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CARTELA RESTORATION PROJECT



BUSINESS PLAN

Revised: April 2016

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INTERPRETATION

This document attempts to cover the three distinct aspects of the Cartela Restoration Project in a single document. In the first instance the preparation of a site, acquisition of and refurbishment of key components. Secondly, the principal ship restoration project. And finally the operation of a fully restored Cartela as an authentic steam ship carrying passengers on her home waters in southern Tasmania.

Unless noted specifically as either **PRELIMINARY**, **RESTORATION** or **OPERATION** any comment is referring to the total overall situation or objectives of SteamShip Cartela Trust and/or SteamShip Cartela Ltd.

BUSINESS PLAN SUMMARY

This Business Plan refers to the SteamShip Cartela Trust, and SteamShip Cartela Limited which is focused wholly on the task of accepting the gift of the historic timber vessel and managing the restoration of the River Derwent ferry known as M.V. Cartela, and once restoration is complete, operating her as a sightseeing and excursion vessel on her home waters in southern Tasmania.

Cartela is a vessel of enormous historic value both to the Tasmanian people and Australia generally. A public trust vehicle was created to accept the gift of the Cartela from her former owners to the benefit of the Tasmanian people. This Trust is named the SteamShip Cartela Trust and is registered for GST, has received Charitable Concessions status and Deductible Gift Status from the Australian Tax Office. It is operated via a board of directors as a nationally registered Not-for-Profit.

This trust identifies as fundamental the requirement to integrate community benefit with the practicalities of arranging this restoration. It has identified as desirable a need to locate the process of restoration in an appropriate regional location, and to provide a significant amount of community, training, and educational benefits.

Whilst the restoration process is underway the vessel will be open for inspection as a tourist attraction while having regard to the mandated safety requirements of a work site. Volunteer programs will be utilised to provide interpretation and guide services. Once the steam engine has undergone a total refurbishment it will be placed on display ashore to provide a centrepiece for a maritime heritage education facility while at the same time allowing training for crew and bedding in of new machinery.

SteamShip Cartela intends to cooperate with similar community organisations whose aims are complimentary, in developing a maritime heritage precinct of national relevance in the village of Franklin in southern Tasmania.

THE BUSINESS AT A GLANCE

Business name: SteamShip Cartela Trust operating as SteamShip Cartela Limited

Business structure: Incorporated Not-for Profit company. Both the trust and the Limited Company are registered for G.S.T. Deductible Gift Recipient status has been bestowed on the Trust by the ACNC.

SteamShip Cartela Trust ABN: 39165309719

SteamShip Cartela Ltd. ABN: 93155987698

SteamShip Cartela Ltd. ACN: 155987698

Business location: Hobart, Tasmania

Date established: 1/3/2012

GST: Yes

Domain names: www.steamshipcartela.com.au

Licences & permits:

Business location: Office space and facilities are currently supplied by gift from Navigators at Morrison St. Hobart

Business owner(s): Public Trust

Relevant board experience: The Cartela Restoration Project board has been selected to satisfy the identified need for experience in business acumen and governance, ferry operations, and community interest. It is a requirement of ACNC the federal body overseeing Australia's charity industry, that to qualify and maintain eligibility for Deductible Gift Recipient status, a governing board must contain a majority of members meeting its criteria for a "Responsible" person. Qualified and in good standing Lawyers, Ex or current M.P., Medical Doctor etc.

Products/services: The Cartela Restoration Project is a company registered under Australian Federal Government legislation as an incorporated entity to raise monies and to manage the restoration to steam of the historic vessel "Cartela". On successful completion of a restoration to the agreed specification this business will revert to a management tool for the ongoing operation of Cartela.

THE FUNDING PROCESS

Funding Target and Process

It is expected that a completed Cartela will become a tourism drawcard of enormous appeal in the heart of Hobart. While additionally the Cartela restoration project will provide an opportunity to showcase Tasmania's connection to the ship-building craft on which Tasmania's early European settlement was so reliant. This restoration program is unlike any other vessel restoration project. The intent of using Cartela's restoration to become a catalyst for the creation of an ongoing heritage ship restoration industry in Franklin is unique, and it is this undertaking to maximise the training opportunities and future employment that mandates the funding process undertaken.

To be in a position to offer 4 new apprentices a position on this project and 8 skilled trades, we believe there needs to be a level of commitment from government to underwrite the salaries for the apprentices and trainers throughout the training period of 4 years. Without this level of assurance this training commitment cannot be entered into.

SteamShip Cartela trust argues that in return for the regional development, training education and tourism benefits flowing from this program, it is reasonable that a pre-commitment of \$ for \$ from either state or federal governments would be a reasonable target. While preparing all necessary foundation studies, SteamShip Cartela Trust has, since its inception, been in discussion with state and federal governments seeking these commitments.

SteamShip Cartela's promise is to use a disadvantaged regional location as a base, targeting a location adversely affected by recent downturn of the timber harvesting industry. It is considered essential by the directors of SteamShip Cartela that a strong commitment of some form is a necessary pre-requisite to beginning the main fundraising process.

SteamShip Cartela is currently undertaking the preliminary first stages of establishing the site and refurbishing the steam engine in preparation of a positive response from government allowing an immediate start to the main project.

Detail Funding Objectives

The fund raising market this business will operate in has two distinct phases.

PHASE ONE: There are a number of prerequisite conditions that need to be met prior to beginning the main ship restoration. Establishment of the correct corporate entity, undertaking the necessary due diligence to ensure the project is viable and purchase of the original steam engine were all recognised as watershed matters. All of these were successfully met. While awaiting favourable response for the principle funding applications additional matters were attended to so as to not impede the immediate start of restoration once funding was obtained.

A quote for approximately \$9000 to install 3-phase power was obtained and the need for extensive repairs to the wharf piling was identified. The demolition of the old Brooke Street pier was identified as a potential source of appropriate building material and a private individual is enquiring about providing this on our behalf. Once the engine was refurbished it would need an office and display space and a location in which to train potential staff/crew.

