

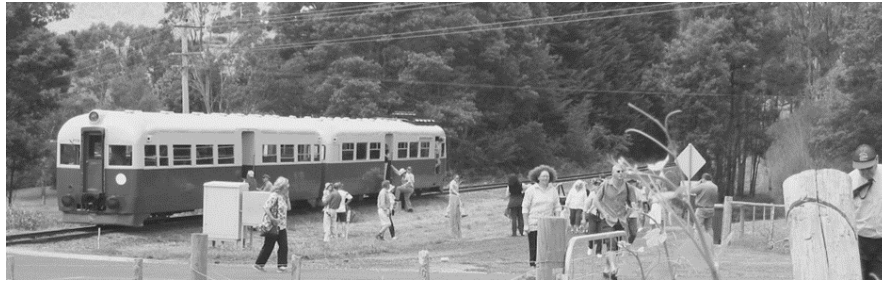


# LAUNCESTON & NORTH EAST RAILWAY

Business and Strategic Plan



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# Executive Summary

## Route and History

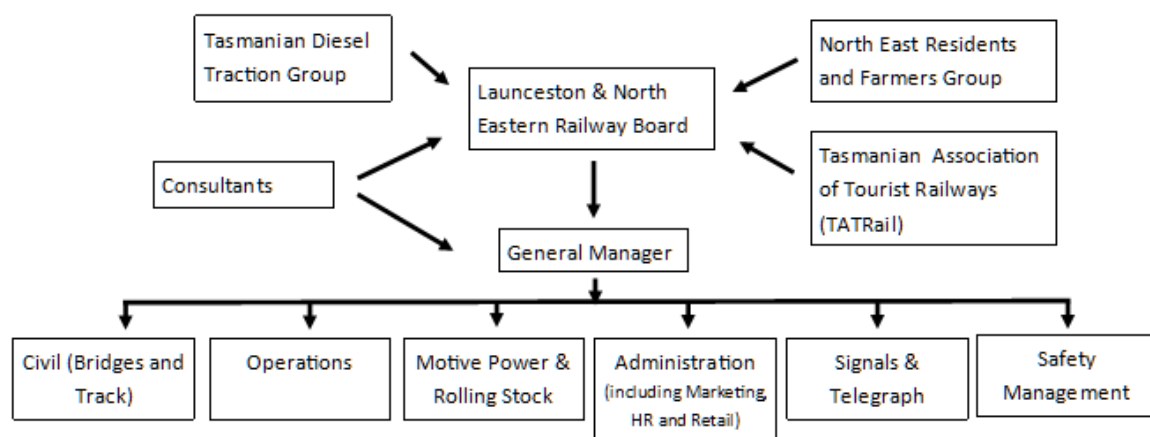
The North East Railway line was officially opened in 1889, principally to freight agricultural and timber products out of the region, as well as providing a new and significant mode of transport for local communities. Running between Launceston and Scottsdale, the service operated twice daily in each direction.

Today TasRail operate a section of the line between Launceston and Coldwater Creek, here the line diverges, with the current operation running a short distance onto Bell Bay with the significant section of Coldwater Creek – Scottsdale (now closed) running out to the eastern corner of the State.

The proposed route of the Launceston and North East Railway between Coldwater Creek and Scottsdale was recently the subject of Parliamentary debate. The Strategic Infrastructure Corridors (SIC) Bill was passed in the Tasmanian Upper House and was heavily amended to accommodate tourist rail opportunities across the state. This would include the opportunity sought after by the Launceston and North East Railway.

## Organisational Structure

In looking at models around Australia the railway has sought advice from a number of bodies and will, as a consequence, follow closely the model currently operated by the Yarra Valley Railway in Victoria, a model that is similar to the majority of heritage railways in Australia.



Initially the project will be wholly volunteer resourced, with an opportunity of a Work for the Dole scheme enhancing and speeding up the restoration process.

## *Staging and Capital Costs*

In a departure from earlier thoughts and documents, analysis of current visitor patterns has shown that the Launceston & North East Railway would be at its best advantage to start its operations from Lilydale.

It is envisaged that there will be four stages of reconstruction:

- Stage 1 2017/18 – Lilydale - Wyena
- Stage 2 2018/19 – Lilydale – Turners Marsh
- Stage 3 2019/20 – Restoration to Scottsdale
- Stage 4 2020/21 – Turners Marsh – Coldwater Creek

One of the more traditional challenges for start-up heritage railways is the significant costs of rebuilding the line. The Launceston and North East Railway is unusual in this area in that the most major component of any such capital project, mainly the track infrastructure, has remained in place and will need minimal work to restore it to full operational requirements. As a consequence, a capital cost of \$6,650 per Km for Stage 1 is envisaged with a total capital cost of Stage 1 being \$110,388.

The Launceston and North East Railway will look to commence its passenger's services from Lilydale, initially running to Denison Gorge and eventually to Scottsdale. During this period, it will reopen between Lilydale and Turners Marsh to allow access to an area suitable for maintenance facilities and will also seek permission to move trains across TasRail track into Launceston for the occasional specials.

## *Visitation*

Tasmania is currently at its strongest in terms of Tourism growth. The North is growing its market share of this growth. The timing is right for a new attraction in the North East of the State.

Using Tourism Tasmania / Tourism Australia passenger figures for the first year of operation have been conservatively estimated at 11,250

Passenger figures have been further forecast over the twenty year period to provide a figure of 59,756 pax per annum by year 20.

There is an opportunity to create events based around the railway. This is typical, and the expectation of other heritage railways in Australia. Both Thomas the Tank Engine events at Puffing Billy in Victoria and Steamfest at Sheffield in Tasmania show the success and economic benefit these events can bring to a region.

## *Revenue & Expenses*

In looking at local competition the experiences widely differ but do give a sense of the range of entry fees on offer in the region. In looking at other heritage railways around Tasmania and Australia the

entry fees also give an indication of market value. Average rates (after discounting) have been used in the calculation of revenues.

Lilydale-Karroola	\$ 11.02
Lilydale - Wyena	\$ 18.89
Lilydale - Scottsdale	\$ 64.80

Revenues of \$207K have been calculated for year 1 of operation rising to \$1.8 million in year 20 of operation at today's prices.

Using available data and data available from other Tourist and Heritage railways expenses have been estimated for the Launceston and North East Railway. Typical areas of expenses have been used that have been taken from other Tourist and Heritage Railway accounts. Expenses range from \$192K for year 1 of operation rising to \$894K for year 20 of operation.

The following estimated profit has been calculated.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$15,535	\$91,321	\$78,129	\$490,898	\$357,129	\$443,849	\$676,597	\$894,160

It is anticipated as a non for profit organisation, all profits will be ploughed back into the organisation to cover capital costs and the replacement of depreciated items.

This shows that from an operational and financial perspective the railway can be financially viable.

## *Legislative and Safety Requirements*

A significant risk within the heritage railway fraternity is ensuring that the railway will meet and operate to a high safety standard.

The Launceston and North East Railway is well placed to carry out its duties in this regard. The core of its volunteers are professional railwaymen that work within a number of facets of railway operations in both the commercial and heritage railway sector. These involve posts from senior management to train drivers, both current and retired.

The Launceston and North East Railway will seek accreditation under the Railway Safety Act, as both the owner and operator, from the Office of National Rail Safety regulator (ONRSR). In the first instance, it will seek to operate maintenance trains, and once established, passenger trains.



## *Marketing a successful tourist heritage railway*

A broad marketing plan has been established for the railway that can operate using appropriately skilled volunteers that work professionally in this area. The marketing plan has been established to operate within the proposed budget constraints.

## *Economic Benefit*

With the presence of the railway regional growth for the area would significantly increase thus providing a catalyst for economic activity over the twenty year period.

Using Remplan data every dollar of direct expenditure by visitors to Northern Tasmania, the broader local economy is estimated to benefit by a further \$0.91 once flow-on industrial and consumption effects are taken into consideration. This can also be expressed as a tourism output multiplier of 1.91.

Therefore, direct expenditure at the railway would result in the following direct economic impact:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$ 393,604	\$ 671,985	\$ 695,908	\$ 1,721,746	\$ 1,529,187	\$ 1,923,985	\$ 2,655,469	\$ 3,420,401

In addition, there is significant positive economic impact of using volunteers. Using Volunteering Tasmania value calculator. The following impacts have been calculated:

Yr1	Yr2	Yr3	Yr4	Yr5
\$907,610	\$907,610	\$1,225,050	\$1,852,478	\$3,079,018

It can therefore be reasonably justified that, for example, in year five a total sum of \$9,757,456 could be attributed as direct economic impact as a result of the railway operating.

## *Conclusion*

In terms of railway restoration, the fact that the main part of the infrastructure is still in place means that the railway can be rebuilt using minimal capital; capital that is available through the volunteers. Using railcar operations, a viable service can be operated. This will bring significant economic benefit to the region as well as being a catalyst for sustainable economic generation in the area.

# Introduction

***The Launceston and North East Railway will look to commence its passenger's services from Lilydale, initially running to Denison Gorge and eventually to Scottsdale. During this period, it will reopen between Lilydale and Turners Marsh to allow access to an area suitable for maintenance facilities and will also seek permission to move trains across TasRail track into Launceston for the occasional specials.***

## Australian Heritage Strategy Vision 2015

*'Australia has a rich natural and cultural heritage that underpins our sense of place and national identity and makes a positive contribution to the nation's wellbeing. We value our heritage and have a strong desire to see Australia's significant heritage places recognised and protected.*

*Our natural, historic and Indigenous heritage places are valued by Australians, protected for future generations and cared for by the community.*

*More than a legacy from our past, heritage is a living, integral part of life today. Understanding our heritage gives context to where we are now and where we are headed as a society. By protecting our heritage, we conserve valuable community assets and ensure those places, traditions and stories can continue to be experienced and enjoyed by future generations.'*

The Launceston & North East Railway is part of the cultural heritage of the region. It is very much about place and community. It enjoys significant community support because of this. It is not about railway enthusiasts wanting to run a steam railway but about the enthusiasts and community coming together to preserve and recreate a way of life that was integral to the area and those that worked and lived there.

Experience is key, interpretation of space – telling a story will be paramount on delivering a memorable experience to all who will travel along the line.

At this stage let's wipe away any misconceptions – visitors who visit heritage railway lines are not railway enthusiasts, in fact research shows that less than 4% of visitors express having an interest in trains.

The big difference now, is that today's visitor does not want to get from A to B, they are not in a hurry to get anywhere. And as tourism standards have generally grown, the requirements and expectations of those passengers, as tourists, grow with them.

The Australian Heritage Strategy vision will be achieved through actions under three high level outcomes

- national leadership
- strong partnerships
- engaged communities.

In the case of the Launceston and North East Railway this vision is realised by the organisation looking for State leadership in transferring the management of the railway corridor to the organisation and with the Society looking to provide the partnerships and community engagement elements.

### Tourism Tasmania's T21 Strategy states as a priority:

*Invest in quality visitor infrastructure Investment in private and public infrastructure is the backbone for growing the visitor economy. For Tasmania to achieve 1.5 million visitors a year by 2020 requires the ongoing development of exciting new visitor experiences to drive interest in Tasmania, stimulate visitor demand and encourage travel within the state.*

*Tourism operators must continue to invest in their businesses so they can offer visitors relevant, contemporary and quality visitor services and experiences throughout the state.*

*Private investment in new and existing visitor services, experiences and infrastructure, will be crucial to Tasmania's ongoing economic performance and the jobs that flow from a strong and healthy visitor economy.*

The Launceston and North East Railway can deliver on all these required outcomes. By delivering on this, the railway will fulfil its economic goals for the region.

### A brief history of the line

In 1882 the Tasmanian Government Railways began planning for a railway link from Launceston through to Scottsdale as part of the ever increasing railway network in Tasmania.

