

Building our Regions

Submitted on 29/04/2016 14:15

Building our Regions

Round 2 Council Funding

Application - BoR R02 GYMP 0076 - Revitalising the Mary Valley Rattler Heritage Rail

All Applications must be received by the department in full by **5pm, 29 April 2016**.

Please refer to the Building our Regions Program Guidelines when completing this form.

Please ensure all sections of this form are completed.

All figures in this form must exclude GST.

Following the assessment process, applicants will be notified in writing of the outcome of their EOs.

Should you have any questions or require any assistance, please contact the Building our Regions program team on (07) 3452 7377 or 13 QGOV (13 74 68).

PART A: APPLICANT DETAILS

Council

Gympie Regional Council

PART B: PROJECT DETAILS

Project title:

Revitalising the Mary Valley Rattler Heritage Railway (The Valley Rattler)

Project description:

The project will deliver replacement infrastructure to ensure that the Valley Rattler's operations are sustainable, safe and provide an excellent experience for international and domestic visitors. The proposal is to operate the Valley Rattler from Old Gympie Station Scope - The project will focus on the replacement and remediation of the track infrastructure, refurbishment of existing buildings and rolling stock. The current timber tracks will be replaced by steel sleepers using a staged program of works commencing with replacement from Gympie to Monkland which will enable operations to begin, while staged work is carried out to Amamoor.

Indicate which best describes the project:

Economic Development Infrastructure

Is this Project:

Replacement of Existing Infrastructure

Specify other infrastructure type:

The following information is to be provided for Road projects:

Why was TIDS funding not allocated to this project? Why is the project still considered a priority for the region?:

Chainage:

Road Classification:

Crash History	
AADT (% of Heavy Vehicles):	
Deficiencies:	
Future safety assessment:	
Other information:	

PART C: PROJECT CONTACT

Nominate a Primary Contact for the project.

Title:

First name: Last name:

Position:

Phone: Mobile: Fax:

Email:

Postal Address

Street number/location name:

Town/suburb: Postcode:

Other Contacts

Full Name	Position	Business Phone	Email
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PART D: ESTIMATED PROJECT TIMEFRAME

Project start date: Project completion date:

Construction commencement date:

To be eligible for Building our Regions funding, projects must be ready to commence construction by 30 June 2017.

What stage has the project reached at the time of application:

If the project is not ready to proceed to construction, please describe what action is being taken to ensure the project will be able to commence construction within the required timeframe:

PART E: PROJECT COSTINGS

Building our Regions funding sought (ex GST):

\$5,000,000.00

Council's financial contribution (ex GST):

\$3,200,000.00

Funding Category	Funding Contributor	Contribution Description	Amount (ex GST)	Funding Status	Funding Status Details
QLD Govt	Department of State Development	In May 2015, the Queensland Government confirmed a funding commitment of \$2.6 million for capital works to recommission the track and repair existing rolling stock, subject to the acceptance of a robust business case. Refer http://www.statedevelopment.qld.gov.au/index.php/regional-development/royalties-for-the-regions/r4r-case-studies/transport/1105-mary-valley-rattler A business case was prepared by EarthCheck in March 2016 - focussed on the investment required to establish a sustainable business model for the operations of the Valley Rattler.	\$2,600,000.00	Yes	

Total other funding contributions (ex GST):

\$2,600,000.00

Total Estimated Project Cost (ex GST):

\$10,800,000.00

How have the project costs been calculated or determined?

Please refer to attached Business Case - Revitalising the Mary Valley Rattler Heritage Railway, Section 2.3 Capital Costs - As a key input to business model preparation, it was essential to identify and quantify all capital and operating costs. Figures used in calculations were sourced from multiple reports to help form the most accurate picture of the first 10 years including an Infrastructure Condition Assessment and Costs (GHD, 2013; GHD, 2016), Economic Value Assessment (EarthCheck, 2014), Business Case (Rattler Rail Company, 2015; Rattler Railway Company, 2014), Analysis of the Proposed RRC Business Plan (Linqage, 2014) and Draft Plan for Sustainable Operations (Linqage, 2014).

PART F: PROJECT SITE DETAILS

Project Site Details

Street number/location name:	Gympie Railway Station Complex
Street name:	Chapple Street
Town/suburb:	GYMPIE, QLD, 4570

Real Property description of the project site

Title Reference	Lot	County	Parish	Registered Plan
Gympie Railway Station Complex	263	March	Gympie	SP103062
Latitude start	-26.186020	Latitude end	-26.343288	
Longitude start	152.672132	Longitude end	152.673719	
State Electorates				
Gympie				
Federal Electorates				

PART G: LAND OWNERSHIP

Who owns the land where the project will be located?

If Crown Land, please specify the agency responsible

If other, provide details

If council does not own the land
(a) Does Council have control over the land? (e.g. crown reserve)

If yes please provide details and supporting documentation:

(b) Does Council intend to acquire ownership or control over the land? (e.g. purchase, lease, be granted an easement)

Please provide details:

(c) Has the owner approved the development on the proposed project site?

Please provide details and supporting documentation:

Is there any third party interest in the land?

If yes please provide details and supporting documentation:

Are there any land issues (e.g. a road reserve, native title or strategic cropping land etc) that need to be addressed before construction can commence?

If yes please provide details and supporting documentation:

PART H: RESPONSE TO CRITERIA

Project Demand and Solution

What is the critical need or opportunity to be addressed?

The response should explain what the need or opportunity is; who or what is or will be affected by it; whether it is a current need or opportunity or something that will occur in the future; and the potential consequences of not acting to address the need or opportunity.

The intent of this project is to develop a new focus for the operations of the Valley Rattler and so help drive visitation growth, expand economic development opportunities and create a 'must-do' experience.