A start to the engine assessment and reconditioning was made possible by a TQUAL grant. The total refurbishment for this item was estimated by Saunders and Ward to be in the order of \$250,000.

PHASE TWO: To meet the training objectives of the project there needs to be a level of security to ongoing funding prior to making commitments to apprentices regarding their training. This will target all State and Federal Government Grants and Loan possibilities. It will seek to augment this guarantee by seeking sponsorship from philanthropic individuals, bequests and companies. It will also raise monies via direct appeal to the general public via memberships and donation.

Finally on completion of the restoration program, the vessel will be returned to operation. Issued with appropriate licences to carry passengers as a steam vessel on coastal waters adjacent to the Hobart port, up river to New Norfolk, D'Entrecasteaux Channel and Huon River. In this mode of operation it will operate as cash positive, providing a world class tourism experience. It is hoped that under special licence Cartela will be capable of visiting other ports on special occasions, in recognition of her national significance.

Security assurance:

SteamShip Cartela Trust holds a letter of agreement from the owners to hand over the vessel at any time of the trusts choosing. In the interim this provision is deferred, enabling the previous owners to meet insurance and berthing liabilities for the vessel.

Prior to accepting this gift, the Trust has engaged in appropriate due diligence to ascertain the condition of the vessel. This has involved the following studies:

1. A comprehensive "Condition Report". Prepared by Michael Staples, this examined the individual components of the vessel and reported on their condition and means of remediation.
2. A "Significance Statement" Prepared by Elizabeth Atkins, a curator in maritime heritage to quantify the heritage values of this vessel to ensure it was of sufficient heritage importance to justify the work required.
3. A "Shipwrights Report" to assess the feasibility of restoration and to quantify the amount of labour and materials required to restore the vessel.
4. A "Benefit Cost Analysis" provided by Preferred Futures to quantify the community benefit likely to flow from choosing to restore as opposed to doing nothing.

All the above research fully satisfies the board of directors of the Trust that the vessel is in sufficiently good condition, and of historic importance to warrant the effort and cost of restoration.

THE FUTURE

Vision statement

Cartela will be restored as a working passenger steamship, as close to practical to her original condition, consistent with ongoing use in the foreseeable economic and social environment.

Cartela will provide a world class heritage vessel experience on the scenic waters of southern Tasmania. Any operating surplus, after an adequate future maintenance budget is put aside, will be directed to assisting the preservation of other worthy Tasmanian maritime heritage.

Goals/objectives

- To manage the project in a professional and transparent manner, mindful of the responsibilities imposed by public ownership.
- Operate in a manner consistent with the requirements of the Federal Tax laws in respect of Tax free donation status.
- Creation of a central archive of all materials relevant to the interpretation of the historical importance of Cartela.
- Respect the value of the heritage within the vessel and ensure preservation of the artefact.
- Manage the restoration process to return a vessel of the highest quality showcasing Tasmanian timbers and ship-building skills.
- To operate responsibly and ethically within a budget and time line for the entire restoration program.
- To provide the maximum social benefit to the Tasmanian community.
- If required, to enter into agreement with a suitable body to work in association with the company and be the "Operator" This arrangement to be carried out via open tender or similar transparent process.

THE FINANCES

SteamShip Cartela Trust is established under ATO provision as a Not-for-Profit entity and is specifically excluded from distributing a profit. All monies raised are to be used expressly for the purpose of restoring to steam, and maintaining the vessel Cartela.

At this time, Navigators currently still hold this vessel in freehold. There is a document to the benefit of the SteamShip Cartela Trust, guaranteeing transfer of the freehold of the vessel at any time of the trusts choosing. The directors of the trust agree that to accept the gift of the vessel without the funds to acquit its immediate expenses would be contrary to the legal responsibilities of a director. Currently Cartela has an assessed book value in the order of \$300,000. Navigators will gift this vessel together with all spare parts including an amount of historically significant hardware (helm and engine telegraph, propeller etc.)

Steam Ship Cartela Trust acquired the Plenty & Sons steam engine from the estate of the Late Jim Casey and have sought grants to refurbish to "as new". All works will consider that the vessel is intended for future commercial operation, and will be carried out to ensure no mechanical weakness will compromise future operations.

Navigators have provided at the end of the 2015-16 year to date 36 months of Project manager.

Navigators will provide access to a substantial archive to assist restoration in an ongoing manner.

In addition to the above donations, SteamShip Cartela Trust is in receipt of major beneficial grants from;

1. The State Department of Economic Development of \$60,000 to undertake the necessary due diligence studies including, Condition Report, Shipwright Report, Significance statement, Benefit Cost Assessment and to purchase the Cartela's original steam engine.
2. The Department of Premier and Cabinet of \$10,000 to assist meeting the cost of annual maintenance in 2013.
3. Federal TQUAL grant of \$75,000 (matched) towards steam engine refurbishment costs.
4. Allport Bequest of \$16,000 towards the relocation costs of moving Cartela to Franklin and providing necessary infrastructure to secure Cartela at this location.
5. The Tasmanian Community Fund has provided \$143,000 towards the refurbishment of the Plenty & Sons steam engine, These works being undertaken at Saunders and Ward in Kingston.