*The North East Railway line was officially opened in 1889, principally to freight agricultural and timber products out of the region, as well as providing a new and significant mode of transport for local communities. The Launceston to Scottsdale service operated twice daily in each direction.*

*The mid-1970s saw the line transformed from a general carrier to a more specialised operation. This was due to the need to transport china clay from a mine at Tonganah to Associated Pulp and Paper Mills in Burnie. The area's extensive plantations also provided pine logs to Australian Newsprint Mills at Boyer. Depots for eucalypt logs were established at Tonganah and Derby (1979) and Herrick (1982). The ARHS Bulletin (March 1997) noted that, 'all this new traffic produced the highest tonnages and heaviest trains ever seen on the line'. Such activity was timely as it occurred when the line's traditional freight was rapidly disappearing.*

*The line's strong reliance on the fortunes of the timber industry saw a gradual decrease in services from the 1990s, as road competition and changes in volumes and loading points challenged its viability.*

*(Lebski/Reed Report 2017)*

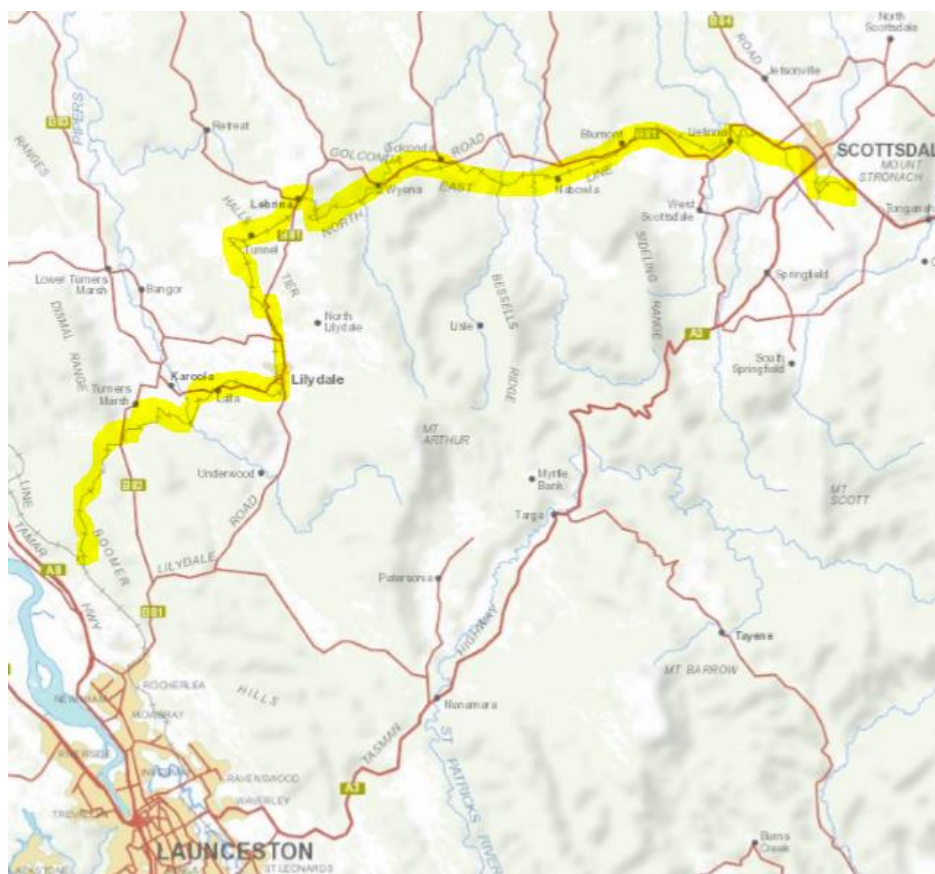
The TasRail operated section of the line runs from Launceston to Coldwater Creek, here the line diverges, with the current operation running a short distance onto Bell Bay with the significant section of Coldwater Creek – Herrick section (now closed) running out to the eastern corner of the State.

## *The Launceston and North East Railway today.*

In the year 2000 the section of line between Coldwater Creek and Scottsdale was extensively refurbished. This included the installation of a large amount of steel sleepers only a few years later. In 2004, traffic operations on the line ceased. However, TasRail retained the line on a care and maintenance basis since taking over the line from Pacific National in 2007. It is because of this that the infrastructure is in such good condition and is ideal for reopening as a tourist heritage line.

For the last 10 years TasRail have been unable to separate the Public Liability Insurance liability of its rail infrastructure on non-operational lines, from its business on the operational lines. Tourist rail access has been banned from the network due to this perceived liability issue.

The section of line between Coldwater Creek and Launceston remains part of TasRail's operating network and the Launceston and North East Railway will seek permission for occasional access as part of a wider campaign that is taking place within Tasmania by the heritage railway sector.



The route of the proposed reconstruction

## *Changes in Legislation*

The Strategic Infrastructure Corridors (SIC) Bill was debated recently in the Tasmanian Upper House and heavily amended to accommodate tourist rail opportunities across the state.

The amended bill is understood to allow for the following provisions: -

- Passenger rail operation in a strategic infrastructure corridor is a reserved purpose.
- Tourist rail operators can lease the line via a lease given by the Infrastructure Minister
- The Infrastructure Minister can declare a non-operational line to be a SIC only with the consent of both houses of parliament. The intent future of the line must be stated as part of the approval to disconnect it from TasRail's jurisdiction.
- The minister may lease the line for a tourist rail operation.
- Use of rail corridors for emergency works and tourist rail operation (This was verbally confirmed by the leader of the Government in the Upper House debate) are permitted uses in a corridor. All other uses like Rail Trails are discretionary uses requiring advertising to all neighbours and appeal rights to those neighbours.

The railway corridor has been declared as a Strategic Infrastructure Corridor. As a consequence the Bill can provide for a straight forward permitted use application by the Launceston & North East Railway to lease the North East Line from Scottsdale to Coldwater Creek Junction.

## *An experience based tourism activity*

What is an Experience?

'An activity is usually focused on the physical action, with little connection to the meaning or significance of the place in which it occurs, such as sightseeing, bushwalking or swimming.

An experience, however, goes beyond an activity to provide a higher level of engagement with the sense of place and local people and a greater depth of involvement and understanding of both.

Experiences are a combination of place, infrastructure, services and interpretation.

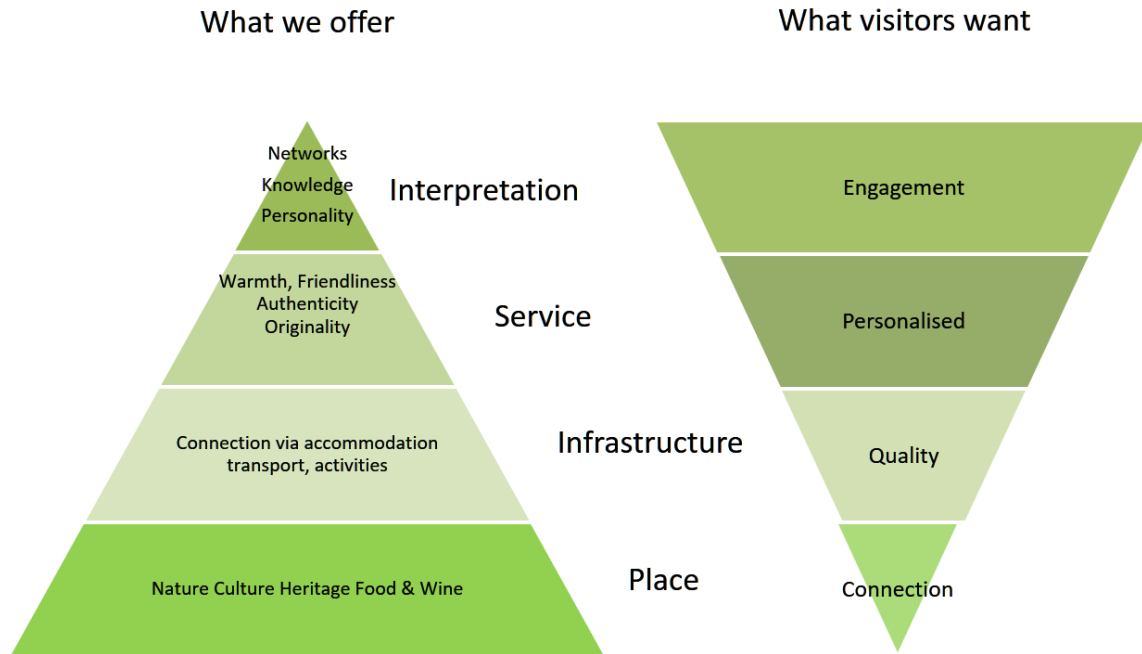
Together, these separate layers can deliver a true visitor experience when they match the needs of the visitor and reflect the offer of your product ...

..... An experience, however, goes beyond an activity to provide a higher level of engagement with the sense of place and local people and a greater depth of involvement and understanding of both.

*Tourism Tasmania.'*

Another heritage railway - the West Coast Wilderness Railway recognised this in 2002 and became one of the States leaders in the delivery of thematic interpretation. Tourism Tasmania's Thematic Interpretation manual of 2005 uses the railway as a case study of best practice.

In Tourism Tasmania's 'The Tasmanian Experience' describes the relationship between the supply side and what the visitor wants.



This clearly shows the emphasis that is required to deliver an experience on engagement through interpretation and service, and this will be the required focus for the future at the railway.

The railway will be very much about experience. With limited built heritage assets, the experience will be about heritage within the landscape, an experience from the 1930's, engaging in traveller's reminiscence, recreating the 'Sunday trip out' or the trip to market. Stage one will be around the journey and the natural experience of Denison Gorge, that was visited by thousands during the railway's recent past. The railway was the lifeblood of the community and the visitor experience will need to reflect this.

Tasmania is now recognised as leading the country in food based tourism it is therefore essential that the Food and Beverage offer on the railway will need to both reflect the regional offerings in line with regional brand, as well as meeting a high level of service delivery. The future F&B offering on the Launceston & North East Railway is particularly important to the older couple

There is the opportunity for the railway to build product offerings that will enhance the overall experience and increase yield once the core product is settled. An example of this would be a 'Steam & Cuisine' experience utilising the railway's assets as well as delivering the best of local produce through an on train dining experience.

## *Historic Heritage Railways in Australia*

Railways in Australia, were a powerful political and economic force in developing Australia. They were an important part of our cultural and heritage past.

Tourist and heritage railways provide a means of preserving, educating and demonstrating rail's cultural and heritage significance of today's society.

With over seventy operators within Australia, the Tourist and heritage rail sector provides significant economic benefits to Australia through employment, tourism expenditure and the social benefits of volunteering. This is demonstrated time and time again by the significant financial support a number of heritage rail organisations have received over the last few years. In our own State, the West Coast Wilderness Railway receives significant State and Federal financial support because of the sustainable economic benefit that the railway provides.

At a simplistic level, there are three operating models of Heritage Railways within Australia. The first totally professional such as the West Coast Wilderness Railway where all staff are employed. The second; the likes of Puffing Billy Railway with a staff of 70 and a volunteering force in excess of 1000 providing more than the equivalent of 100 full time staff and a third model that represents the majority of organisations that are run wholly by volunteers. These volunteers provide the whole range of skills that are required to run a modern business and show that this model can successfully work.

In the initial stages it is intended that the Launceston and North East Railway will be wholly run by volunteers.

## *The Tourist and Heritage Rail Sector in Tasmania*

There are eight Tourist and Heritage railways in Tasmania:

- The Tasmanian Transport Museum - Glenorchy (volunteer run)
- Derwent Valley Steam Railway (volunteer run)
- West coast Wilderness Railway (full time staff)
- Wee Georgie Wood – (volunteer run)
- Sheffield Steam and Heritage Centre (volunteer and two part time staff to run Work for Dole scheme)
- Don River Railway – Devonport (volunteer run with one full time manager)
- Don River has a volunteer branch in Invermay, Launceston who run a small workshop and carry out projects for the main railway.
- Launceston Tram Society (volunteer run) – Invermay, Launceston
- Rail Track Rider – Medina

In addition, the Launceston City Council has a small, but important, railway museum that is housed in the old Railway Workshops at Invermay.

Both the Tasmanian Transport Museum and Don River Railway ran occasional successful steam and rail bus tours on the main line until TasRail withdrew access facilities.

The above organisations are supported within the State by the Tasmanian Association of Heritage Railways (TATRIL) and Nationally by the Association of Tourist and Heritage Railways Australia (ATHRA).