This project addresses a number of needs critical to economic growth and community wellbeing in the Gympie region. The beneficiaries of this project will be widespread - businesses, communities in Gympie and the Mary Valley, jobseekers, people seeking to expand and develop skills, domestic and international tourists. There is a real and current need for this project as the lost opportunities of this iconic, historic tourist experience are being felt across the Gympie region.

Needs and opportunities -

- Creation of employment opportunities in the Mary Valley and Gympie city - Gympie region is experiencing sustained high levels of unemployment - 7.7% recorded in 2006 to 2011 when compared to the South East Qld average of 6.3% in 2011 (ABS Census of Population and Housing 2006 and 2011) The loss of a key attraction in the region has only exacerbated the unemployment condition and the lack of other major projects is impacting on business confidence.

- New experiences and diversity in tourist experience offerings in the Gympie region - The Valley Rattler successfully operated from 1998 to 2012, reaching a peak patronage of more than 30,000 visitors per month

While the Rattler has been out of operation, rail tourism for visitors to Qld and the Sunshine Coast has been growing at 4% per annum.

- Small business opportunities across the Mary Valley and Gympie communities - since the closure of the Valley Rattler in 2012, local businesses have reported a reduction in visitor numbers

The cost to 'do nothing' ranges from \$185,000 per annum for track, bridge and vegetation maintenance (\$135,000) and heritage building maintenance \$50,000 est per annum). Bridge maintenance alone is estimated at \$48,000 per annum and does not include any extra-ordinary work required.

How will the proposed project address or respond to the identified need or opportunity?

Describe how the project will address or respond to the identified need or opportunity.

As detailed in the Revitalising the Mary Valley Rattler Heritage Railway (The Valley Rattler) Business Case, 24 March 2016, the project will provide funding to repair, reconstruct and revitalise critical infrastructure at the Gympie Railway Station and along the Railway Corridor from Gympie Railway Station to Amamoor Station.

The Business Case identifies three options for the revitalisation of the Valley Rattler with Option 1: A trip from Gympie to Amamoor being the recommended option. As noted, this option requires \$10.8 million upfront investment and is projected to return a profit after three years, demonstrating the potential from long-term sustainability. Although this trip is not as far as the original vision of Mary Valley Railway Community Holdings Ltd, it travels the longest distance of the options, at 22.9 kilometres and takes approximately two hours to complete the proposed return journey.

This option involves operating an initial service 3 - 4 days per week and is the most similar to the previous heritage line experience. The base revenue is founded upon conservative figures of 20,000 visitors in the first year of operation. In the year the previous railway company ceased operations, it was recorded that 28,000 visitors used the railway.

The initial capital required during the construction phase is estimated to directly support around 30 FTE jobs. After recommencing operations, visitor expenditure coupled with on-train employment and small ongoing capital expenditure is projected to support an average of 29 FTE jobs over the next 10 years.

The vision and new focus identified for the operations of this iconic tourist attraction provide detailed actions which will help address the identified needs in the Gympie region to create sustainable employment opportunities, provide a unique experience for patrons, help drive visitation growth and restore community pride and confidence. Ref. Sections 1.6 and 2.6.1.

Why is this project the most appropriate way to address or respond to the need or opportunity?

Discuss how the project was determined to be the most appropriate way to address the need or opportunity. Detail any specific considerations that were used in making the decision.

The Business Case details the options considered when determining the most appropriate way to address the need to refurbish, repair and maintain essential operating infrastructure and associated buildings and the opportunities presented when the Valley Rattler is up and running again.

When considering the options available and determining that Option 1 is the recommended action to take, the following two options were considered and detailed in the Business Case : Option 2: A trip from Gympie to Monkland and Option 3: Termination of the Valley Rattler. These options were critically assessed against a robust criteria including benefit/cost, risks and issues, opportunities, market impact and assessment, and were determined to be unattractive in terms of community and social impacts, economic benefit and contribution to the creation of sustainable employment opportunities.

Option 1: Gympie to Amamoor has considerable support within the local community who have a strong desire to eventually see the Valley Rattler run the entire track to Imbil. Cost/Benefit analyses were undertaken regarding the replacement of sleepers, with steel sleepers being recommended due to their longevity and low cost of maintenance. The project proposes reinstating and refurbishing a specific length of track, bridge and crossing infrastructure from Gympie to Amamoor as reinstating the entire track from Gympie to Imbil is cost prohibitive and has been ruled out as an immediate goal. Should the proposed operations proceed and meet the forecast financial performance, then further investment in the track enabling journeys to Imbil is a possibility. The railway workshop and buildings and rolling stock are sorely in need of refurbishing and repairs to help improve their safety, public appeal and functionality. While the buildings are generally sound, age and deferred maintenance have taken their toll. They require attending prior to recommencing services. Business Case March 2016, Refer Appendix C

Have other solutions been considered?

Yes

Please provide details of other options considered or explain why other options were not considered. Identify the options considered. Explain why the proposed project was chosen and why the other options were not suitable. If other options were not considered, explain why.

As discussed and detailed in the attached Business Case, Option 1: A trip from Gympie to Amamoor was determined to be the preferred Option.

Option 2: A trip from Gympie to Monkland. This option requires \$3.4 million up from capital expenses but will continue to run at a loss for the projected period of 10 years. The trip from Gympie to Monkland is 3.8 km and is a maximum of one hour in length for the return journey. This option involves operating two services, seven days a week with the potential to increase frequency based on 18,000 visitors in year 1. This option allows for the line to be extended to Amamoor in the future, subject to the availability of funding. This initial capital stimulus required for the project during the construction phase is estimated to directly support around 15 FTE jobs. In the first operational year, visitor expenditure coupled with on train employment and small ongoing capital expenditure is estimated to support around 24 jobs in the region.

It should be noted that consultation with the Qld Government representatives, RRC and MVRCH indicates that the short distance of 3.8km would lack appeal for many people considering the travel distance by customers. It is very likely any appeal will be lost in a short space of time and result in a poor outcome for the community overall.