THE CURRENT SITUATION

- Establishment of the appropriate corporate entities defined by a Trust deed and constitution allowed incorporation of SteamShip Cartela Limited and SteamShip Cartela Trust on the 1st of March 2012.
- Deductible Gift Recipient status conferred by A.C.N.C.
- Tax Charity Concession awarded by A.T.O.
- A Condition Report was commissioned and undertaken by Michael Staples to quantify the condition of all structural members of the vessel. This comprehensive document looks at the condition of the vessel as a sum of its individual parts and provides an accurate image of the structural condition of the vessel at the time of reporting.
- The above report was provided to experienced Shipwright David Nash. David has extensive timber ship experience having rebuilt his own 80' timber ketch and learnt his trade constructing the 'One and All'. This Shipwrights Report utilised the Condition Report and augmented by an extensive in and out of water inspections by David led to a Shipwrights Report that detailed the man hours and materials necessary to make good any defects noted in the vessel.
- A Significance Statement was prepared by Liz Adkins from T.M.A.G. utilising the standards defined under 'Significance 2.0'. These standards divide the quantifying of the heritage significance into 8 separate divisions. Cartela was measured against each and is assessed as significant in all divisions.
- The Conservation Management Plan was drawn up with the assistance of Michael Nash a highly regarded National Parks conservation professional with a national profile on maritime heritage. This is an evolving document and will be reviewed on regular basis as the restoration program progresses, to confirm all significant heritage aspects of the vessel are respected.
- Naval Architect, Alan Muir was asked to re-assess the stability and related issues affecting Cartela as a passenger carrying vessel under current A.M.S.A legislation. Similar studies were undertaken by a group of A.M.C. students who also looked at a range of engineering issues and computer modelling.
- Benefit Cost Analysis reporting was undertaken by Martin Farley, economist from 'Creating Preferred Futures' to confirm that the refurbishment of Cartela was a net positive to the community of Tasmania.
- With substantial redevelopment works undertake at Brooke Street Pier it became necessary to relocate Cartela. Repairs to the existing Franklin Wharf were undertaken at the expense of the trust to provide minimal accommodation for Cartela at this location. These works were limited to driving 6 new hardwood piles and attaching a steel frame supported on a concrete footing with heavy timber decking. 3-phase power was also installed.

Organisation chart

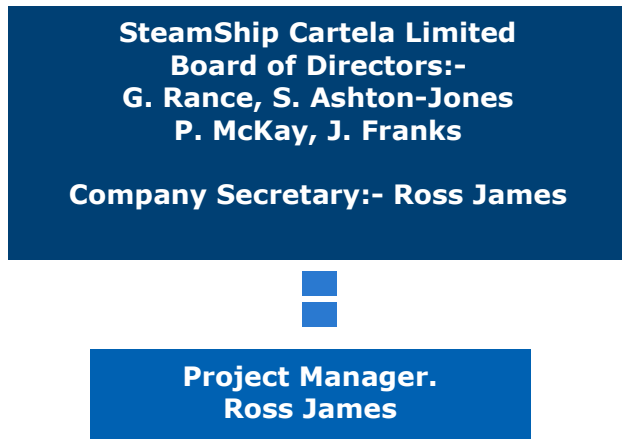


Figure 1: Organisation Chart.

Management

Type of Structure: Not-for-Profit

Details of Structure: SteamShip Cartela Trust was created to accept the gift of the M.V. Cartela on behalf of the Tasmanian people. An operating company was created called SteamShip Cartela Limited. This entity is nationally listed as a Not-for-Profit. It has a 4 person board of directors comprising Scott Ashton-Jones (chairman), Hon. Peter McKay, George Rance and Jude Franks. There is provision for a maximum of seven board members.

Experience: S. Ashton-Jones, P. McKay and G. Rance are directors of National Strategic Services, providers of Business management advice with experience in ferry operations companies. J. Franks is highly experienced as a business marketing consultant. R. James has 15 plus years' experience as a project manager on large and start up projects. Also experienced with boatbuilding and boat charter operations

Key personnel

Current staff

Job Title	Name	Expected staff turnover	Skills or strengths
Project Manager	Mr. Ross James	<i>Current 4 year</i>	Project management, Budget management, Boat charter operations, Boat yard management. Media operations. Leadership

Required staff

Positions	Name	Experience required	
<i>Shipwright Supervisor</i>	<i>David Nash</i>	<i>Extensive timber shipbuilding.</i>	

		<i>Leadership.</i> <i>Formal qualification.</i>	
7 additional Shipwrights and specialist trades	To be appointed	Highly experienced. Quality tradesman. Trainer potential.	
4 Apprentice Shipwrights	To be selected	Strong desire to create a career in Shipbuilding and restoration. Passion for heritage.	
4-5 Volunteer interpretation guides	To be selected	Enthusiasm for maritime heritage.	

Recruitment options

David Nash provided the Shipwrights report mentioned in the due diligence section and has expressed an interest in being the senior shipwright on the program. He holds the necessary experience and has been assessed as a suitable candidate to manage the responsibility of the training program.

Training programs

RESTORATION: This project has an intention of engaging 4 shipwright apprentices at the commencement of the ship restoration process. This is recognised to be an extremely heavy training commitment for the size of the professional crew. The main training load however will ideally be managed via a close relationship with the Wooden Boatbuilding Centre next to the restoration base. Negotiations are being held with the Wooden Boatbuilding School into the possibility of the entire workforce being engaged via work and training agreement to accommodate additional community training opportunities. The restoration project is scheduled to take 4 years to accommodate the duration of a Certificate 4 course.

OPERATION: In operation as a tourist venture Steamship Cartela would undertake to maintain a training role in all aspects of her operation. Firstly as the only steamship in daily passenger operation her technical crew will be uniquely positioned to train staff for other interstate maritime museum operations who operate their steam vessels on irregular occasions. These vessels require specialist qualification and keeping sufficient staff trained from a volunteer pool is a major problem for these museums. SteamShip Cartela already have an alliance with the Australian Maritime College, and will develop this to provide the national training facility for steam ship engine room qualifications. Cartela will be positioned to provide training for front of house, interpretation guides and deck crew as well.

Skill retention strategies

Restoration of Cartela will be a project of world significance, and will have no difficulty in attracting interest from those wishing to pursue a career in wooden boat/ship building. There is increasing worldwide recognition of the importance of preserving heritage and in particular maritime heritage. This project will be one of the most significant of this type of project undertaken in Australia

Products/services

Product/Service	Description
Preserving an important	

part of Australia's maritime and naval history.	
Creating a "Centre of Excellence" in heritage vessel preservation and maintenance	By locating all the necessary skills and passion for timber vessel maintenance in one location, and providing a key project to raise the profile of the abilities of this location nationally.
Lifting the awareness of maritime heritage and creating a natural home for the restoration industry.	Creating a central location for heritage preservation to draw additional projects and create an ongoing stream of employment.
Shipwright apprentice training	Adding to the pool of skills available to undertake this type of work,
Provision of volunteer and community involvement programs	Encouraging local involvement in a service industry that will draw visitors to the varied attractions in Franklin and the Huon region.