# Regional Market Profile

*“As we begin to report some visitor results for 2017, it is heartening to see that Tasmania’s popularity continues to grow. Although for those of us who live here, this probably comes as no surprise.”* John Fitzgerald CEO Tourism Tasmania

The current research is drawn from a number of areas including the National Visitor Survey (NVS), International Visitor Survey (IVS), ABS Data, Tasmania Visitor Survey (TVS), Tasmanian Information Monitor (TIM) and numerous interviews with individuals to glean data as well as the writer’s own knowledge and experience having been directly involved as an operator and Council Tourism Manager over the last few years.

## Tourism Market Overview

- There were 1.26 million interstate and overseas visitors to Tasmania in the year to March 2017 which was up 7% from the previous year with an additional 560,000 intrastate ‘holiday’ trips.
- Total spending by visitors to Tasmania increased by 11 per cent to \$2.23 billion.
- The number of interstate visitors to Tasmania increased by 5 per cent to 1.06 million (was 1.01 million).
- The total number of visitors holidaying in Tasmania during the year ending March 2017 was 620,900, up 13 per cent compared to the previous year (was 547,100).
- Total nights spent by visitors in the state increased by 5 per cent to 10.88 million.
- Holiday visitor expenditure for the year was up 15 per cent to \$1.54 billion (was \$1.34 billion).
- The Visiting friends and relatives (VFR) increased by 6 per cent for the year.
- The number of nights VFR visitors spent in Tasmania increased by 8 per cent while VFR expenditure increased by 12 per cent.
- For the year ending March 2017, data from the TVS for the four tourism regions reported the following changes in visitor numbers:
  - South up 5 per cent;
  - East Coast up 12 per cent;
  - North up 11 per cent;
  - Cradle Coast up 7 per cent.



## Visitation to the North East

Visitation to the North of the State has increased year on year over the last few years:

Year April to March				
	Yr 13/14	Yr 14/15	Yr 15/16	Yr 16/17
	557,474	595,745	620,337	688,954
		6.87%	4.13%	11.06%

These figures show strong growth and are echoed by the TVS figures for places visited in the North-East region:

Year April to March					
		Yr 13/14	Yr 14/15	Yr 15/16	Yr 16/17
Launceston City		68,670	84,879	83,958	93,883
Scottsdale		33,842	38,427	38,599	41,246
Lilydale (from July 2015)		-	-	15,241	21,577

***From the year 2013, Launceston has shown a 37% increase in visitation, Scottsdale has shown a 22% increase and Lilydale has shown a significant increase of 42% over the last twelve months. This represents 15% of total Northern Tasmania visitation for the Scottsdale end of the line and 81% of total visitation for the Launceston of the line. The Lilydale visitation represents 9% of the total Northern visitation. ( NOTE - that these figures do not include Intrastate Visitors.)***

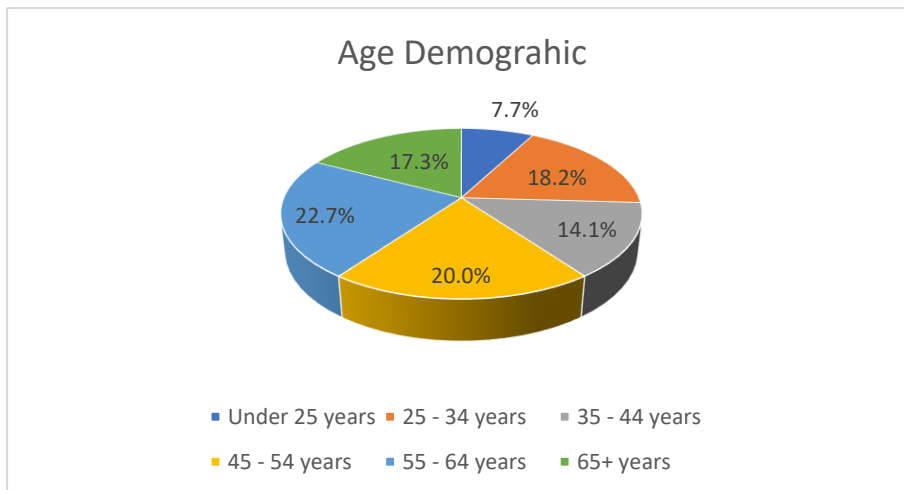
If the North East is to increase these levels from the total northern market it is imperative that new tourist attractions are established. The Launceston & North East Railway is well placed to deliver on this.

## Demographics

### Age of Visitors

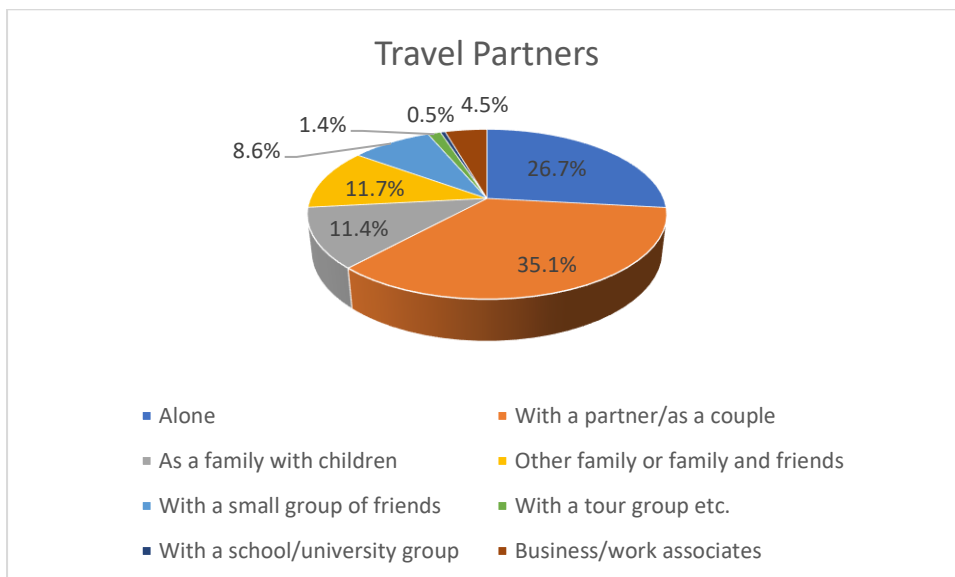
TVS Data for Tasmania reports that age demographics are evenly spread with a percentage range between 18% and 22% for the ages 25 – 64 yrs.

This demographic is ideally suited to the heritage railway market.



### *Travel Partners*

TVS reports that the type of travel partners that visit Tasmania is predominately couples (35%) and Single travellers (27%) and Families with Children (11.45%).



(Source: Tasmanian Visitor Survey)

### *International Visitation to Tasmania*

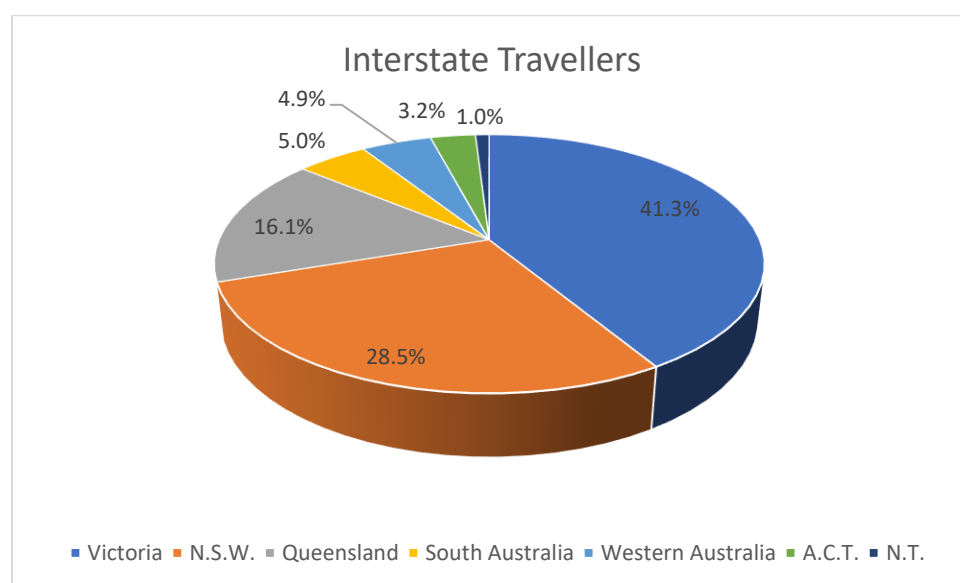
The latest International Visitor Survey results show that 250,300 international visitors came to Tasmania in the year to March 2017, a 16% increase on the same period last year. This figure is a

new record for Tasmania and also the highest rate of international visitor growth of any state and territory and well above the nation's overall growth rate for this period.

Spend by International tourists was \$424 million, an increase of 21%.

### Interstate Visitation

The figures below represent the percentages of 1.01 million Interstate visitors to Tasmania. As will be seen it is an important demographic and a new attraction will enable the North East to maintain and grow regional share of this visitation.



(Source: Tasmanian Visitor Survey)

### Intrastate Visitation

Visitor trips within Tasmania will play an important part of the market mix for a re-established railway in the North East. Over 1 million holiday or VFR trips were undertaken by Tasmanians in Tasmanian to the year ending March 1017 (TVS data).

#### Visitors ('000)

Holiday	662
Visiting friends and relatives	360
Business	177
Other	89
<b>Total</b>	<b>1280</b>

A recent start up attraction in Launceston experienced 73% Intrastate visitation and of these 33% were from the south and 59% were from Launceston and the North.

Looking at total visitation movements; 9.9% International, 39.8% Interstate and 50.4% Intrastate, it can be reasonably stated that the figures used from the Tasmanian Visitor Survey only represent 50% of the potential tourism market.

This shows that the local market will be of increased significance during the formative years of the Launceston & North East Railway.

### In Summary

Tasmania is at its strongest in terms of Tourism growth. The North is growing its market share of this growth. The timing is right for a new attraction in the North East of the State.

## Seasonal Fluctuation

The following table represents percentage visitation in the Launceston area over a twelve-month period, it clearly shows higher demand during the summer and lower demand during Winter. This table is used to calculate passenger numbers per month and average passengers per train.

It also shows the opportunity to grow shoulder seasons using yield management and an events policy.

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
5.94%	5.14%	6.68%	8.43%	9.49%	9.81%	12.97%	12.17%	10.78%	8.61%	5.98%	4.00%

Source Launceston Visitor Centre

## Regional attractions

***With increasing visitation and increased demand for quality attractions there is space in the North West market for a regional attraction such as the Launceston & North East Railway.***

The following list represents identified tourist attractions within the North East Region:

- Bridestowe Lavender Farm
- Hollybank Treetops / Trees Adventure
- Kookabura Ridge Quad Bike Tours
- Barnbogle Dunes & Lost Farm Golf Links
- Scottsdale Art Gallery Café
- Scottsdale RSL military Museum
- Mountain Stream Fishery
- School house Museum
- Ringarooma History Room
- Memorial Carvings

- Flinders Island Aviation – Scenic flights
- Tin Dragon Interpretive Centre



**Map showing North East Tourist Attractions**

Two major attractions already exist in the North East: Bridestowe Lavender Farm and Tree Tops Adventure these are supported by several smaller attractions. Launceston has a number of activity based attractions including Penny Royal, Tamar River Cruises, Inveresk Museum and Tramway Museum. Georgetown has its own cluster of smaller attractions.

Penny Royal, Tamar River Cruises and Tree Tops are considered to be major competitors for the Launceston & North East Railway, but if included in a two day itinerary, they will complement the railway as does Bridestowe Lavender Farm of which both the railway and the farm could be visited as part of a single day's activities.

## *Events*

Currently the North East region hosts a number of identified annual events.

- The North East Rivers Festival

- North East Regional Arts Festival
- Annual Derby Mountain bike events

There is an opportunity to create events based around the railway. This is typical, and the expectation of other heritage railways in Australia. Both Thomas the Tank Engine events at Puffing Billy in Victoria and Steamfest at Sheffield in Tasmania show the success and economic benefit these events can bring to a region.