Option 3: Termination of the Valley Rattler. Scenario 1 - Upfront costs of approx. \$300,000 for complete removal of existing track and bridges. Ongoing vegetation maintenance costs of approx. \$75,000 pa.

Scenario 2 - Ongoing costs of approx. \$185,000 per annum for maintenance of existing track to standard that would not further depreciate the asset. Scenario 1 will remove the existing track and extinguish all community hope of having the Valley Rattler re-establish in the future. It is likely to cause great distress in the community. DTMR will continue to hold the rail corridor as head lessee. These scenarios offer no positive financial, social or economic benefits.

Project Benefits

What are the benefits of the project for the community and local economy?

Describe the main benefits of the project. Include direct benefits (e.g. addressing the critical need, supporting jobs, generating additional revenue) as well as broader indirect benefits (e.g. for local business, community liveability, environment etc).

This project addresses a number of needs critical to economic growth and community wellbeing in the Gympie region. The beneficiaries of this project will be widespread - businesses, communities in Gympie and the Mary Valley, jobseekers, people seeking to expand and develop skills, domestic and international tourists. There is a real and current need for this project as the lost opportunities of this iconic, historic tourist experience are being felt across the Gympie region.

Generation of tourist and visitor opportunities - It is estimated that the first year of operations will welcome 20,000 passengers. This assumption illustrates the medium scenario, while the low and high visitor forecasts account for \$18,000 and \$22,000 respectively in the first year.

Economic development opportunities - The Gympie to Amamoor option presents opportunities for economic development in the Gympie Region. During the construction phase, initial capital expenditure and operations expenditure required to undertake the project is estimated to directly support an estimated \$4.1 million in additional gross value added (GVA) in the Gympie region.

Operating and tourism expenditure is estimated to directly generate an estimated \$6.1 million in additional GVA in the Gympie region in the first year of operation. On average, over the 10 year modelled, this option is likely to generate an estimated \$2.1 million per year in additional GVA in the Gympie region.

The initial capital stimulus required for the project during the construction phase is estimated to directly support an estimated 30 FTE jobs. In the first operational year, visitor expenditure, coupled with the on-train employments is projected to support an estimated 25 jobs in the region. These figures have been provided by the Office of the Chief Economist, Department of State Development based on preliminary figures provided by the Rattler Rail Company and EarthCheck. Ref Appendix G of Business Case attached.

Project Delivery and Management

Please explain how council will fund the ongoing (whole-of-life) operation, maintenance and replacement costs of the infrastructure?

Applicants are responsible for the ongoing costs and maintenance of the project. Detail how council will fund the whole-of-life costs of the project.

The railway infrastructure, buildings and rolling stock will be operated by the Rattler Railway Company Limited. This entity is the business trading company of the Mary Valley Railway Community Holdings Limited (MVRCH) - created as the business asset holding company governed by a board comprising three directors: the current Gympie Regional Council Mayor, currently elected State Member of Parliament and Gympie As the RRC is effectively a controlled entity of Gympie Regional Council - wholly owned and underwritten by Gympie Regional Council - the ongoing operation, maintenance and replacement costs will be managed through this governance structure.

Please provide any further information to support the application.

Include any other information considered relevant in support of the project that has not been provided elsewhere in the EOI.

This EOI has been prepared with information sourced from a robust and extremely detailed Business Case prepared with input, research and supporting information from Gympie Regional Council, the Queensland Government, community organisations, the Gympie region community and was supported by technical advice provided by GHD (the Government's independent industry consultant), Department of Transport and Main Roads, Queensland Rail and the Department of State Development.

Gympie Regional Council cannot emphasise strongly enough the depth of community support and interest for the revitalisation of this valued heritage railway and the place that the 'Rattler' has secured in the fabric of our community. This project funding will help secure its long term future and generate positive and long lasting economic, social and community outcomes for the Gympie Region and surrounding communities. The project has strong support from Sunshine Coast Destination Limited as this organisation recognises the potential and importance as a tourism product for the region.

PART I: DOCUMENTS

Mandatory Attachments

Copy of a Council Resolution indicating that the local government supports submission of the EOI. Please ensure the project name is included

 Yes

Additional / Optional Attachments

If available, letters from other contributors confirming financial contributions

 No

Documentation supporting project readiness, such as professional designs ('for tender' or 'for construction'), tender documents, etc