Market position

RESTORATION: Restoration programs as tourist attractions can be problematic in operation as they are generally conceived firstly to undertake the work and are only secondarily focussed on providing a window to interested members of the public. Cartela will, from the outset, plan a working environment that can welcome viewers to witness the process in a safety conscious environment designed for this purpose. There have been instances (*"Amsterdam" recreation Holland etc.*) where if this aspect is properly managed the restoration project management have been reluctant to complete work, simply for having to accept that profitable aspect of the operation comes to an end at the re-launch of the complete vessel. Cartela restoration will provide a welcoming environment that includes the ability to view progress on the actual restoration work on the vessel with interpretation guides providing informed commentary, coupled with an undercover display centre with a recreation of the ships engine room ashore housing the restored steam engine in operation and the various parts of the mechanical and fit-out restoration, and serving as a maritime heritage education facility alongside. This will provide explanation of the important role of these steamers in Tasmanian early development. At this stage, provision for the display of "Admiral" Australia's oldest ferry is included in this facility.

OPERATION: Australia has little in the way of fully operational heritage steam vessels. A number of examples of the Murray River type paddle steamers provide a limited opportunity to experience this type of vessel though are considered mostly in a separate market. Cartela on completion will be the only coastal steam vessel in commercial every day passenger operation. One steel vessel of similar age and specification is operated in New Zealand. The TSS Ernslaw has successfully operated commercially for many years on a lake. With this exception Cartela will be unique in Australasia, operating as she will in an environment of great natural beauty. On completion of this restoration project Cartela, will provide a thoroughly authentic steam vessel experience with a range of half day sightseeing trips and longer full day excursions wider afield. She will be completed and maintained as a quality museum exhibit, albeit as one that is able to be fully interacted with. A strong appeal to retiree travellers to experience the West Coast wilderness railway and Cartela is expected for those to whom steam is a powerful attractant.

Unique selling position

Extensive use will be made of the unique properties retained in, and embodied by, Cartela. It will be extensively promoted that Cartela is the only vessel in the world that has held a continuous passenger licence document for in excess of 100 years and this period will continue to increase.

That Cartela was acquired by the Royal Australian Navy at the outbreak of World War One, and operated under lease as an Examination Vessel protecting the port of Hobart from possible German Raiders.

That while in this role and under the command of Lieutenants of the RAN. And part crewed by reservists, she also provided training for Naval Cadets. In recognition of which Cartela will have the names of all Tasmanian RAN sailors lost in this conflict engraved in her engine cover as an enduring memorial board.

The River Steamers as a class were entirely responsible for servicing the coastal communities around Southern Tasmania. In the absence of a viable road network they were the only truck, bus and emergency transport. Providing the only form of communication, delivering daily necessities for families and returning to port with the timber and fruit that underpinned the economic development of Tasmania from the 1890's to the 1950's.

The principal mass social occasions during this period were also water based, both the numerous community regattas and the annual Green Island race relied on the participation of the River Steamers.

RESTORATION: Restoration programs of vessels have enormous public appeal as a means of witnessing the methods employed in past times. The construction methods employed in timber shipbuilding are unique in their use of curves and unusual methods of fastening timbers that fascinate the enthusiast and layman alike.

OPERATION: Cartela will be in the position of appealing to a range of unique niche markets as well as the well-established river cruise market, though drawing a premium in recognition of her added attraction of being steam powered and over 100 years old. There is potential to ally with commercial partners which we are currently exploring. Possible points of focus may include:

- Fine and fresh Tasmanian food prepared with an emphasis on steam preparation.
- Quality Tasmania timber utilised in the furniture and fit-out.
- Promotion of Tasmanian wines including vineyard cruises covering Derwent valley and Huon valley vineyards
- Overnight cruises increasing demand for B&B accommodation demand at certain locations eg. Franklin or New Norfolk.
- Convention and wedding capability.

Anticipated demand

Elemental forecasting is based in the following with an average load factor of 35 passengers:

\$55 per person half day sightseeing cruise

\$150 full day excursion plus catering costs

\$10 alongside tours while in steam.

As can be seen the above is very conservative in terms of pricing and potential load factors. These equate to only 12,800 passengers per year (*adjacent ferry operators indicate a patronage rate in excess of ten times this figure*) whilst forecasting an annual total income of \$1.3 million with a surplus of \$400K after wages and operating expenses. Considerable additional income will be obtained from the charter market which has not been provided in the forecast. Provision

has been made in the operational timetable for up to 3 days per week for private functions and conference. Please see the attached document for further detail.

Pricing strategy

A pricing and load factor business finance document constructed on very conservative figures indicates that the vessel will operate in a cash positive environment. The intention is for the completed vessel to be leased by the Not-for-Profit to a commercial operator with suitable experience, or to convert the current company structure at that time from Not-for-profit to a more appropriate entity to pursue a viable commercial outcome.

Value to customer

There will be at least two principal legs to the market. The first and most obvious will be the tourist market to which Cartela will be marketed as the obvious choice to view the acclaimed harbour views Hobart offers. The second will be the Tasmanian residents for whom the majority have a fond, strongly embedded recollection for the Cartela and will take a collective pride in her presence. We are mindful that the vessel will be owned by all Tasmanians and will positively encourage this sense of ownership and reconnection.

Cartela has been the one constant witness to the events surrounding the picturesque waterfront, harbour and connected waterways for over 100 years. Cartela alone has the authority to tell the innumerable stories with conviction, including many featuring herself.

Growth potential

Overall tourist visitor numbers are forecast to increase in both the immediate short and longer term. Survey documents for the vessel will provide the limiting factor for the absolute degree to which the business can expand. The advice from our consultant Naval Architect is that Cartela will be limited to a maximum passenger number of around 250 (*at one stage Cartela was permitted to carry close to double this number, but times, and licencing authorities change.*). This permits a business expansion over the initial figure by a factor of 7 utilising the same schedule without significant additional costs.