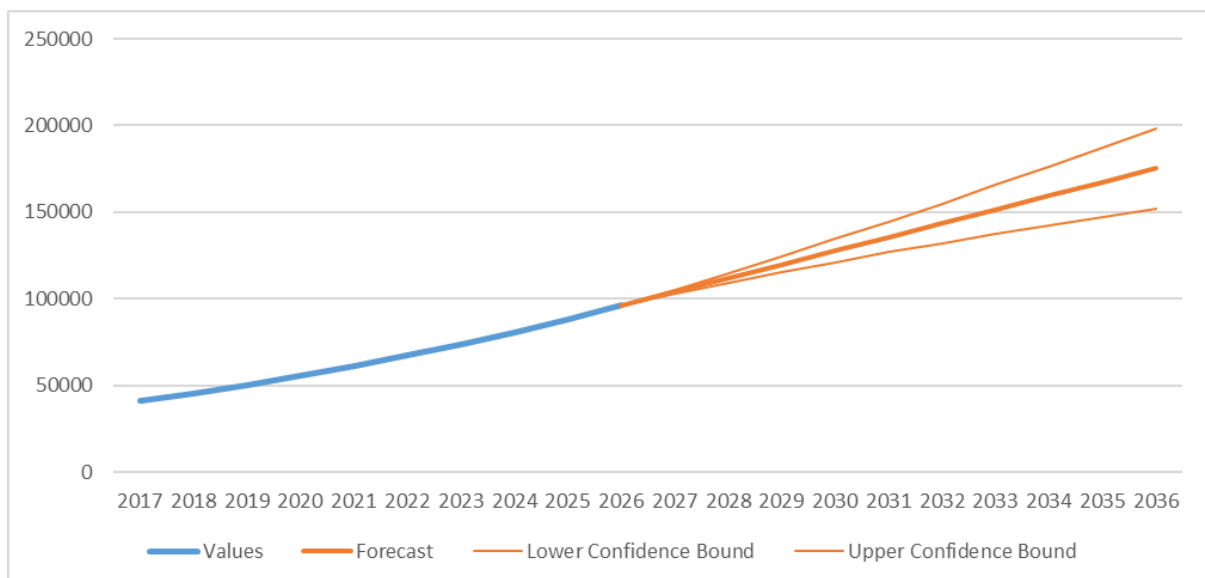
## Future Regional Market Expectation

***With the presence of the railway regional growth for the area would significantly increase thus providing a catalyst for economic activity over the twenty year period.***

### Scottsdale forecast

Forecasting the visitation data for Scottsdale from the TVS figures only, without any marketing intervention would see visitation in excess of 87,000 by the end of the 20 year business plan forecast for the railway.

With marketing intervention we anticipate that the railway would bring an additional 5.0% of International and Interstate visitors per annum to the area, the cumulative effect on visitation to Scottsdale alone would be in excess of 175,000 visitors by the end of the 20 year business plan forecast for the railway, a 100% increase beyond expected growth if the railway was not there and, more importantly could be potentially doubled if intra state tourism was considered.



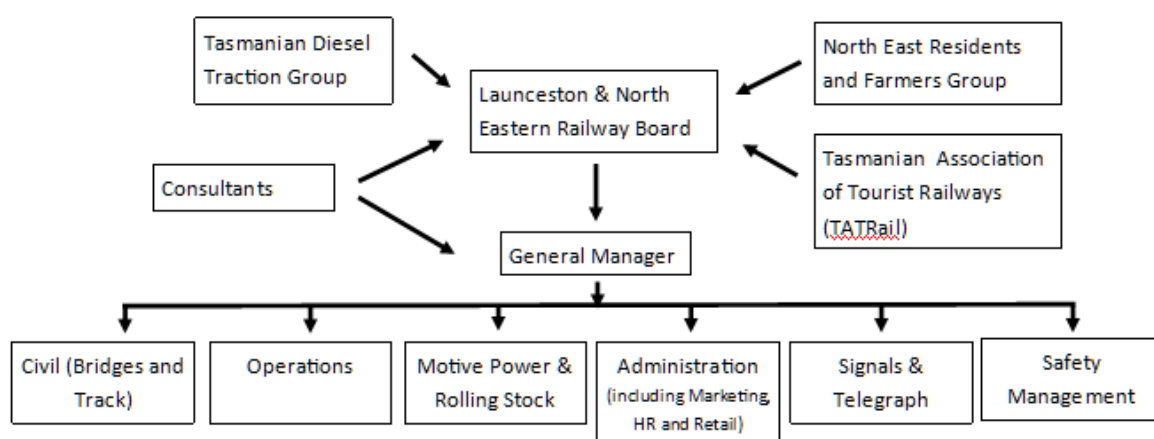
With only two years of historic data for Lilydale (TVS) it is not possible to run a statistical forecast for Lilydale visitation. However, looking at the Scottsdale data and forecasts and using simple multipliers, Lilydale could expect more than 60,000 visitors per annum (including the intrastate market).

# Strategic Theme 1: A privately run business model for the Launceston & North East Railway

***The Launceston & North East Railway intends ‘standing on its own two feet’ both financially and from a resource perspective.***

In looking at models around Australia the railway has sought advice from a number of bodies and will, as a consequence, follow closely the model currently operated by the Yarra Valley Railway in Victoria, a model that is similar to the majority of heritage railways in Australia.

## Organisational Structure



A model, similar to other heritage railways is envisaged.

This organisation would be a wholly volunteer based railway, supported by a skill based volunteer Board.

The Board would provide Strategic direction and Governance oversight. The Board would both seek and have representation from a number of community and specialised groups within Tasmania.

The General Manager would initially be a volunteer position, with the Department heads all being volunteer based.

It is anticipated that the general staffing would all be volunteer based. A *minimum* requirement would be a permanent full time equivalent, 9 staff year 1, rising to 16 staff year 5. This would be the equivalent of 1218 man days year one, and 4132 man days by year five. This is achievable given the current level of volunteer support, as well as looking at similar heritage railway models elsewhere.



An opportunity exists for the project to be supported by a work for the dole project of 15 staff working 25 hrs per week. A letter of support in principle has been received to back this proposal, however the existing volunteer base is well capable of opening and operating the railway.

In attempting to put a \$ value on the minimum requirement of labour for the railway a number of assumptions are made based around salary levels in other organisations. i.e General Manager Salary \$84k per annum pro rata. The minimum number of staff volunteer posts identified plus the value of the Work for the Dole Scheme gives an indicative value of labour of:

Yr1	Yr2	Yr3	Yr4	Yr5
\$260,559	\$260,559	\$304,997	\$411,485	\$630,000

The above values do not appear in revenue or expenditure although are of a core value to the organisation.

Consultants would be employed on an as needed basis. The principal areas of consultation are anticipated to be Civil Engineering, Mechanical Engineering and Safety Management. A number of professional consultants in the field of Civil, Business management and Safety have already pledged their support for the project, also on a voluntary basis.

The pool of volunteers currently have the skills to manage, operate and maintain the locomotives, rolling stock and operate the railway. Many of the volunteers are, or have been, professional railwaymen and are technically very competent.

Operations would initially be limited to weekends, public and school holidays. In year 1 this would equate to 146 days of operation rising to 289 days of operation in year 5.

In volunteer days, this would equate to a minimum of:

Yr1	Yr2	Yr3	Yr4	Yr5
<b>1218</b>	<b>1218</b>	<b>1644</b>	<b>2486</b>	<b>4132</b>

However, if other heritage railway practice is followed the volunteer input figure would be double this.

## Strategic theme 2: Ensure a sustainable business model for the Launceston and North East Railway.

***In a departure from earlier thoughts and documents, analysis of current visitor patterns has shown that the Launceston & North East Railway would be at its best advantage to start its operations from Lilydale.***

The Launceston & North East Railway initially needs to obtain a lease for the Rail Corridor between Coldwater Creek Junction and Scottsdale.

### *A Staged Reconstruction- for Operations*

#### *Stage 1 2017/18 – Lilydale - Wyena*

It is intended to start the restoration of the rail track between Lilydale and Wyena (16.6 km). This would include, through partnership, restored access to Denison Gorge – a principle part of the tourism experience offered for this stage.

This section of track has been recognised as being in the best condition, and having the least number of bridges and level crossings for restoration. Therefore, allowing a faster resumption of passenger services to allow a revenue stream to start.

The track restoration would be overseen by Wayne Venn a retired TasRail maintenance supervisor. Bridge and culvert restoration would be supervised by Chris Martin, a fully qualified civil engineer. Prior to operation a full safety case would be prepared for the Office of National Rail Safety Regulator by Andrew Bridger, an experienced rail safety accreditation consultant.

#### *Stage 2 2018/19 – Lilydale – Turners Marsh*

To begin railcar operations between Lilydale and Wyena by the 2018/19 summer season. Temporary storage and workshop facilities have been offered by an adjacent landowner.

During this period restoration of the line between Lilydale and Turners Marsh (12.6 km) will take place to allow the establishment of workshops and storage facilities at Turners Marsh. Limited passenger service would be extended along this portion with the Lilydale -Wyena section remaining the principal operating section of the line.

### *Stage 3 2019/20 – Restoration to Scottsdale*

Restoration of the line to Scottsdale (25.2 km) and extend public operations to Scottsdale by the 2020/21 summer season.

### *Stage 4 2020/21 – Turners Marsh – Coldwater Creek*

Increase passenger services by the resumption of a passenger service ex Scottsdale to include a refurbished Scottsdale Station providing coffee to train and drive-by customers as well as cycle hire for the cycle trail that continues from this point. Scottsdale would also be the centre for a railway museum and interpretation space.

This stage would also see the restoration of the track between Turners Marsh and Coldwater Creek (8.9 km) to facilitate mainline access dependant on ongoing negotiations with TasRail.

### *Initial Capital Works and Costs*

***There is a capital cost of \$6,650 per Km for Stage 1 of the reconstruction project this includes a contingency amount of 20% .***

One of the more traditional challenges for start-up heritage railways is the significant costs of rebuilding the line. The Launceston and North East Railway is unusual in this area in that the most major component of any such capital project, mainly the track infrastructure, has remained in place and will need minimal work to restore it to full operational requirements.

Stage 1 estimated capital costs are examined and are split:

- Track Infrastructure
- Level Crossing Infrastructure
- Civil Bridge Works
- Mechanical Infrastructure – equipment.

### *Track Infrastructure*

The Bob Vanselow report identified that 4% of total timber sleepers needed replacing. With a quantity of 1640 sleepers per km and a replacement rate of 4%, a total of 1089 sleepers will need to be replaced in Stage 1 of the reconstruction.

The Society have been offered replacement steel sleepers at scrap prices of \$6.52 per sleeper. An allowance of \$10.00 has been made for replacement Jewellery (Clips and fastenings).

This totals - \$17,990.

A professional crew can easily relay a 1000 sleepers per week, therefore the total work involved in relaying this total of replacement sleepers is easily achievable by a small volunteer crew. This work will be supervised by a Society volunteer who has over forty years' experience working for

Tasmanian Government Railway / TASRAIL and has considerable previous experience in working on this section of line.

It has been commented that there is an issue around 'frozen' joints – this is where the jewellery used to connect sections track joints (fish plates) has not been oiled and therefore will not move under expansion. This is not an issue in this region. Frozen joints behave similarly to continuous welded rail. There are significant lengths of welded rail on the Launceston and North East Railway and therefore the frozen joints will not cause issues. The West Coast Wilderness railway operated with frozen joints quite successfully for many years as the professional contractor did not believe there was a need to oil the fishplates with the low operating speeds being planned.

### *Level Crossing Infrastructure and Signals and Telegraph*

It is intended to replace crossing protection as per when the original line was operating. Society electrical engineering staff have identified in stage 1 that there are seven Passive crossings – i.e. warning signs only with vehicle traffic identifying when a train is approaching and stopping. Typically, these are on occupation crossings or minor roads, and three Active crossings – i.e. mechanical flashing lights activated by approaching trains.

