth and services, the attitude of the MoD towards continued use of current berth in charterer's name plus the compensation covered by the agreement. It is considered highly unlikely that any further charter is feasible for mainly economic reasons.
19. **Option 2 – Retention by Museum.** The cost of ownership, requirement for establishing berthing and services plus the sheer lack of income from any future use of the vessel precludes the Museum from even considering retention of responsibility for the vessel.
20. **Option 3 – General Sale of Vessel.** Whilst one cannot discount possible interest in purchasing of the vessel, this remains unlikely and the process of transfer will take

some time. Until any sale is completed, the Museum will be responsible for costs plus the compensation due to the current charterer.

21. **Option 4 – Scrapping by Museum.** It goes without saying that the Museum does not have the funds or expertise to arrange and conclude the scrapping of the vessel, let alone the administration and preparation of the vessel, including possible legal costs in obtaining clearance and authority.
22. **Option 5 – Disposal to Charterer as Scrap.** This is specifically covered in the Charter Agreement and allows disposal at no direct cost to the Museum but allows the Charterer to be compensated as part of the 'scrap value' payment. This could also allow for the retention of some items for display at the museum as part of a small display to record her time in Simon's Town and contribution to the community as she has been a familiar sight for some time.

RECOMMENDATION

- 23 Option 5 is recommended as the fairest and safest option as it negates the need for the 'owner' to resume responsibility during any transition period and is thus a 'clean break'. It is covered under the agreement and also allows the current Charterer to be compensated for some of the expenses incurred over the years at no costs to the 'owner'. If the vessel is then scrapped, it can be done in situ over a period of time and a large number of interesting items could be preserved by suitable institutions, an example being the cut-away triple expansion steam engine.
24. The greatest advantage of this option is that if implemented timeously, the Museum avoids any future responsibility for the vessel and disposes of the asset in accordance with the agreement and to the benefit of all involved. It will be possible to establish a fairly acceptable 'scrap value' if required as a basis for negotiation.
25. This brief has no legal status and has only been made available to the Chairman of the Board and Curator of the Simon's Town museum.

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Simon's Town

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