One of the principal advantages Tasmania employs in the tourism markets, is its rich historical heritage identification. Tasmania's connection with the sea and maritime history is as universally recognisable as her once famous image as the apple growing garden of the world. The successful Australian Wooden Boat Festival clearly demonstrates and reinforces the predominance Tasmania has in the promotion and preservation of timber boat heritage. The 2016 event drawing over 200,000 visitors over its 4 days, Cartela restoration will tap into, and reinforce this market in a daily manner. This project will build on that association and link with existing facilities such as the Tasmanian Maritime Museum displays, May Queen, tall ships, boatbuilding history, steam powered Wilderness Railway and play heavily on our magnificent scenery and fine foods.

Insurance

Workers compensation: Current management provision is via a company to company arrangement and exempt from needing this cover.

Public liability insurance: Not required at present with current operations.

Professional indemnity: Not required of SteamShip Cartela entities at present

Product liability: Not required for SteamShip Cartela entities at present

Business assets: The vessel remains vested in the notional ownership of Secheron Holdings though is subject to written agreement to transfer ownership at any time of the trusts request. Responsibility for insurance of the vessel is secured through method.

Business revenue: Not required for SteamShip Cartela entities at present. The directors are aware of the requirements imposed by ASIC regarding their obligations.

Risk management

Risk	Likelihood	Impact	Strategy
Loss or damage of vessel by fire, accidental, negligence or collision	Low	High	Safety audit. Training OH&S policy, Insurance
Injury or death of persons engaged in restoration	Medium	Medium	Safety Audit, OH&S Policy Insurance
Injury or death of persons viewing restoration process	Low	High	Safety Audit, OH&S policy, Insurance
Reputational loss via poor management practice including poor quality service provision.	Low	High	High level staff training. Management practice. Continuous monitoring policies.
Loss or damage of vessel during charter	Low	High	Operator to carry suitable insurance indemnity. Conformity to legislation. Appropriate training mechanisms. Post restoration the vessel will be as new.

Legal considerations

1. That the company is established under the appropriate legislation and framework to ensure the principles outlined below are achieved:
 - The company is able to accept gifts tax free.
 - That the company is effectively able to administer the restoration of the Cartela.
 - The company structure is compatible with the objectives of the associated Heritage body.
 - That the Board of the company are not financially liable for loss of the company.
 - That the company is compliant in structure with the requirements of bodies making grants and loans.
2. Agreement with the Maritime Licencing authority A.M.S.A. and Marine and Safety Tasmania on the specification that the vessel will operate under prior to undertaking restoration.
3. Will seek an agreement that there will be no substantial changes to the regulation governing the operation of this steam vessel for an agreed period. (10 years)
4. That consideration be given to issuing exceptions on matters that will have an impact on maintaining the historical importance of this vessel. (every

- endeavour to meet current legislation without resorting to “grandfathering” exemptions will be made.)
5. That a contractual agreement between the company and the ‘End User’ is in place for the restoration period and immediately beyond. And that this contract defines the specification of Cartela at the completion of restoration.
 6. That appropriate insurance is in place. Covering 3rd party liability, Employee compensation, loss of assets etc.

Plant and equipment

Equipment	Purchase date	Purchase price	Running cost
<i>M.V Cartela</i>	<i>T.B.A.</i>	\$1	
Misc. spares	<i>T.B.A.</i>		
Plenty & Sons steam engine	Oct 2012	\$10,000	

Technology (Software):

Standard Office software package. Accounting/Business package. Project Management software, for tracking progress and planning future tasks. 3D drafting package, to visualise future works and processes. Australian Maritime College students have prepared 3D computer images in professional formats of the vessel to assist visualising the intended finished result and to assist in planning the process.

Trading hours

RESTORATION: Will operate as a normal Tuesday to Saturday operation with regard to the hours required to meet the heavy training component. It will be beneficial to operate the restoration program on a Saturday provided this does not involve significant additional salary penalty costs.

OPERATION: The table below under the heading of **Operating revenue** shows a preliminary schedule of half day sightseeing, longer full day excursions and charter operations that can be adjusted to suit applicable demand. Conservative load factors have been utilised.

Communication channels

A substantial presence has been established on the internet at www.steamshipcartela.com.au. It will contain a mechanism to promote gift donation via credit card or direct deposit shortly. It contains a function to enrol for an update bulletin email. An ability to monitor progress via social media, including an integrated link to a Facebook presence currently with over 500 active members. We continue to build on a public awareness campaign promoting the progress and encourage all Tasmanians to be fully informed and actively involved.

Payment types accepted:

Credit policy:

Maintaining good relations with suppliers will be considered a high priority. We will commit to all suppliers to meeting their indicated terms.

Quality control:

All works will be carried out according to the specification agreed between Cartela Trust and the 'End User'. The monitoring of these works on a regular basis will be via regular inspection by representatives of the 'End User'. Disputes will be resolved through an agreed dispute resolution process. We will be guided by the principles of the Barcelona Charter during restoration and will aim to produce and operate a vessel of museum standard capable of interpreting the role of these vessels in the social and economic development of Tasmania.

SUSTAINABILITY PLAN

Environmental/resource impacts

RESTORATION: Whilst undertaking the process, we will ensure that no adverse environmental effect is generated. All waste will be managed appropriately and noise generation will be minimised. The portion of the restoration requiring the Cartela to be removed from the water will be planned with minimising the adverse environmental impact in mind. A complete study of Cartela indicates no presence of asbestos or other hazardous materials.