Society electrical engineering staff have designed and costed materials,

Passive Crossings	7 @ \$3,500 - \$24,500
Active Crossings	3 @ \$15,000 - \$45,000
Total investment	\$69,500

The electrical engineers have also identified the costs associated with the provision of radio equipment for use in operating the line.

Base radio station -

Located where a full coverage of the operational section of track is obtained \$500.00 each.

Vehicle mounted station –

Initially located one in the cabin of the first operational locomotive or rail car and one in the hi-rail service vehicle. \$358.00 each.

Hand held radios-

Issued to work groups managing customers and carrying out track work. \$109.00 for two.

A notional service area radius of 40 kilometres is assumed for a land mobile system fully adequate for Stage 1 of reconstruction. A PC sum of \$1,500 has been allocated for operating licence provision

Total investment: \$2,934.00

## *Civil Bridge Works*

Generally, the civil infrastructure is in good condition. Identified in the Bob Vanselow report are two culverts needing minor repairs and two bridges: 8 meter span at 22.6km point and 17mtr trestle at Wyena at 37.7km needing repair. This particular bridge is 300 meters short of the Wyena station and the repair works would not be required to operate Stage 1 and therefore have not been included. Bob Vanselow has costed the repairs for the bridge and culvert work. A nominal sum of \$1500 has been allocated for the two culverts.

Works on the 8 meter span bridge would require replacing the timber deck with concrete transom tops at a cost of \$3,000.

Total costs for Stage 1 reconstruction for bridge and culvert works would be \$4,500.

## *Mechanical Infrastructure – equipment*

The main unit of mechanical assets need is the rail car used for carrying passengers. This unit has been bought and is currently being refurbished by a private sponsor and will be made available to the Society at a peppercorn rent.

Other items of mechanical equipment required for maintenance i.e. hi-rail, rubber tracked excavator have been offered for loan to the society at no cost by a professional track maintenance company who resides alongside the line.

## *Total Capital Works Costs – Stage 1 – Lilydale - Wyena*

In calculating the total capital costs for Stage 1 a contingency of 20% has been allowed for.

Track Infrastructure			\$17,990
Level Crossing Infrastructure			\$69,500
Civil Bridge Works			\$4,500
Mechanical Infrastructure – equipment.			zero
Total including contingency			\$110,388

This is a capital cost of \$6,650 per Km for Stage 1 of the reconstruction.

To support the limited capital works it is anticipated that the railway would, as a matter of course, seek support from State and Federal grants and human resource support from organisations when the opportunity arises. The railway is not reliant on this funding if it is not forthcoming.

## *Operations*

### *Rail Safety Requirements*

LNER recognises and understands the onerous rail safety requirements of the Office of the National Rail Safety Regulator (ONRSR), with whom we shall engage in consultation prior to an application being submitted for assessment and accreditation in accordance with the current Rail Safety Management Plan (SMP) guidelines as defined by ONRSR. The SMP will cover the following aspects of the proposed operation:

1. SMS Structure
2. SMS Contents
3. Safety policy;
4. Safety culture;
5. Governance and internal control arrangements;
6. Management responsibilities, accountabilities and authorities;
7. Regulatory compliance;
8. Document control arrangements and information management;
9. Review of the safety management system;
10. Safety performance measures;
11. Safety audit arrangements;
12. Corrective action;
13. Management of change;
14. Consultation;
15. Internal communication;
16. Training and instruction;
17. Risk management;
18. Human factors;
19. Procurement and contract management;
20. General engineering and operational systems safety requirements;
21. Process control;
22. Asset management;
23. Safety interface coordination;
24. Management of notifiable occurrences;
25. Rail safety worker competence;
26. Security management;
27. Emergency management;
28. Health and fitness;
29. Drugs and alcohol;
30. Fatigue risk management;
31. Resource availability.

## Safe working

Organised and safe train operations are a key factor of the SMP. A suitable safe working system for the LNER will be prepared and adapted as fit for purpose using existing models i.e. Don River Railway, Association of Tourist Railways Victoria. It is envisaged that a simple token or staff and ticket system will be implemented.

## Training and Competency

A significant component of the SMP is the determination of the competency of all employees involved in the operation of the LNER and this includes all volunteers engaged in Rail Safety activities, such as train operations and maintenance.

LNER currently has a pool of experienced rail professionals, and recognition of these competencies will be an integral part of the start-up phase. Other staff will be trained in accordance with current industry guidelines and the AQTF where applicable, and all assessments shall be conducted by suitable experienced and qualified industry and workplace trainers.

## Timetable

Having drawn out train graphs for future operations it shows that three departures daily are possible Lilydale – Denison Gorge (Stage 1). Three departures per day Lilydale – Karoola (Stage 2) with a once daily service to Scottsdale return( Stage 3) and by stage 4, a once daily service ex Scottsdale to Lilydale return.

### Typical Timetables

Lilydale Dep		10.00	12.20	14.55
Denison Gorge Arr		10.35	13.10	15.45
Denison Gorge Dep		11.15	13.50	16.25
Lilydale Arrival		12.10	14.45	17.20

Lilydale Dep		9.00
Denison Gorge Arr		9.35
Denison Gorge Dep		10.15
Scottsdale Arr		12.30
Scottsdale Dep		13.45
Lilydale Arrival		16.25

## Passengers

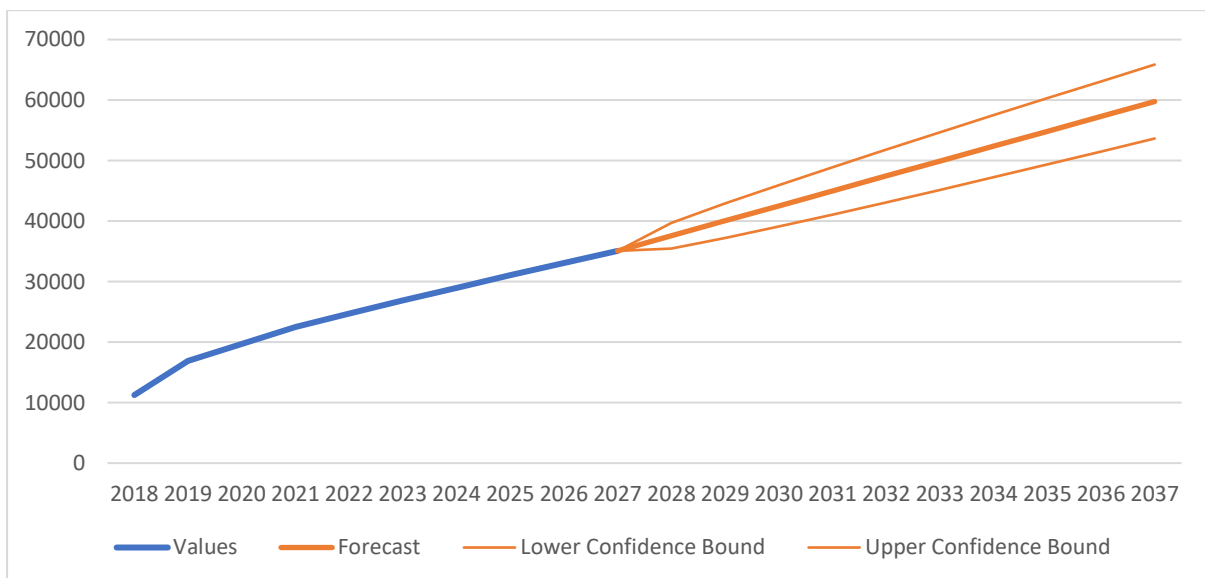
A target for total passenger numbers of 22,500 is to be achieved by year four of operation. With a percentage of that target being anticipated for years 1 -3. From years 4 to 10 an average regional growth factor of 4.06% has been applied. This has been based around Scottsdale's current growth in

visiting tourists. A further 5% has been added as 'intervention' growth because of the railways presence and marketing effort increasing the total visitation to the area. This we believe is a conservative estimate as there is current regional growth figure of 11.01%.

year 1	11250	50%	
year 2	16875	75%	
year 3	19688	88%	
year 4	22500	100%	target
year 5	24706	110%	
year 6	26862	119%	
year 7	28973	129%	
year 8	31043	138%	
year 9	33075	147%	

Passenger figures have been further forecast over the twenty year period to provide a figure of 59,756 pax.

**Forecast Passenger Numbers 2018 -2037**



Using these figures and the seasonal fluctuation of tourists to the area the following is applicable:



### Seasonal passenger figures

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		Total
Year 1	668	578	752	948	1,068	1,104	1,459	1,369	1,213	969	673	450		11,250
Year 2	1,002	867	1,127	1,423	1,601	1,655	2,189	2,054	1,819	1,453	1,009	675		16,875
Year 3	1,169	1,012	1,315	1,660	1,868	1,931	2,553	2,396	2,122	1,695	1,177	788		19,688
Year 4	1,337	1,157	1,503	1,897	2,135	2,207	2,918	2,738	2,426	1,937	1,346	900		22,500
Year 5	1,468	1,270	1,650	2,083	2,345	2,424	3,204	3,007	2,663	2,127	1,477	988		24,706
Year 10	2,083	1,803	2,343	2,956	3,328	3,440	4,549	4,268	3,781	3,020	2,097	1,403		35,071
Year 15	2,818	2,438	3,169	3,999	4,502	4,654	6,153	5,773	5,114	4,085	2,837	1,898		47,439
Year 20	3,550	3,071	3,992	5,037	5,671	5,862	7,750	7,272	6,442	5,145	3,573	2,390		59,756

By using the above, the 'number of days' operating per month figure and the number of trains per day, the anticipated loadings per train can be calculated. With a calculated maximum of 108 pax, the number is well within the capability of the train service and justifies the limited days of operation whilst fulfilling demand.

## Pricing

In looking at local competition: Tamar River cruises offer their experiences between \$29 and \$139, Penny Royal offer individual experiences between \$15 and \$35, Bridestowe Lavender farm a \$10 entry fee and Seahorse World a \$22 entry fee. Experiences widely differ but give a sense of the range of entry fees on offer.

In looking at other heritage railways around Tasmania and Australia rates are as follows:

	Single		Return		Single per km		Return per km		length of journey		ret. disc against single fare.
	Adult	Child	Adult	Child	Adult	Child	Adult	Child	km	mins ret	
Don River			\$ 19.00	\$ 14.00			\$ 5.76	\$ 4.24	3.30	30	
Puffing Billy											
Belgrave-Menzies	\$ 25.50	\$ 12.00	\$ 33.50	\$ 18.00	\$ 4.27	\$ 2.01	\$ 2.81	\$ 1.51	5.97	46	53%
Belgrave-Lakeside	\$ 35.00	\$ 18.00	\$ 57.00	\$ 29.50	\$ 2.58	\$ 1.33	\$ 2.10	\$ 1.09	13.57	96	49%
Walhalla	\$ 15.00	\$ 12.00	\$ 20.00	\$ 15.00	\$ 4.69	\$ 3.75	\$ 3.13	\$ 2.34	3.20	60	20%
Yarra Valley			\$ 15.00	\$ 9.00			\$ 0.90	\$ 0.54	8.30	40	
Bellarine Railway	\$ 20.00	\$ 15.00	\$ 30.00	\$ 20.00	\$ 1.25	\$ 0.94	\$ 0.94	\$ 0.63	16.00	140	25%
West Coast Wilderness Railway			\$ 165.00	\$ 75.00			\$ 1.20	\$ 0.54	69.00	180	
			<b>Average</b>		\$ 3.20	\$ 2.01	\$ 2.40	\$ 1.56		<b>Average</b>	37%

Using this data, prices for the various journeys on the Launceston & North East Railway have been established to calculate future revenues. It is believed the fares offer value for money and compare favourably with other operators in the region.

		Kms	Adult Sin.	Child Sin.	Senior Sin.	Adult Ret.	Child Ret.	Senior Ret.
Lilydale-Karroola		7.40	\$ -	\$ -	\$ -	\$ 15.00	\$ 10.00	\$ 12.50
Lilydale - Wyena		16.60	\$ -	\$ -	\$ -	\$ 25.00	\$ 17.50	\$ 21.50
Lilydale - Scottsdale		41.80	\$ 65.00	\$ 40.00	\$ 55.00	\$ 99.00	\$ 64.00	\$ 84.00

The above price matrix has been used to calculate passenger revenues.