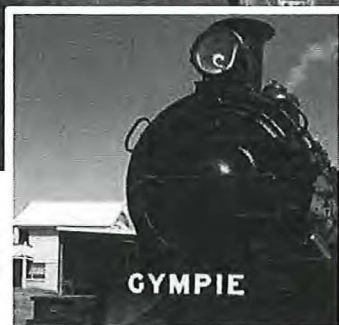
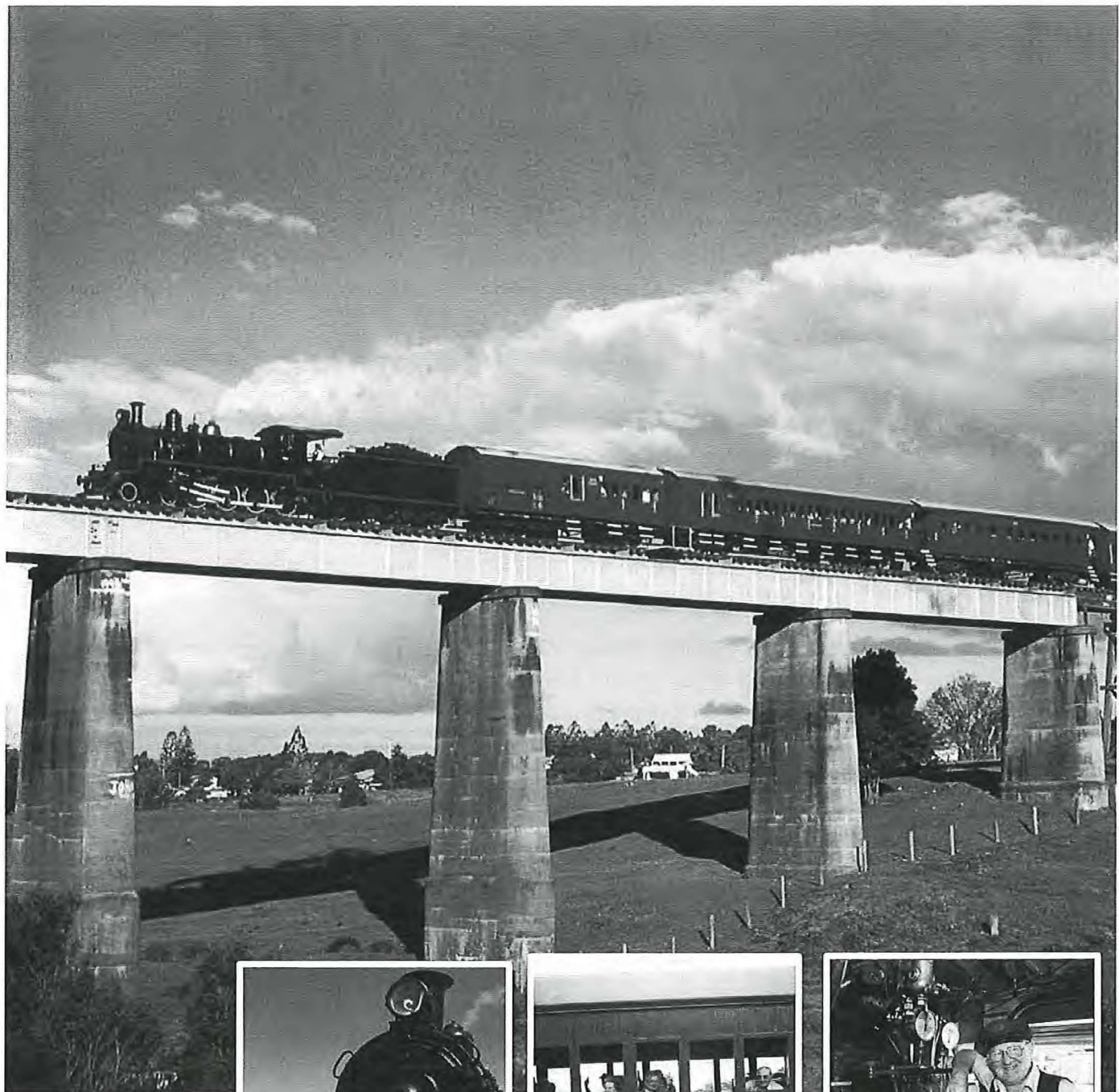
 Yes

Mapping files - for GIS spatial mapping purposes, please attach either an ESRI Shape File or MapInfo Tab File for this project site if available - please attach ALL file layers

 Yes

Copies of all supporting documents referred to in the EOI and relied on as evidence in the application form (unless web addresses / hyperlinks have been provided in the relevant response field)

 Yes



Revitalising the Mary Valley Rattler Heritage Railway (The Valley Rattler)

Business Case

24 March 2016



EARTHCHECK

Executive Summary

The Mary Valley Rattler Heritage Railway (The Valley Rattler) was an icon of the Gympie region from 1998, providing a 43 kilometre heritage rail experience from Old Gympie Station to Imbil. In October 2012, the Mary Valley Heritage Railway Museum Association Inc. (MVHRMA) ceased operation of the Valley Rattler when its accreditation was revoked by the Rail Safety Regulator (Department of Transport and Main Roads) following two minor derailments.

Original operational issues

Previous poor governance arrangements and asset management of the Valley Rattler have been cited as the key factors in the Valley Rattler being served the prohibition notice in 2012.

Remedy for operational issues

In April 2014, Gympie Regional Council (GRC) took steps to remedy the governance issues by establishing two not-for-profit entities, which are wholly owned and underwritten by GRC. They are:

- Mary Valley Railway Community Holdings Limited (MVRCH) - created as the business asset holding company governed by a board comprised of three directors; the currently sitting Mayor of the GRC, the current elected State Member of Parliament and the Chief Executive Officer of GRC.
- Rattler Railway Company Limited (RRC) – created as the business trading company and governed by a board of four directors appointed from Gympie and the wider region, with skills and experience in tourism, business and heritage rail. The board is comprised of the Chair, Company Secretary and two directors appointed by MVRCH.

This governance structure has reshaped and refocused the Valley Rattler from a heritage railway enthusiast venture to a regional tourism attraction run as a business to generate ongoing economic benefits for the region.

The second issue of asset management will only be resolved through significant capital investment in the replacement of all track sleepers and remediation of the existing bridges and crossings as part of the project funding. This eliminates significant annual track maintenance costs from the ongoing operational budget and as a consequence, sets the business solution up to become sustainable. An ongoing asset management plan will be a requirement of full accreditation by the Rail Safety Regulator.

Regional influence of the Valley Rattler

Since the closure of the Valley Rattler in 2012, local businesses have reported a reduction in visitor numbers and the loss of this key attraction for the region has exacerbated unemployment in Gympie, which sits 4% higher than the State average at 10.3% (DEEWR – June 2015). Financial support for revitalising the Valley Rattler will secure a future for this iconic tourist attraction and provide ongoing small business opportunities, with a strong projection of job creation during both the construction and operational stages.

Opportunities in the Sunshine Coast Region Tourism Market

The Sunshine Coast Region is experiencing growth in both the domestic and international visitors market, with a 4.2% annual increase in visitor numbers for the year ending June 2015. The average length of stay for domestic visitors is 3.2 nights, while the average length of stay for international visitors is 13.9 nights. The Valley Rattler can capitalise on this market by providing a new experience to those looking to spend time in the region. A short drive to Gympie will provide a pleasant escape from the beach and an opportunity to experience the country inland.