OPERATION: The River Steamers of which Cartela is the last local survivor were typically captured in film with prominent plumes of dense black smoke attending them. The copious ash this also generated was disposed overboard mid river. This was a product of the use of the local low quality coal. It will not be a feature of the restored vessel. We intend to equip Cartela with computer control, modern, low emission boilers capable of using clean diesel or bio-fuel. Some consideration is currently being given to alternative fuels such as 'poppy trash' and sawdust if appropriate fuel handling and emission standards can be achieved. All mandated emission standards applying to modern vessels will be observed. Sullage and bilge waste will be managed according to current standards. Installation of holding tanks and shore side connection will be utilised. The steam engines typically utilises a full loss oiling system. A totally new crankshaft has been incorporated in the Plenty Engine operating on greased roller bearings, significantly reducing the consumption of oil in the engine. All oil will be collected at the engine and kept separate from the bilge for recycling or use in the boiler.

It must be noted that Cartela is of a size that is ideal for this market. There are steam vessels of a smaller size that cannot be effectively utilised as commercial vessels as the crewing demands of a steam vessel do not easily scale back. There is a requirement in steam in most vessels for a separate helmsman, engineer, and stoker before considering the number of deck hands to passenger ratio, irrespective of the size of the machinery. For smaller vessels this requires a massive impost on the overall crewing costs. Larger vessels become uneconomic rapidly when shoulder season means smaller passenger numbers are carried but no reduction of deck crew is permissible. Cartela sits within a size that permits the best return of crewing costs to passenger returns. With design changes to the crankshaft reducing engine attendant time, and intent to utilise unmanned 'package' boilers, Cartela's crewing demands will allow particularly low operation costs for this type of vessel.

Community impact and engagement

RESTORATION: Basing the restoration in Franklin will result in a number of community benefits including; local full-time/part-time and volunteer job creation, Sustainable industry creation, and the restoration of the Franklin wharf that will remain a community asset. A number of options are being considered to extract Cartela from the water. If a new slipway is constructed at this location it will be done with a view to the environmental impact and will be subject to separate community consultation. SteamShip Cartela has consulted extensively

with the community and is supported strongly by the Franklin Progress Association, the Huon Valley Council, Living Boat Trust, Franklin Working Waterfront Association and other community groups.

OPERATION: Cartela will have no adverse impact on the local environment, but will promote the quiet enjoyment of the natural beauty and facilitate further growth in regional tourism markets. Focus community attention on the benefits of preserving heritage and recycling using appropriate technologies.

Risks/constraints

RESTORATION: The restoration process will be significantly limited and controlled by the terms of the funding bodies that assist the process. SteamShip Cartela Limited undertake to seek funding from all appropriate sources and will enter into agreements that meet the obligations of the trust to produce a high quality vessel that will remain the property of the people of Tasmania. The method by which Cartela will be extracted from the water is the most problematic at this time, and consideration to the environmental, social and economic impacts for all options will be made.

OPERATION:

Strategies

[What strategies will you implement to minimise/mitigate your environmental impact and any risks to your business? Will you conduct an environmental audit? Have you introduced an Environmental management system?]

Action plan

[List your key sustainability/environmental milestones below?]

Sustainability milestone	Target	Target date

THE MARKET

Market research

SteamShip Cartela commissioned a Benefit Cost Analysis from Creating Preferred Futures. It concluded that there was "a large margin for safety for the investment of public funds" and that the estimate of a return of a \$4 benefit for every \$1 invested in this project was obtained using the most conservative of the accepted Australian Bureau of Statistic modelling. This full report can be provided.

Hobart has a highly developed market for adventure sailing with "Windward Bound", "Lady Nelson", Ronah H", and "Yukon" all providing similar services in the southern Tasmanian market. There are existing ferry operators in the Hobart port area though none in the sector Cartela will engage in. Currently one operator is providing a scheduled sight-seeing river cruise product but is not considered competitive to this operation, as Cartela will trade principally on steam/heritage and quality.

It is our belief that there is untapped potential capitalising on the beauty and history of the Southern Tasmanian waterways.

Market targets

The quantum of visitors Cartela alone will attract to Franklin has not been assessed since the restoration project will augment the existing attractions of the Wooden Boat School and the Living Boat Trust. However the Cartela presence will have significant effect given her scale on the waterfront and visibility from the main road. Considerable additional passing traffic will be induced to pause and be drawn to the Huon River waterfront at this location. This is in addition to the intentional traffic that will be drawn to visit this marque maritime heritage project. The presence of a Heritage interpretation centre with authentic steam engine display in "live" steam with other associated maritime heritage displays. "Clara", "Admiral", the square rigged "Yukon" and other heritage vessel that will be attracted to Franklin to rub shoulders and be worked on by the specialist trades Cartela will attract to Franklin.

Environmental/industry analysis

Franklin is a regional town approximately 45 kilometres by road south of Hobart. It was established as a town with its own post office in 1848 and served the growing state as a shipbuilding centre. Long narrow land lots were gifted to shipwrights containing both an extensive timber allocation and a waterfront on the river for a slipway. In 1867, the year of the "May Queen" launch, on the site of the existing Wooden Boatbuilding School, up to 17 other vessels were launched from this town. Some for local use, some for export.

To this day Franklin retains a considerably charming village atmosphere. On the whole its streetscape buildings are of a historic nature and still reflect a prosperous town of the past. Numerous cottage service, and heritage industries are active along the main street, though the recurring theme reflects the nautical heritage. As well as the Wooden Boatbuilding School and Living Boat Trust already mentioned there is a Model boat dockyard, a privately owned Royal Australian Navy Museum, a huge Antiques shop, restored community Theatre and numerous Café and Craft shops. It boasts an essentially stable population of 367 at the last census. Positioned rurally but just 40 minutes from the city there is a large percentage of commuters and retirees. The median age is 57. Its natural beauty and inexpensive real estate has also drawn a number of "Sea Change" seekers.

The road passing through the town leads to the tourist attractions of Huon wine growing region, Hasting Caves, Cockle Creek and World Heritage access, Tahune Air Walk, and the southern scenic touring route. None of these attractions are considered 'seasonal' by nature beyond the seasonal nature of Tasmania as a destination itself.