## Finances

### Revenues

***Note all \$ values are exclusive of GST and are at today's values (i.e. no CPI applied.)***

Other factors affect the overall revenue streams for the railway are:

#### *The mix of single and return fares.*

A mix of 30% and 70% have been applied respectively in line with other Tourist Heritage Railways.

#### *The mix of Adults, Child and Senior passengers.*

A mix of 25%, 40% and 35% have been applied respectively in line with other Tourist Heritage Railways.

Using this mix and the mix of return and single fares the following average fares apply.

Lilydale-Karroola	\$ 11.02
Lilydale - Wyena	\$ 18.89
Lilydale - Scottsdale	\$ 64.80

### Discount Matrix

A discount matrix has been gradually applied. By year 7 of operation it is anticipated that 55% of all fares will have some form of discount applied. Industry standard discounts along with the introduction of a resident's railcard scheme have been applied. (appendix one)

## Ratio of Journey Types

In addition, a ratio of the journey types has also been applied, recognising the honeymoon period as each section opens. The % s applied are shown in appendix two.

Using both the discount matrix and the mixture of journey types has resulted in average rates, exclusive of GST, being applied to the revenue model of:

year 1	Lilydale - Wyena	\$ 18.41
year2	Lilydale - Wyena	\$ 17.78
year 3	Lilydale - Wyena	\$ 15.18
year 4	Lilydale - Scottsdale	\$ 36.60
year 5	Lilydale - Scottsdale	\$ 28.62
year 6		\$ 28.19
year 7		\$ 24.40
year 8 onwards		\$ 24.40

## Passenger Revenues

Using discounted average fares and passenger numbers, passenger revenue per year of operation has been calculated:

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		Total
Year 1	12,305	10,648	13,838	17,464	19,659	20,322	26,869	25,211	22,332	17,836	12,388	8,286		207,160
Year 2	17,819	15,419	20,039	25,289	28,468	29,428	38,908	36,508	32,338	25,829	17,939	11,999		299,983
Year 3	17,756	15,365	19,968	25,200	28,368	29,325	38,771	36,379	32,224	25,738	17,876	11,957		298,927
Year 4	48,913	42,325	55,006	69,417	78,145	80,780	106,801	100,214	88,768	70,899	49,242	32,938		823,450
Year 5	42,006	36,349	47,240	59,615	67,111	69,374	91,721	86,064	76,234	60,888	42,289	28,287		707,179
Year 10	50,833	43,987	57,166	72,142	81,213	83,952	110,995	104,148	92,253	73,683	51,176	34,231		855,779
Year 15	68,760	59,500	77,326	97,584	109,854	113,558	150,138	140,877	124,787	99,667	69,223	46,303		1,157,578
Year 20	86,612	74,947	97,402	122,920	138,376	143,042	189,118	177,453	157,185	125,544	87,196	58,325		1,458,121

## Retail, Food & Beverage Revenue

In assessing the potential food and beverage revenue two other organisations were looked at.

Puffing Billy Railway in 2010 maintained an average spend per head in the retail and food and beverage areas of \$3.53. Puffing Billy offered both souvenirs and a simple food and beverage offer of coffee, pies, ice-creams and sandwiches, it is anticipated that the Launceston & North East Railway would have a similar offer but on a smaller scale. West Coast Wilderness Railway in 2007 achieved a spend per head of \$8.56, but this included a large range of souvenirs plus a café outlet.

It is anticipated that the initial offer from the Launceston and North East Railway would be a basic one. There are other operators in the area that offer a fuller service and the railway has no need to

compete with these outlets. It is therefore anticipated that a spend per head of \$3.18 exclusive of GST is achievable.

It is also assumed that a Retail, F&B operation would not start until year two of operations.

With a spend per head of \$3.18 and an anticipated growth in spend of 7.5% per annum, until year 5 and then a slower growth of 2.5% per annum the following spend per heads would be achieved. These have been used to calculate potential retail plus F&B revenues.

Year 1		
Year 2	\$ 3.18	ex gst
Year 3	\$ 3.42	
Year 4	\$ 3.68	
Year 5	\$ 3.95	
Year 10	\$ 4.47	
Year 15	\$ 5.06	
Year 20	\$ 5.72	

#### **Retail, Food & Beverage revenues**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		Total
Year 1	0	0	0	0	0	0	0	0	0	0	0	0		0
Year 2	3,189	2,760	3,587	4,526	5,095	5,267	6,964	6,534	5,788	4,623	3,211	2,148		53,693
Year 3	4,000	3,461	4,498	5,677	6,391	6,606	8,734	8,195	7,259	5,798	4,027	2,694		67,340
Year 4	4,914	4,252	5,527	6,974	7,851	8,116	10,730	10,069	8,919	7,123	4,947	3,309		82,732
Year 5	5,801	5,020	6,523	8,232	9,268	9,580	12,666	11,885	10,527	8,408	5,840	3,906		97,656
Year 10	9,317	8,062	10,477	13,222	14,885	15,386	20,343	19,088	16,908	13,504	9,379	6,274		156,845
Year 15	14,258	12,338	16,034	20,235	22,779	23,548	31,133	29,212	25,876	20,667	14,354	9,601		240,037
Year 20	20,320	17,583	22,852	28,838	32,464	33,559	44,369	41,632	36,877	29,454	20,457	13,684		342,090

### Work for the Dole

A letter of support has been received to establish a Work for the Dole scheme. This will essentially provide a small labour force to assist in track and civil restoration. The Payment Subsidies have not been included in the revenue or expense calculations as the scheme would cover its own costs without profit. The project is not reliant on a Work for the Dole scheme, but such a scheme would speed up the restoration process as well as providing local paid opportunities.

### Consolidated Revenues

The consolidated revenues for years 1 -20 are presented below. It is believed that there are further opportunities for additional revenue. i.e. The introduction of a premier class product to increase yield per passenger and the opportunity of individual events based at the railway or the townships of Scottsdale and Lilydale. These have not been calculated into revenue projections.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$207,160	\$ 353,677	\$ 366,267	\$ 906,182	\$ 804,835	\$ 1,012,624	\$ 1,095,816	\$1,800,211

## Expenses

Using available data and data available from other Tourist and Heritage railways the following expenses have been estimated for the Launceston and North East Railway. **Note all costs do not allow for CPI.** Typical areas of expenses have been included that have been taken from other Tourist and Heritage Railway accounts.

### Labour

It is intended that the Launceston & North East Railway will operate with volunteer labour. The cost of a General Manager is not covered as this cost has been donated by a local businessman keen to support the project.

### Retail/F&B Cost of goods

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$ -	\$27,384	\$ 34,344	\$ 42,193	\$ 49,805	\$ 79,991	\$ 122,419	\$ 174,466

Annual cost of goods is calculated as of calculated annual revenues. There is currently no projected revenue year 1 so therefore there is no costs allocated.

### Rent/Lease

The majority of heritage railways throughout Australia operate as non-for profit and therefore have been able to negotiate favourable terms with relevant land owners in regard to rents and leases. It is anticipated that the Launceston and North East Railway would be in a position to do the same, therefore a nominal sum of \$1,000 per annum has been allocated.

### Rates

A rateable value has been calculated for the track bed in each rates municipality at 2017/18 values.

The corridor width has been estimated at an average of 20 metres, at a value of \$5 per square metre. Using the known mileage distances, a total capital value of land is calculated at \$3,000,000.

Using an AVV of 4% and the General rate and Fire rate for 2017/18 for each of the municipalities, an annual rate is calculated of \$14,535 per annum.

This rate has been applied to each year without CPI.

## *Insurance*

A quote for insurance has been obtained from AON insurance. This covers Public Liability for \$20,000,000 for historic railway operations including museum and rail transfers. The quote does not include any other general insurances, therefore, a sum of has been added to cover these areas. A total premium of has been allocated for year 1 of operations.

The Insurance market has seen significant premium increases over the last twenty years, well in excess of CPI, therefore it is appropriate to look at the trending and make some allowances in forward financial forecasting for the railway.

The Insurance Council of Australia issue general Insurance trends that show that insurance has risen by 237% to date from the September 2001 quarter. Using this data and statistical forecasting methods the potential premiums can be calculated for the next twenty years. The indexed series has been smoothed out and shows an underlying trend of 8.92% increase per annum. This figure has been used to calculate future premiums.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$ 25,000	\$ 27,230	\$ 29,659	\$ 32,304	\$ 35,186	\$ 53,940	\$ 82,689	\$ 126,761

## *Fuel*

A DP Railcar has been obtained for operation on the railway. The railcar is known to operate with a \$ value fuel consumption of \$25 per hour. This figure has been applied to the proposed timetable operating hours, with the following annual consumption rates being calculated.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$30,850	\$30,850	\$32,050	\$42,850	\$61,525	\$61,525	\$61,525	\$61,525

## *Information Technology*

The Launceston and North East Railway is a small to medium based enterprise and as such does not envisage the need for fully integrated on site IT systems. With increasing use of cloud based systems it is anticipated that basic accounting software would be used along with commercially available on-line ticketing systems. These combined with third party web hosting facilities the overall IT requirement will be minimal.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$1,000	\$3,500	\$4,000	\$5,000	\$6,000	\$12,000	\$17,000	\$23,000

### *Marketing*

A full marketing plan is explored elsewhere within this document. The annual marketing spend is calculated as \$25,000 of consolidated revenue.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$26,931	\$45,978	\$47,615	\$117,804	\$104,629	\$131,641	\$181,690	\$234,027

Whilst year 1 is 41% less than year 2 it is anticipated that a significant amount of PR will be generated locally to assist with the launch of the railway.

### *Electricity*

Building occupancy will be relatively low for the organisation, due to a small number of buildings and occupancy during running days only. Therefore, electricity has been estimated with these conditions in mind.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$12,000	\$16,000	\$20,000	\$24,000	\$30,000	\$50,000	\$50,000	\$50,000

### *Mechanical and Civil Consumables*

A projected costing of \$12,000 has been calculated for year 1 based around mileage and days operating. This figure has then been used to calculate future years consumption.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$12,000	\$12,000	\$12,493	\$16,932	\$23,753	\$23,753	\$23,753	\$23,753

### *Credit Card Commissions and Bank Charges*

Credit card commissions and bank charges have been calculated at 1.60% of revenue plus an additional \$1,000 per annum to cover other bank charges.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$4,315	\$5,659	\$5,860	\$14,499	\$12,877	\$16,202	\$22,362	\$28,803

### *Waste Disposal*

A nominal sum has been allocated to cover waste disposal and has been increased to allow for the extension to Scottsdale.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$1,000	\$1,000	\$1,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000

### *Consulting*

A nominal sum has been allocated for consultancy, increasing year on year to a maximum of \$20,000

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$10,000	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000

### *Legal Fees*

A nominal allocation of \$2,500 per annum has been made to cover legal fees.

### *Licences Registrations*

A nominal allocation of \$1,500 per annum has been made to cover legal fees.

### *Consolidated Expenses*

The consolidated expenses for year 1 -20 are presented below. A further contingency expense has been added to the total expenses.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$191,624	\$262,355	\$288,138	\$415,284	\$447,706	\$568,774	\$721,018	\$906,051



## *Profit before tax or Depreciation*

The following estimated profit has been calculated.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$15,535	\$91,321	\$78,129	\$490,898	\$357,129	\$443,849	\$676,597	\$894,160

Year 1 revenues are essentially at break-even point with profits increasing, particularly in year 4 when revenues increase with the Scottsdale opening. The %s are considered reasonable when the only labour component is a work for the dole project where the costs are met by grants.

### *Percentage profit of revenue*

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
7.5%	25.8%	21.3%	54.2%	44.4%	43.8%	48.4%	49.7%

It is anticipated as a non for profit organisation, all profits will be ploughed back into the organisation to cover capital costs and the replacement of depreciated items.