Objective

In May 2015, the Queensland Government confirmed a funding commitment of \$2.6 million for capital works to recommission the track and repair existing rolling stock, subject to the acceptance of a robust business case.

This business case was prepared by EarthCheck and is not focused on simply getting the Valley Rattler up and running again; but is centred on the investment required to establish a sustainable business model. Three possible solutions were investigated in detail, specifically:

- 1) Trips from Gympie to Amamoor;
- 2) Trips from Gympie to Monkland; and
- 3) Termination of the Valley Rattler.

Initial investigations confirmed that re-establishing the track from Gympie to Imbil would be cost prohibitive and following discussions with all stakeholders, it was decided the key objective should be to focus on a solution to re-establish operations of the Valley Rattler to Amamoor with a long term aim of repairing the remaining length of track, subject to the availability of funding. It is noted that the existing track from Amamoor to Imbil can be used to run a rail motor extension to the journey, should there prove to be a business need, once the main venture is established.

The business case has been prepared in close consultation with the RRC, MVRCH, and GRC. It has also received stated support from the Gympie community. The business case was supported by technical advice provided by GHD (the government's independent industry consultant), Department of Transport and Main Roads (DTMR), Queensland Rail (QR) and the Department of State Development (DSD).

Option 1: A trip from Gympie to Amamoor

This option requires \$10.6 million upfront investment and is projected to return a profit after three years, demonstrating the potential for long-term sustainability. Although it does not travel as far as the original vision of the MVRHC, it travels the furthest distance of the options, at 22.9 kilometres, and takes approximately two hours to complete the proposed return journey.

This option involves operating an initial service 3-4 days a week and is the most similar to the previous heritage line experience. The base revenue is founded upon conservative figures of 20,000 visitors in the first year of operation. In the year the previous railway company ceased operations, it was recorded that 28,000 visitors used the railway.

The initial capital required during the construction phase is estimated to directly support around 30 FTE jobs. After recommencing operations visitor expenditure coupled with on train employment and small ongoing capital expenditure, is projected to support an average of 29 FTE jobs over the next 10 years.

Option 2: A trip from Gympie to Monkland

This option requires \$3.4 million upfront capital expenses but will continue to run at a loss for the projected period of 10 years. The trip from Gympie to Monkland is 3.8 km and is a maximum of one hour in length for the return journey. This option involves operating two services, seven days a week with the potential to increase frequency and is based on 18,000 visitors in year 1.

This option allows for the line to be extended to Amamoor in the future, subject to the availability of funding.

The initial capital stimulus required for the project during the construction phase is estimated to directly support around 15 FTE jobs. In the first operational year, visitor expenditure coupled with on train employment and small ongoing capital expenditure is estimated to support around 24 jobs in the region.

It should be noted that consultation with Queensland Government representatives, RRC, and MVRCH indicates that the short distance of 3.8 kilometres would lack appeal for many people considering the length of the drive from Brisbane to Gympie. It is very likely any appeal will be lost in a short space of time and result in a poor outcome for the community overall.

Option 3 – Termination of the Valley Rattler

Termination of the Valley Rattler considers two scenarios:

Scenario 1 - Upfront costs of approximately \$300,000 for complete removal of the existing track and bridges. This scenario also includes ongoing annual vegetation maintenance costs of approximately \$75,000 per annum.

Scenario 2 - Ongoing costs of approximately \$185,000 per annum for maintenance of the existing track to a standard that would not further depreciate the asset – includes basic vegetation management, bridge maintenance and nominal heritage building maintenance.

It should be noted that Scenario 1 will remove the existing track and extinguish all community hope of having the Valley Rattler re-establish in the future. It is likely to cause great distress within the community and negative social impacts. In either of these Scenarios (1 or 2), DTMR will continue to hold the rail corridor as Head Lessee. Termination of the Valley Rattler offers no positive financial benefits to the Queensland Government in relation to disposal of the corridor and is likely to further hinder economic development in the region.

Recommendation

Robust investigations have established that investment in revitalising the Valley Rattler from Gympie to Amamoor is the recommend option, based on the positive economic and community outcomes. Furthermore, the government's commitment will help to secure the long term future of this valued heritage attraction.

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1 Introduction

1.1 What's this about?

The Mary Valley Rattler Heritage Railway (The Valley Rattler) was an icon of the Gympie region from 1998, providing a 43 kilometre unique heritage rail experience in the heart of Gympie and the scenic Mary Valley from Old Gympie Station to Imbil until its closure in 2012. After 14 years of operation, the Rail Safety Regulator determined that there was insufficient forward investment and planning demonstrated in the railway's infrastructure monitoring and maintenance. The closure followed two minor derailments which highlighted the poor condition of some sections of the heritage track (originally built in 1914), and the operator's lack of an appropriate maintenance program for both track and rolling stock.

Since closing in 2012, volunteers of the Valley Rattler have been working towards sourcing external funding to help revitalise the heritage railway. Every year of delay in deciding on the future of the Valley Rattler results in higher cumulative maintenance costs in the long term as already deteriorated sections of track fall into further disrepair.

This document presents a business case for investment in the Valley Rattler track and rolling stock to help revitalise it as one of Australia's iconic tourist rail experiences. The business case is built on the premise of targeting the short break and day trip market, offering the opportunity for visitors to enjoy the thrill of a rail journey without the commitment of a long 43 kilometre journey (one-way) being the original Valley Rattler journey between Gympie and Imbil.

The ultimate aim of the Valley Rattler operational model presented in this document is to target those visiting the region and provide them with a value-added experience which harnesses the economic benefits the visitors bring to the region.

Key aspects of the operational model assessed in this document include the addition of signature events and a hero experience to breathe new life into the previous operating model. To be sustainable, revitalising the Valley Rattler will need strong governance and management, yearly capital re-investment for preventative maintenance and an ongoing marketing budget to attract new markets and reach a broader audience.