140,000 annual visitors pass this point and around 120,200 of these would already be expecting to spend at least one night in this region. Due to its proximity to the larger Huonville, (8 km) Franklin does not attract a great deal of passing traffic to pause. The Wooden Boat Building School attracts around 50,000 visitors per year and is the major single attractor of visitors in the town. Being entirely complimentary, we expect to add value to any visit, but not compete for the same dollar.

Our customers

Customer demographics

The Australian Wooden Boat Festival is increasing in size with each event demonstrating that Tasmania is the place to go for devotees of Maritime heritage. This event has built international awareness and attracts visitors to Tasmania from around the world. Franklin will become a reinforcing and supporting venue operating on all the days the AWBF is not functioning. The AWBF appears to defy normal demographics, having a relatively universal appeal.

Key customers

In the first instance once funding is secured we will be in a position to generate national awareness on the strength of the news value of the last World War One Royal Australian Navy vessel being restored, and a 37 meter coastal timber vessel of over 102 years coming back to life. Articles will be written for magazines of general and special interest. Covering steam power, engineering, boating, recreational model makers, travel, historic, tourism, life style, food (wine region interest) etc. Invitations will be issued to international magazines to commission their own articles. Promotion within the Tasmanian Tourist resources will be managed and constant local news items will be generated. Our online presence will be maintained and upgraded. The www.steamshipcartela.com.au site has already attracted visits from all continents and over 30 separate countries (*source Google Analytics*).

Customer management

We will ensure that the interpretation guides we use during the restoration process are well informed and accurate. Due to the changing and progressive nature the restoration this will create its own thirst for repeat visits to keep up to date with progress. Plans already exist for an allied group to build a schooner from scratch on the adjacent site which will draw additional visits.

S.W.O.T. analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Ownership of a truly unique vessel with world wide appeal. • A business model that is self-supporting. • Nationally important heritage artefact. • Highly relevant to selected location. • Compatible with Tasmanian tourism market strengths. • Condition of vessel is original and sound. • Obtained the original steam engine which is essential to success. • Ready access to archive of historic material to support restoration. • Nil local competition, limited national competition. • Unassailable niche market position. 	<ul style="list-style-type: none"> • Market saturation – How many historic vessels of this class does Australia need (Kanangara, John Oxley) To be assessed. • Environmentally unfavourable when burning coal. Use of diesel or bio-diesel in modern boilers planned. • Small population centre. Market nationally • Restoration base not on major arterial road. Targeted marketing • Age demographic – numbers of people who will feel nostalgic over steam may be diminishing. Strong existing appeal to travelling retirees. • Iron fasteners in hull will be extremely difficult to repair. Experienced shipwright considers this manageable • New Zealand Kauri timber difficult/expensive to access. Suitable local alternatives available.
Opportunities	Threats
<ul style="list-style-type: none"> • Creation of a new tourism venture that will be self-sustaining. • Tapping a market for steam enthusiasts with such a vessel that would have world wide appeal. • Creating a business model that will ensure that the ongoing maintenance costs are self-generating. • Providing training to build skills in a sustainable boatbuilding industry. 	<ul style="list-style-type: none"> • Wooden vessels out of water for long periods deteriorate rapidly. Manageable • Higher risk of fire whilst the vessel is being restored. Manageable • Higher distortion strain on hull out of water. Manageable • Campaign for restoration of a similar vessel capturing or competing for available funds. None known in similar category • Damage to vessel by vandals. Security system installed • Discovering unknown deterioration that proves extremely expensive/difficult to repair. Examined – unlikely • Shortage/unavailability of essential shipbuilding timber or other materials. Considered – manageable.

Your competitors

There are many 'markets' that Cartela will be considered to be engaging with.

Cartela will be seen as a quality supplier of sight-seeing cruises on the River Derwent, this is her principal market. Cartela will trade heavily on her connection to this domain having had the pre-eminent claim to this position for over 60 years. There are a number of vessels that are engaged in this trade though it is clear that none are within the niche forecast for Cartela. As an enclosed all weather, powered vessel Cartela immediately distinguishes herself from the 'Windward Bound' 'Lady Nelson' and 'Ronah H', though sharing the heritage aspects they promote. 'Preana' is a faithfully restored steam vessel available for charter though is considerably smaller, and capable of a max of 12 passengers. This vessel does not provide regular scheduled voyages and at a price per passenger cost, is more expensive to hire. There are modern diesel private charter vessels of various sizes that do not compete within Cartela's market. One operator provides a scheduled harbour cruise in a basic vessel of similar passenger capacity. This operator markets at the basic end of the spectrum and has no connection to history or heritage. Being diesel powered it has none of the romantic appeal of steam nor does it have attraction in the higher end 50 plus charter, or convention market that Cartela will be able to command unchallenged.

On a national heritage count, "John Oxley" is currently undergoing complete rebuild by Sydney Heritage Fleet in Sydney. This vessel was being promoted as the last coastal steamer in Australia having been built in 1927 in Scotland. Cartela will qualify as a 'coastal steamer' but predates 'John Oxley' by many years. "John Oxley" is of steel construction, is of very little original material once completed and will not be operated on a daily basis. It is expected to be re-floated shortly and will continue to be refitted afloat for some time. It will market as a static display with occasional harbour tours. This work is being undertaken by volunteers though is well organised and funded privately by donation. "Kanangara" is alongside "John Oxley" and will occupy the dry dock on "John Oxley's" re-launch. Kanangara is a steel Sydney harbour ferry of similar age to Cartela though is of very dilapidated condition and will not be completed before Cartela. There is no plan to return Kanangara to steam power.

Sydney Heritage Fleet also operate T.S. Waratah (Steam Tug) and Lady Houghton a vintage steam launch. Neither are in regular steam operation, being used only on special occasions.

ST Wattle is being restored in Melbourne by a private group (Sorrento Steam) of individuals who donate a fixed amount of \$1,000 per month each. This vessel once complete will return to operating tours on Port Philip Bay. S.Y. Ena is now owned by an individual who intends to operate this luxury private steamer for charter in the Melbourne ports area.

A number of paddle wheel steamers operate from Echuca on the Murray River.