**This shows that from an operational and financial perspective the railway can be financially viable.**

## Strategic theme 3: Ensure legislative and safety requirements are continuously met

***A significant risk within the heritage railway fraternity is ensuring that the railway will meet and operate to a high safety standard.***

The Launceston and North East Railway is well placed to carry out its duties in this regard. The core of its volunteers are professional railwaymen that work within a number of facets of railway operations in both the commercial and heritage railway sector. These involve posts from senior management to train drivers, both current and retired.

A rail safety management system will be developed by volunteer Andrew Bridger. Andrew has been successfully writing and implementing rail safety management systems for over 20 years around Australia and wrote the current West Coast Wilderness Railway Safety Management System on behalf of firstly Federal Hotels and latterly the Abt Ministerial Corporation who now manage the railway. Accordingly, the Board can offer a very strong rail safety management solution.

### Rail Safety Act

The Launceston and North East Railway will seek accreditation as both the owner and operator from the Office of National Rail Safety regulator (ONRSR). In the first instance, it will seek to operate maintenance trains, and once established, passenger trains.

The railways Board and volunteers will participate in the development of the new safety management system.

The Launceston and North East Railway would then continue to deliver a high safety standard by:

- Each year, the Board would appoint an independent consultant to carry out a full internal audit of the safety management system.
- The above would be an addition to the compulsory external audit carried out by the Rail Safety Regulator.
- Rail Safety would remain a fixed agenda item on both Board meetings and senior management meetings. It would also be regularly discussed at regular volunteer meetings.
- The organisation would also commit to desktop and live exercises with external safety providers as part of an ongoing improvement/review of the safety management system. This will include emergency and evacuation exercises.
- The organisation would also commit to provide the appropriate level of training required for rail safety critical individuals. Andrew Bridger is well placed with his professional background to lead the implementation of National Training Standards on behalf of the organisation.

### Work Health and Safety Act 2012

Tasmania's new WHS laws took effect on 1 January 2013. The Tasmanian government adopted the National Model Work Health and Safety laws and passed the Work Health and Safety Act 2012 (Tas) along with the Work Health and Safety Regulations 2012 (Tas). Additionally, Tasmania has adopted the recommended Codes of Practice consistent with New South Wales, Queensland, South Australia, the Australian Capital Territory, the Northern Territory and the Commonwealth.

Concurrently with regular rail safety reviews the railway's Board would carry out a full review of Work Health and Safety practices. A full risk register would be established to cover non-railway safety work would be implemented. In addition, there would be workshopping with the volunteers in ongoing Job Safety Analysis to help promote a risk averse climate on the railway.

# Strategic theme 4: Marketing a successful tourist heritage railway.

*In developing a marketing plan there are a number of strategic areas that need considering:*

- ***Communication of Stage 1 development.***
- ***Brand and interpretation.***
- ***Short to longer term marketing strategy.***
- ***Business development through travel trade engagement and distribution.***
- ***Niche Markets.***
- ***Budget.***
- ***Evaluation.***

## *Communication of Stage 1 development*

Six themes within the context of communicating the stage 1 development require action.

Communicate to members and supporters.

Engage Media in the Story.

Engage Community in Story.

Demonstrate and communicate economic benefit to greater community and government.

Demonstrate and assist in building evolving community support.

Inform Government levels of pro rail lobby and veracity of Cycle Rail Proposal.

### *Theme 1 - Communicate to members and supporters.*

- One message one voice, members not to be seen to 'representing' the organisation in the media.
- Full use of Launceston and North East Railway brand not the LNER anacronym.
- Establish private Face book page for member only communication.
- Use current face book for wider communication.

### *Theme 2 - Engage Media in the Story*

- Engage a volunteer PR consultant to assist with releases and media distribution.
- Constantly create and manage stories i.e.
  - Yarra Valley Success
  - Release of business plan
  - Older stories – success of Steam Specials
- People Stories
  - Individuals with a history on the line are currently involved with the project.
  - Movement of rail Car for restoration
  - Volunteers at work

### *Theme 3 - Engage Community in Story*

- Greater Public Presence
  - Creation of drop in centres in disused shops in Launceston, Lilydale and Scottsdale
- One on one with adjacent Land Owners
- Leaflet drops to outer communities
- Develop 'prospectus' for publication and distribution.
- Ensure the right message is distributed around railway and community
- Use social media to distribute and communicate
- Engage through the media
- Seek to influence other non-organisation Facebook pages

### *Theme 4 - Demonstrate and communicate economic benefit to greater community and government*

- Communicate this business plan's outputs
- Report on the successful establishment of a work for the dole project
- Debunk cycle economics – the figures do not stack up!
- Talk about other heritage railway success stories.
- Demonstrate and talk about links with Government policies

### *Theme 5 - Evolving Community Support*

- The recent public meetings have been a huge success. There is a need for additional meetings needed at a later stage to ensure community are kept informed
- Develop more 'permanent' drop in centres at later stage
- Get addresses and contact details for:
  - Adjacent Land Owners
  - Other supporting North-East residents and framers
  - Men's Shed
  - Probus clubs
  - Lions clubs
  - Rotary clubs
- Create a possible presence in Supermarket car parks
- Develop range of pull up banners for use at exhibitions
- Develop display stand content via volunteer professional graphic designer
- Create inexpensive handouts
- Build and install more 'Save the rail' signage
- An initial bumper sticker campaign has been very successful this needs to be expanded
- Exhibition stands at various shows. i.e. Launceston Model Railway Show

## *Theme 6 - Inform Government levels of pro rail lobby and veracity of Cycle Rail Proposal*

Briefing of:

- Government Ministers and members of both houses
- Opposition members
- Other parties (independents / greens)
- Federal Ministers local, infrastructure and tourism
- Councillors – Launceston and Dorset

With all these groups, there is a need to discuss:

- The detailed proposal.
- At what stage the organisation is at in achieving its goals now.
- The level of community support.
- What the organisation will be doing next to move the project forward.

### *Resources*

With no revenue stream in the first year of restoration expenditure budgets have been kept to a minimum. Therefore, there is a need to rely on low cost activities to gain the maximum benefit. The Launceston and North East Railway is setting itself up around volunteering. This is a powerful resource when approached correctly. The 'volunteers' time is an expensive resource and should be used strategically particularly when persuading professionals to give their time for nothing i.e. graphic designers – decide on the key design elements needed, giving strong briefs to minimise their work. i.e. professional PR agents – write the press release and give it to them to rewrite.

### *Brand and Interpretation*

The Launceston and North East Railway product and experience is already evolving and with this change a brand with its look and feel are essential - a Brand resides in the hearts and minds of consumers and critical to this is the consistent delivery of the experience and message – without this consistency of product and messaging there is strong potential for brand confusion and reduced consumer appeal.

Stories told will give the place meaning, it will define the interpretive story and themes, which in turn will define the brand. It is therefore imperative that interpretive and brand workshops are carried out to fully understand the brand and define the look and feel of the product.

The setting up of the Launceston and North East Railway needs to provide visitor engagement, and those experiences need to be clearly represented by the refreshed Brand in all communication medium.

## *Short to longer term marketing strategy*

From a timing perspective, there are three clear areas of strategy.

- 1) Short Term - Targeted at local weekend visitation particularly during winter running to encourage a first-time visitation.
- 2) Medium Term - Targeted at local and interstate visitation for Summer operation.
- 3) Longer term - to ensure that the honeymoon effect is minimised with increased targeting to Interstate and International markets.

All the above can be split into four areas of focus.

- Digital Strategy
- Printed collateral and distribution.
- Advertising
- Public Relations

### *Digital Strategy*

The strategy is an will predominantly focus on online activities that will enhance the Railway's profile as an experiential destination. The activities recommended within this strategy will:

Raise awareness of the Launceston and North East Railway as a family based tourism destination, and support the overall railway brand,

Develop a coordinated and practical online marketing model to further visitation both to digital sites and aid conversion to actual visitation.

### *Web Site Development*

The website is the focus of all online activity, all digital content, printed media needs to drive traffic to the site and once there provide comprehensive information and the opportunity to convert to bookings via electronic booking engines.

The website itself should be Search Engine Optimised (SEO) so that the site ranks the highest when someone is searching for attraction information in Launceston or the region as a destination or experience to visit. i.e. it will need to rank higher than other attractions with Trip Advisor.

Key areas of design need to optimise usability; search engine optimisation; and, as a consequence of many people using mobile devices, mobility.

A presence on Chinese websites such as Weibo or Ctrip, will give access to information for the ever increasing Chinese market.

Bookings: a medium term goal will be to have best practice booking functionality, which is an important component of the experience website. This will need a payment platform with safe

payment gateway but with the ability to contact and refund patrons in case of any cancelation of services.

### *Social Media Strategy*

The focus of social media should be:

- To engage with online community members (fans, followers)
- Create an early awareness of the Launceston and North East Railway
- Listen to online community members feedback about the railway
- To collect more online community members
- To generate and or post content that goes viral
- Generate brand awareness
- Create another avenue for customer care
- Generate new sales
- Gain customer loyalty

The Launceston and North East Railway face book page currently has 2,100 likes. Maintaining this number and growing the membership is an important part of this strategy.

### *Email Marketing*

E-mail still has a very high conversion rate and is still a valuable online communication tool.

- Collect of email addresses must be with the consent of consumers, past collected email addresses must not be used, unless they have 'ticked a box' to agree that they can be contacted.
- New signups must have opted-in to an agreement
- Create opportunities for signups at touch points (for example website, FB, email signatures, forms)
- Less is more, one every two months would be preferable for a destination.
- Give them a reason to remain subscribed (offer benefits, deals, discounts)
- Only send when you have something to say
- Use Mail chimp or similar to manage distribution and content
- Must have an unsubscribe functions

It is now essential to build these databases for future use.



### *Printed collateral and distribution.*

As the railway nears opening a brochure that reflects the look and feel of the brand needs to be developed. A six panel brochure is the most cost effective way of doing this, both inexpensive to print and allows maximum use of DL brochure stands whilst maintaining enough space for information.

Current local printing costs 11 cents per unit for a print run of 10,000

General distribution for the brochure would be contracted to Brochure Exchange this will ensure the brochure is in key sites in the North of the State.

Distribution into Visitor Centres will need to be chosen carefully. All centres charge for display i.e. Launceston VIC - \$130 per annum. It will be appropriate, and cost effective to let smaller regional centres have a small supply for staff information only.

In the medium term consideration needs to be given to the brochure being translated into other languages for distribution. This is particularly important for international marketing activity.

### *Advertising*

There also needs to be the provision to advertise the Railway experience through traditional collateral.

**Print** - This currently revolves around 3 principal publications

- Let's Go Kids (Annual)
- Vibe Guide (Tasmanian regional and State guides - Annual)
- Examiner Travelways magazine (bi Monthly)

Let's Go Kids has significant local and tourist distribution through schools, libraries, VIC, local council offices and accommodation services. A print run of 75,000 is done and is supported through digital media.

Vibe guides are primarily the only tourism publication distributed within the State. It is distributed through traditional channels including VIC networks, brochure exchange and Spirit of Tasmania. They are the only Regional and State guides in production. A total print run in excess of 250,000 is delivered annually.

Examiner Travelways magazine is a Fairfax tourism publication using Australian Tourism Data Warehouse database as its primary source of information. Display advertising is offered.

**Television** – A 30 second TV advert would cost approximately \$4000 to produce with airtime costing up to \$10k for a reasonable program schedule. This is beyond the railway's means and has been discounted at this early stage.

### *Residents Rail Card*

A resident's rail card should be offered at significant discount to local residents once the honeymoon period of demand is over. The card would only be issued once the bearer has travelled at full price and would not be transferable. This will encourage visiting friends and relatives market. Similar schemes operate on railways successfully Internationally.

### *Public Relations*

Local papers are always hungry for news. Milestone related press releases with high quality pictures should be released to the press alongside photo opportunities.

Once stage one is completed, a visiting journalist program needs to be developed. Typical costs for a interstate PR agency would be \$2500 - \$3000 per month with additional costs of actual visits (including flights). However, this methodology can be very effective. Launceston City Council spent just over \$25K during the 15/16 financial year on six VJPs; this generated in excess of \$950k of equivalent advertising space in mainland media. Unfortunately, LCC has terminated this program. The Launceston and North East Railway will need to develop working partnerships for VJPs with the likes of Tourism Tasmania, Hotel Groups and other local attractions etc. as the investment involved would not be effective for the railway alone.