The unemployment rate in the Gympie region was 10.3% in the March quarter 2015, higher than that of Queensland (6.2%) (DEEWR - June, 2015). The economic flow-on from the Valley Rattler would provide a stimulus to boost the local economy and support job creation. Investment in the Valley Rattler will help generate on-site spend as well as direct and indirect expenditure within the Gympie region.

1.1.1 Vision

The vision is for the Valley Rattler to commence passenger train services in a sustainable manner, reviving this exclusive tourist attraction for the greater economic good of the Gympie region.

1.2 What's the background?

1.2.1 The Original Journey

The original Valley Rattler journey travelled between Gympie and Imbil, a 43km journey passing through the townships of Monkland, Dagun, Amamoor and Kandanga. The journey commenced from Old Gympie Train Station, which is 101 years and holds heritage significance for the community and for the history of rail and architecture in Queensland. The Old Gympie train station is featured as a key component of the operating models assessed in this document and complements the heritage rail journey.

1.2.2 Historic Performance of the Valley Rattler

Prior to cessation of services in 2012, the Valley Rattler provided a heritage rail experience recording between 25,000 and 35,000 passengers annually. The Valley Rattler welcomed 33,159 passengers in 2008-2009, followed by 30,812 in 2009-2010 and 25,153 in 2010-2011 (Rattler Railway Company). The decline in passenger numbers has been attributed to a lack of investment in ongoing marketing by the previous managers, the Mary Valley Heritage Railway Museum Association (MVHRMA). The Valley Rattler rail line is shown below in red (Figure 1).



Figure 1. The Valley Rattler Rail Line

In 2011, the Valley Rattler provided 25,153 visitors a distinct heritage rail experience in the heart of the Mary Valley. Of these visitors 95% were domestic and 5% International. In 2009/10, the Valley Rattler generated \$1.03 million in income of which \$890,718 was spent locally. A further \$424,000 flow-on was generated supporting 22.7 jobs in the local economy.

The domestic visitor market in 2011 was largely represented by both local residents (15%) and Queensland residents (68%) while interstate visitors accounted for 12% of all passengers (Figure 2). According to a visitor survey conducted in 2012, 25% of visitors participated in a half day journey and 75% opted for the full day journey.

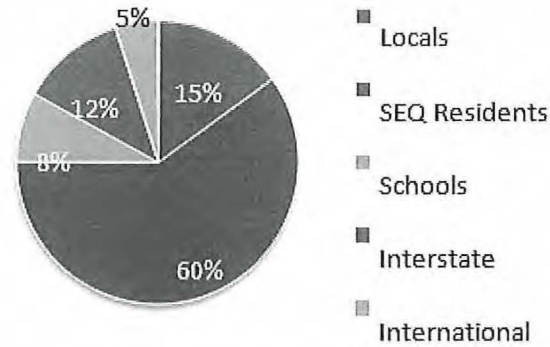


Figure 2. Valley Rattler Visitor Origin

1.3 What are the issues?

1.3.1 Condition of the Track and Bridges

A walking visual inspection of the Valley Rattler rail corridor between Gympie and Imbil was conducted by GHD in September 2015. Refer to **Appendix A** for the Valley Rattler line diagram. The inspection report identified that repair of the track between Gympie and Amamoor would cost approximately \$7 million and \$897,000 for repair work to the bridges in the same stretch of railway. Overall, the bridges appear to be in good condition and several are maintained by Gympie Regional Council.

1.3.1.1 Gympie to Monkland

This section of track is in especially poor condition and it is suggested that this portion should be completely replaced. New sleepers along this 3.8km stretch will provide a track that is safe and reliable which is of key significance as this section may be the most heavily used. The high level of use should be considered when selecting sleepers. It is recommended to use a material other than timber for this section. This section features the iconic Deep Creek Bridge.

1.3.1.2 Monkland to Dagun

This section is 16.195km in length and there are no stations between the two locations. This presents an obstacle in that the entire section would need to be completed before the track could be used. The GHD report suggests steel sleepers for this section as the existing timber sleepers have significantly deteriorated and concrete are liable to crack due to the sand and ash ballast.

1.3.1.3 Dagun to Amamoor

There are some land ownership concerns with the Dagun Station as the land to the west of the track is privately owned. This is the shortest section of the track, 3km, and the Amamoor station contains a loop and a turntable as well as facilities for local markets. It is suggested that steel sleepers be installed as with the other sections of the track.

Further information on track repairs and replacement is provided in **Appendix B**.

1.3.2 Rolling stock

As per the rolling stock asset register, the basis of tenure for the majority of locomotives and carriages is a lease to MVHR. The majority of rolling stock and assets have already been transferred to Rattler Railway Company Limited (RRC) under an Agreement between RRC, Mary Valley Railway Community Holdings (MVRCH) and MVHRMA on 7 August 2014. A total of one locomotive and eight carriages has been identified as being critical to start-up.

It is considered that the locomotive is best refurbished by QR at a cost of approximately \$785,000 and would not be complete until early 2018. In the interim QR have advised that they will lease a similar operating locomotive to the RRC, the cost of which is now included in the operational expenditures.

Three of the eight carriages belong to QR these will be refurbished at their expense and leased back to the RRC. The cost for this has now been included in the operational expenditures. The remaining five carriages belong variously to the RRC and private individuals. These will be refurbished using volunteer labour at the Gympie workshops for an estimated cost of approximately \$50,000 for materials.

The boiler in the locomotive is expected to have an effective service life in the order of 35 years. Annual general maintenance of rolling stock is estimated to be \$50,000 in addition to \$28,000 for boiler depreciation bringing the total to \$78,000.