Jim Butterworth operated the vintage private steam yacht Preana from the Hobart Ports area for private charter. This operation can be seen as a competitor in some respects though we do not expect to be competing for the same market.

Competitor details

Competitor	Status	Size Estimate	Value to customers	Strengths	Weaknesses
[Competitor name]	[When were they]	[Number of staff]	[Unique value to customers.]	[What are your competitor's main]	[What are your competitor's main]

	<i>established?]</i>	<i>and/or turnover]</i>	<i>E.g. convenience, quality, price or service?]</i>	<i>strengths?]</i>	<i>weaknesses?]</i>
John Oxley	Still under restoration		Authentic heritage steam vessel	Heritage appeal, museum association, corporate contacts.	Will not operate regularly. Not Australian made. Not original. Not rare.
T.S Ernslaw	In daily operation on Lake Wakatipu N.Z.		Only true competitor to planned Cartela operation	Built 1912, historic steamship in original specification. Similar size to Cartela	Located in N.Z.
SY Preana	Luxury charter		High quality visual and heritage experience	Flexible operation, small operating costs.	Limited space, ineffective marketing,
S.Y. Ena	Luxury Charter		Very high quality luxury experience	Historically significant, immaculate presentation. Opulent	Very expensive
TS Wattle	Still under restoration		Was in regular passenger and charter operation	Back to basic steam boat experience. Available for special charter	Not complete uncertainty on progress.
P.S. Emmylou P.S. Canberra P.S. Pride of the Murray (etc)	Daily operation with 3 similar boats		Authentic heritage experience	Heritage experience with vintage steam power on display.	Only one original, one new recreation and one conversion from barge.

Advertising & sales

Advertising and promotional strategy

[What strategies do you have for promoting and advertising your products/services in the next 12 months?]

Sales and marketing objectives

Unique selling position

Cartela's unique position as a marketable heritage object has a number of discreet aspects.

1. For over 100 years Cartela has operated from the same pier and has held a continuous passenger survey document
2. Immediately on the outbreak of World War One Cartela was leased by the Royal Australian Navy, itself only a couple of years old and pressed into service as an Examination Vessel to protect the port of Hobart and provide training for Naval cadets.
3. Provided the essential connection between the capital city and all the outlying coastal communities.
4. Featured in the local regattas and races of the time.
5. Is the last working survivor of a class of vessels that over time numbered up to 80 examples.
6. Is complete and substantially structurally unmodified.
7. Is in sound condition.
8. Can be returned to the desirable steam power specification, with her original engine making this vessel truly authentic, and historically relevant.

THE FUTURE

Mission statement

Cartela will be restored with the express intent of returning to use as a working passenger vessel, as close to practical to her original condition, consistent with use in the current economic and social environment.

Goals/objectives

RESTORATION:

OPERATION:

Action plan

Please note: This table does not include sustainability milestones as they are listed in the sustainability section above.

Milestone	Date of expected completion	Person responsible
Build Restoration base at Franklin	August/Sept 2014	Ross James
Install 3-phase power to Franklin Wharf	Mid May 2014	Ross James
Repair piling to secure Cartela at Franklin Wharf	Mid May	Ross James
Relocate Cartela to Franklin	June/July 2014	Ross James
Complete engine refurbishment	Oct 2014	Ross James
Finalise specification, design and layout	Dec 2014	Ross James
Begin Restoration	Jan 2015	Ross James
Finish Restoration	Jan 2019	Ross James

THE FINANCES

Key objectives and financial review

Financial objectives

As mentioned in earlier sections it is essential if this model is to achieve the stated aim of regional employment and catalysing the creation of a sustainable heritage vessel refurbishment industry it is necessary to obtain a commitment from State and/or Federal government to underwrite the program to provide a level of certainty for the creation of the intended apprentice training positions. Beyond these guarantees there is scope to seek commercial and private sponsorships and public donations.

Finance required

Total costing of the entire restoration project is anticipated to be \$4,000,000 over 4 years. Detailed budget is available.

Assumptions

The financial tables on the subsequent pages are based on the assumptions listed below:

Operating Expenses

Below crewing level is guide only and based on similar operations. This will be subject to AMSA review at time of application for licence. Although 100 years old this vessel will be as new in all respects for maintenance calculations. Expectation that a considerable percentage of operational surplus would be invested against future maintenance to preserve condition. The salary tables assume one full time person for each position and five day per week operation. Charter and function rates will need to reflect the additional part-time and casual crew requirements.

EXPENDITURE

	Salary	on-costs	
SKIPPER	\$ 80,000	\$ 14,400	\$ 94,400
ENGINEER	\$ 70,000	\$ 12,600	\$ 82,600
ENGINEER ASSIST.	\$ 55,000	\$ 9,900	\$ 64,900
DECK/GUIDE Snr.	\$ 55,000	\$ 9,900	\$ 64,900
DECK/GUIDE	\$ 45,000	\$ 8,100	\$ 53,100
Front-of House	\$ 45,000	\$ 8,100	\$ 53,100
Cleaning	\$ 40,000	\$ 7,200	\$ 47,200
	Salary Total		\$ 460,200

Addition Volunteer interpretation guides.	3 to 5
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Insurance	\$ 8,000
Wharfage	\$ 9,000
Power	\$ 5,000
Telecoms	\$ 3,000
Office Accom.	\$ 10,000
Management Fee	
Advertising	\$ 180,000
Catering @\$15ph	\$ 40,000
Ancillary	\$ 8,000
Fuel	\$ 30,000
Maintenance	\$ 180,000
Slipping	\$ 5,000
Expenses Total	\$ 478,000

Gross Income	\$ 1,371,902
Salary + Expenses	\$ 938,200
Operating surplus	\$ 433,702

Supporting documentation

Attached is my supporting documentation in relation to this business plan. The attached documents include:

- Benefit Cost Analysis. Prepared by "Creating Preferred Futures" Last updated December 2012
- Significance Statement. In collaboration with Maritime Museum of Tasmania, uses Significance 2.0 criteria to confirm historic relevance.