## *Business Development – Travel Trade Engagement & Distribution*

Following the implementation Stage one the inbound travel market will need to be addressed. This area will allow for significant growth in patronage over the next few years. The program will take a few years to gain traction but will need to be started as soon as resources allow. A strategy for the development of this market is shown below:

### *Required elements to commence trade engagement including contracting:*

- Confirm product details to trade and travel media.
- Confirm pricing structure including packaging and commission rates – there is a need to produce a template pricing contract for trade. This will need to be done two years in advance of date.
- Confirm experience, including support material collateral, presentation, images and interpretation of the experience.
- Develop and commission a wholesale ticketing system. This is best done through itinerary presentation with partners. Internal systems need to be developed and commissioned.
- Once the Website is launched with the experience details on it most trade will access this for an update once they receive communication. Therefore, trade only pages need to be designed for the website.
- Nominate a railway contact person – sales – contracting – bookings – issues.

- Catering options for groups based around the railway's offerings in food and beverage options.

Once the above is in place the development of itineraries with industry partners will be developed. This is key component in servicing the inbound tourism operator.

## *Communications plan for trade partners including media.*

### *Trade engagement – key steps:*

- Initial communication of product to trade including: Wholesalers, Inbound Tour Operators, and TVIN
- Develop relationships with Tasmanian based trade – Wholesalers, Coach Companies and TVIN.
- Phone follow-up to initial communication – make F2F appointments with managers.
- Book staff training sessions for product update at same time.
- TVIN staff training sessions and familiarisation
- Concierge training sessions and familiarisation
- Develop programs and contracts for 2018/19 and further out
  - Tas Villas
  - Tas Vacations
  - Groups Tasmania
  - Experience Tasmania

### *Mainland based trade – Inbound Tour Operators, Wholesalers.*

- Develop relationships with Mainland based trade – ITO's, Wholesalers
- Target top producers for F2F appointments and combine staff training if possible/practical – approximately 30 companies – MEL/SYD based.

### *Internationally based trade – Inbound*

Consider attending the Australian Tourism Expo. This expo links product with over 500 International buyers. Held annually costs would be circa \$10k to attend.

### *Trade/media support – Tourism Tasmania & Tourism Australia*

- Consider membership of Australian Tourism Export Council (ATEC).
- Consider attendance at future ATEC meeting places.

### *- Tourism Australia:*

- Arrange staff product update session in Sydney to include media and marketing, arrange via the Business Development Manager. Send all product/experience media releases to Tourism

Australia media department and copy Kate Dale the BDM for VIC/TAS – for distribution to TA offices worldwide.

- Arrange communications to Aussie Specialist agents – via regular newsletter.
- *Tourism Tasmania:*
  - All updates and communications to Tourism Tasmania media unit – for distribution to overseas offices and PR agencies
  - Product update session with staff in Hobart

## *Niche Markets*

### *Schools*

The Tasmanian Department of Education list 138 Primary schools in Tasmania, with each school having a number of classes, visiting the Launceston and North East Railway would be relevant for this significant market.

There will be a need to develop School History Curriculum based material for use at the railway. This material would be uploaded to the website and marketed through both digital channels and printed collateral direct to the schools.

### *Railway enthusiast groups*

Marketing through the railway press will influence visitation, various printed and web based media are available. This market currently equates to approximately 4% of the total market at other heritage railways. The market can also be serviced by specialised weekends to boost shoulder season visitation.

## Marketing Budget

A budget has been prepared for year 1 and 2 of operation. Budget expenditure is based on 13% of revenue.

			Year 1	Year 2
		<b>Budget Allocation</b>	\$26,931	\$45,978
		<b>13% of revenue</b>		
<b>Print Advertising</b>				
Travelways (22x3col) 6 editions			\$8,181	\$8,181
Lets go Kids			\$3,500	\$3,500
Launceston Guides (vibe)			\$4,725	\$4,725
Tasmanian Guides (vibe)				\$5,400
Chinese Magazine (Fairfax)				\$1,450
<b>Brochure Distribution</b>				
Brochure distribution Tas			\$2,000	\$3,983
Launceston VIC			\$190	\$190
Exeter VIC			\$100	\$100
George Town VIC			\$50	\$50
Hobart VIC			\$200	\$200
<b>Brochure</b>				
Design			\$600	
Printing			\$1,100	\$1,600
<b>Web Site</b>				
Production			\$3,000	\$3,000
Hosting			\$300	\$500
<b>Exhibitions</b>				
Australian Tourism Expo				\$10,000
Others			\$3,000	\$3,000
		<b>Total</b>	\$26,946	\$45,879

## Evaluation

There will be a need to establish KPI's related to visitor numbers, yield and satisfaction by market segment and distribution channel.

By using simple ongoing research methodology to track customer satisfaction, source markets and basic demographics, the findings can be used to evidence market development and product fine-tuning.

As funds become available more sophisticated market research tools can be used i.e. propensity to spend to evaluate tipping points of price structures.

## Economic Impact

### *Remplan Multiplier Effect*

***For every dollar of direct expenditure by visitors to Northern Tasmania, the broader local economy is estimated to benefit by a further \$0.91 once flow-on industrial and consumption effects are taken into consideration. This can also be expressed as a tourism output multiplier of 1.91.***

Direct expenditure at the railway would result in the following direct economic impact:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
\$ 393,604	\$ 671,985	\$ 695,908	\$ 1,721,746	\$ 1,529,187	\$ 1,923,985	\$ 2,655,469	\$ 3,420,401

The cumulative effect of other additional visitors to the area as a consequence of the railways impact on the region can be calculated. In using the assumption of an additional 5% cumulative visitation, Scottsdale alone would see an additional 12,967 interstate visitors in year 5, whose potential spend of \$209 per night (*Tourism Tasmania*) would mean a figure of \$ 5,149,251 in direct economic impact in year five as a consequence of the railways presence..

## *Volunteering Tasmania*

***Volunteering Tasmania use a 'value of volunteering calculator to calculate the \$ value of economic impact for volunteering.***

Using the minimum staffing figure and the fact that we would anticipate that an equivalent FTE number would volunteer their time a \$ impact can be calculated:

Yr1	Yr2	Yr3	Yr4	Yr5
\$907,610	\$907,610	\$1,225,050	\$1,852,478	\$3,079,018

## *Total impact*

It can therefore be reasonably justified that, for example, in year five a total sum of \$9,757,456 could be attributed as direct economic impact.

## Conclusion

In terms of railway restoration, the fact that the main part of the infrastructure is still in place means that the railway can be rebuilt using minimal capital; capital that is available through the volunteers. Using railcar operations, a viable service can be operated. This will bring significant economic benefit to the region as well as being a catalyst for sustainable economic generation in the area.

## Appendix One

	Discounts Matrix									
	rate	less	less	less	less	less				
	full cost	10%	15%	20%	25%	50%				
	amount of tickets at rack	hotels	local operators	expedia etc	ITO	local rail card		Average Rate Rack	Discounted average	
year 1	100.0%	90.0%	85.0%	80.0%	75.0%	50.0%				
year2	97.5%	0.0%	2.5%	0.0%	0.0%	0.0%		\$ 18.89	\$ 18.41	Lilydale - Wyena
year 3	90.0%	2.5%	5.0%	0.0%	2.5%	0.0%		\$ 18.89	\$ 17.78	Lilydale - Wyena
year 4	72.5%	5.0%	7.5%	0.0%	5.0%	10.0%		\$ 17.71	\$ 15.18	Lilydale - Wyena
year 5	62.5%	5.0%	10.0%	2.5%	7.5%	12.5%		\$ 45.25	\$ 36.60	Lilydale - Wyena
year 6	55.0%	5.0%	10.0%	5.0%	10.0%	15.0%		\$ 36.46	\$ 28.62	Lilydale - Scottsdale
year 7	50.0%	5.0%	10.0%	10.0%	10.0%	15.0%		\$ 34.17	\$ 28.19	
year 8	50.0%	5.0%	10.0%	10.0%	10.0%	15.0%		\$ 29.58	\$ 24.40	

## Appendix Two

	Ratio of journeys undertaken.							
year 1	Lilydale-Karroola	0%	Lilydale - Wyena	100%	Lilydale - Scottsdale	0%		
year2	Lilydale-Karroola	0%	Lilydale - Wyena	100%	Lilydale - Scottsdale	0%		
year 3	Lilydale-Karroola	15%	Lilydale - Wyena	85%	Lilydale - Scottsdale	0%		
year 4	Lilydale-Karroola	15%	Lilydale - Wyena	25%	Lilydale - Scottsdale	60%		
year 5	Lilydale-Karroola	10%	Lilydale - Wyena	50%	Lilydale - Scottsdale	40%		
year 6	Lilydale-Karroola	10%	Lilydale - Wyena	55%	Lilydale - Scottsdale	35%		
year 7	Lilydale-Karroola	10%	Lilydale - Wyena	65%	Lilydale - Scottsdale	25%		
year 8	Lilydale-Karroola	10%	Lilydale - Wyena	65%	Lilydale - Scottsdale	25%		
year 9	Lilydale-Karroola	10%	Lilydale - Wyena	65%	Lilydale - Scottsdale	25%		
year 10	Lilydale-Karroola	10%	Lilydale - Wyena	65%	Lilydale - Scottsdale	25%		

## Appendix Three

### Consolidated Revenue/Expense/Profit

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
Consolidated									
Revenue		\$207,160	\$ 353,677	\$ 366,267	\$ 906,182	\$ 804,835	\$ 1,012,624	\$ 1,397,615	\$1,800,211
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
Retail/F&B COG		\$ -	\$ 27,384	\$ 34,344	\$ 42,193	\$ 49,805	\$ 79,991	\$ 122,419	\$ 174,466
Rates		\$ 17,930	\$ 17,930	\$ 17,930	\$ 17,930	\$ 17,930	\$ 17,930	\$ 17,930	\$ 17,930
Rent/Lease		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Insurance		\$ 25,000	\$ 27,230	\$ 29,659	\$ 32,304	\$ 35,186	\$ 53,940	\$ 82,689	\$ 126,761
Fuel		\$ 30,850	\$ 30,850	\$ 32,050	\$ 42,850	\$ 61,525	\$ 61,525	\$ 61,525	\$ 61,525
I/T		\$ 1,000	\$ 3,500	\$ 4,000	\$ 5,000	\$ 6,000	\$ 12,000	\$ 17,000	\$ 23,000
Marketing Spend		\$ 26,931	\$ 45,978	\$ 47,615	\$ 117,804	\$ 104,629	\$ 131,641	\$ 181,690	\$ 234,027
Electricity		\$ 12,000	\$ 16,000	\$ 20,000	\$ 24,000	\$ 30,000	\$ 50,000	\$ 50,000	\$ 50,000
Mechanical Consumables		\$ 12,000	\$ 12,000	\$ 12,493	\$ 16,932	\$ 23,753	\$ 23,753	\$ 23,753	\$ 23,753
Credit Card commission		\$ 4,315	\$ 5,659	\$ 5,860	\$ 14,499	\$ 12,877	\$ 16,202	\$ 22,362	\$ 28,803
Waste Disposal		\$ 1,000	\$ 1,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Consulting		\$ 10,000	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Legal Fees		\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licences Registrations		\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Total		\$170,025	\$ 231,530	\$ 253,951	\$ 364,512	\$ 392,705	\$ 497,982	\$ 630,368	\$ 791,266
Contingency		\$ 25,504	\$ 34,730	\$ 38,093	\$ 54,677	\$ 58,906	\$ 74,697	\$ 94,555	\$ 118,690
Total expenses		\$195,529	\$ 266,260	\$ 292,043	\$ 419,189	\$ 451,611	\$ 572,679	\$ 724,923	\$ 909,956
EBDAIT		\$ 11,631	\$ 87,417	\$ 74,224	\$ 486,993	\$ 353,224	\$ 439,944	\$ 672,692	\$ 890,255
% Profit		5.6%	24.7%	20.3%	53.7%	43.9%	43.4%	48.1%	49.5%