1.3.3 Old Gympie Station

The Old Gympie Train Station is 101 years and holds heritage significance for the community and for the history of rail and architecture in Queensland. The Old Gympie train station is featured as a key component of the operating models assessed in this document and complements the heritage rail journey. While the buildings are generally sound, age and deferred maintenance have taken their toll and will require attention prior to recommencing railway services. An opportunity exists to transform the station from its current state and turn it into a hall available for special events which doubles as a café and a stationary museum during the operation of railway services.

A major renovation would be required for commercial food handling activities, including a complete strip out and re-fit of the current kitchen to current construction standards so as to lend itself to catering companies and organized events that require the provision of meals. Proposed renovations would also include the exterior façade, installation of shelter for the locomotives and railcars while parked, dining hall, dedicated café space, space for retail and merchandise, offices and a model train room for children. Refer to **Appendix C** for further information on the Old Gympie Station including building compliance issues and proposed station layout.

1.3.4 Governance

Previous poor governance arrangements and management of the Valley Rattler historically has been cited as a key factor in the Valley Rattler being served the prohibition notice in 2012. Moving forward, effective governance and management of the preferred operating model will be critical to the long-term sustainability and viability of the Valley Rattler.

Previous governance and management concerns have been remedied through the Gympie Regional Council's establishment of the Holding Company (Mary Valley Railway Community Holdings Limited) and the Trading Company (Rattler Railway Company Limited) in April 2014.

The Mary Valley Rattler Community Holdings Limited is the Asset Holding Company and comprises three directors: the Mayor, Local Member and CEO of Gympie Regional Council (position based appointments). The RRC is the Trading Company and has four directors: Deputy Chair, Public Officer, Company Secretary and a Director. The RRC is a skills based board with travel, tourism, business, employment and heritage rail experience appointed from the Gympie and Wider Communities.

This governance structure has reshaped and refocused the Valley Rattler, bringing it from a heritage railway enthusiast domain to a focussed regional tourism attraction run as a business creating ongoing economic development for the region.

1.4 What was the Business Case Methodology?

There are three options being considered for the revitalisation of the Valley Rattler:

Option 1 - Longer trips from Old Gympie Station to Amamoor

Option 2 - Short trips from Old Gympie Station to Monkland

Option 3 - Termination of the Valley Rattler

These scenarios are detailed further in this report, including the 10 year projections of capital and operating costs, revenue generation and resulting cash flow for high, medium and low revenue generation business models (based on conservative visitor numbers when compared to historical Valley Rattler operating data). The operating models offer a mix of rail and heritage experiences and a variety of revenue streams to eliminate reliance on one market or one experience.

1.5 Case studies

An investigation into the operations of other heritage railway tourist operations demonstrates that despite the majority of operations running at a loss, they all contribute to job creation in their communities and provide a boost to economic development.

1.5.1 Puffing Billy, Victoria

In 2014, total expenditure for the railway was \$9.4 million while the total income was only \$8.8 million. It has run at a loss since 2011. It attracted 394,672 visitors in 2014 with an estimated annual contribution of \$49.4 million to the Victorian economy.

1.5.2 Severn Valley Railway, United Kingdom

Attracts approximately 250,000 visitors per year and generates £5.4 million in value for the regional economy. The railway is run by 1,300 volunteers and only 70 paid staff who are responsible for administration, commercial activities, track and rolling stock maintenance.

1.5.3 Kuranda Scenic Railway, Far North Queensland

Attracting approximately 340,000 visitors in the 2013- 2014 financial year, the railway sees a high proportion of international visitors. The majority (75%) are from Japan, China, Germany, United Kingdom, France, United States and New Zealand.

1.5.4 West Coast Wilderness Railway, Tasmania

The West Coast Wilderness Railway (WCWR) in Tasmania was opened as a tourist train in 2002 and runs between Queenstown and Regatta Point.

Due to a need for infrastructure investment, reduced demand, and a downturn in visitor numbers, the track was to be closed in April 2013. In 2012-13 the Australian Government committed \$6 million to fund capital, maintenance and operational activities on the WCWR for use until 2016-17. This funding has been complemented by the provision of additional support by the Tasmanian Government for the implementation of capital works and the maintenance of the Railway's operations.

Passenger and freight services were suspended during 2013 allowing for infrastructure maintenance and capital improvements to be undertaken. The track opened again in December 2013 and the WCWR was re-opened for business in January 2014. Since 1 May 2014 the WCWR has been managed by the Railway Ministerial Corporation.

The project was included in the Department of State Growth Annual Report for 2014/15, with a grant paid to WCWR of \$5,409,008.

Further information on the case studies is provided in **Appendix D**.

1.5.5 Creative Funding Schemes

Heritage railways in the United Kingdom receive funding from a variety of creative funding schemes. One prime example is the North Yorkshire Moors Railway in the UK. In 2013, their application for £800,000 from the Coastal Communities Fund for major development work at Whitby station was successful. A total funding package of £1.4 million had been secured for major improvements to the station, including a £500,000 contribution by Network Rail to recreate a second track and platform. The Coastal Communities funding also provided an opportunity for an additional £100,000 for heritage improvements from the Railway Heritage Trust. The creative funding model could be investigated for the Valley Rattler.

1.6 What is the preferred business model?

1.6.1 A New Focus

The intent of the Valley Rattler business model is to develop key partnerships that help drive visitation growth through special events and premium experiences. Ultimately, the operation would experience sustainable growth due to ongoing product development initiatives. The Valley Rattler could now be regarded as a venue, not solely a moving journey, and thus reserving the train for stationary experiences at the Gympie Station by the public is one opportunity not previously available.

Focusing on the development of key experiences that attract visitors and generate brand awareness, the initial goal is to re-vitalise the Valley Rattler as a 'must-do' experience while in the region.

1.6.2 The First Year

The preferred scenario sees the journey begin in Gympie and travel through to Monkland initially. Replacement of the track between Gympie and Monkland would be priority so as to begin short trip services as soon as possible, enabling a revenue stream and staged approach to replacing the remaining track to Amamoor. The complete replacement from Gympie to Amamoor is estimated to take approximately 12 months.

1.6.3 Signature Events

Signature events will be necessary to attract visitors and establish the Valley Rattler as an exciting tourist activity. Opportunities to leverage existing annual events such as the Noosa Jazz Festival and the Gympie Muster provide a large market for theme train journeys. Other opportunities include a Santa train in December and continuing the legacy of Race the Rattler. A food train could capture a new market by appealing to those who seek a culinary experience and could market itself as the World's Longest Lunch. Bushranger Sundays has been on offer and could be reinstated on a monthly basis.

1.6.4 Premium Experiences

1.6.4.1 Driver's Experience

The Driver's Experience offer visitors the opportunity to stand up front with the driver and physically contribute to the work required to operate the steam train. This Driver's Experience is something unique to the Gympie Region that is not currently available anywhere else in Queensland. This experience will be available at a cost of \$200 and will take place for one direction of the journey, allowing the potential of two participants per journey. This product will only be available during the weekends on Steam Train Sunday and therefore there are only 52

days on offer per year. For those not willing to invest in the full Driver's Experience, a photo opportunity with the conductor will also be available for purchase.

1.6.4.2 Footplate Experience

The Footplate Experience is available for \$60 and has the passenger stand up front with the conductor but not participate in the operations of the locomotive.

This experience could be appealing to a broad audience as it is not widely available and is priced at an affordable rate. The Drivers Experience and Footplate Experience also provide a new and exciting opportunity for those who have already visited the Valley Rattler.

The provision of premium experiences and development of new annual events will help to freshen up the perception of the experience. These new products and experiences can help to establish the Valley Rattler as a key tourist attraction within the Sunshine Coast region.

2 Project Evaluation

2.1 Market assessment

This section of the report provides an overview of relevant market profiles and identifies the importance of the Valley Rattler to Gympie. The National Rail Visitor Market is analysed and accompanied by detailed analysis of the Sunshine Coast and Gympie Region visitor markets.

2.1.1 National Rail Visitor Market Rail Enthusiasts

Over a five year period, while trends show decreasing visitation at the national level, the visitor market that identifies with participating in tourist train activities during their trip is increasing for both Queensland and the Sunshine Coast Region (3). The below information is drawn from the Tourism Research Australia, National and International Visitor Survey (prepared by EarthCheck Consulting).

In terms of origin markets, international visitors are the most likely to participate when compared to domestic visitors (4). While historic visitor counts suggest international visitors merely accounted for 5% of all passengers on the Valley Rattler, this growing trend of international visitors participating in tourist trains signifies greater potential for the Valley Rattler to attract a higher level of international visitation. The five year trend shows an increase of 4% per annum for international tourists participating in tourist train activities. This market is increasing while the domestic market appears to have experienced a decline between 2011 and 2015. While this rail enthusiast market is of significance to the successful re-vitalisation of the Valley Rattler, it is also of paramount importance that other leisure markets are targeted and captured.

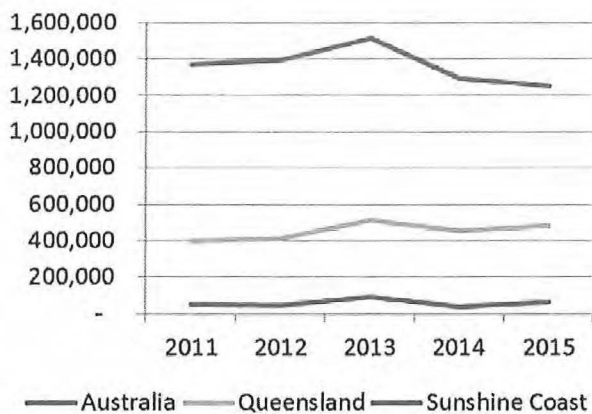


Figure 3. Visitors to Australia who Participate in a Tourist Train Activity

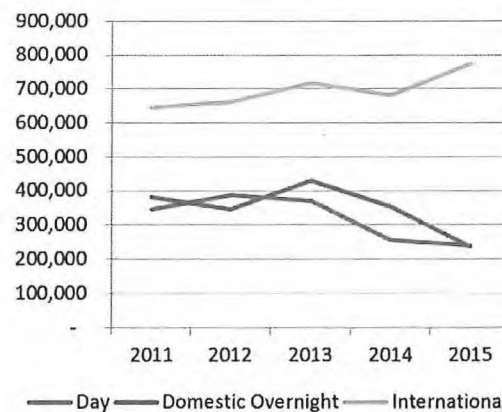


Figure 4. Tourist Train Activity (AUS) Participation by Tourist Type

2.1.2 Sunshine Coast Region Tourism Market

The Sunshine Coast Region has a population of over 350,000 and attracts over 8 million day and overnight visitors per annum for the year ending June 2015 (TEQ Sunshine Coast Snapshot YE June 2015). This was an increase of 3.4% from the previous year. Of these visitors, 2.9 million were domestic and 257,000 were international, contributing approximately \$1.9 billion to the local economy. The Sunshine Coast received 15% of all domestic visitors to Queensland, and approximately 12% of all international visitors in 2015. With participation by international visitors in tourist train activities seeing an increase in recent years there is a market for a tourist train activity in the Sunshine Coast or surrounding area (4).

Visitors to the Sunshine Coast can be further split into holiday visitors, visiting friends and relatives and business travel. Holiday travel to the Sunshine Coast accounts for 55% of domestic visitors and 76% of international visitors.

The Sunshine Coast Region is experiencing a growth in the domestic and international visiting friends and relatives market noting a 4.2% annual change (YE June 2015). Domestic overnight trips from visiting friends and relatives arrivals recorded a length of stay of 3.2 nights, while international visiting friends and relatives (VFR) visitors recorded an average length of stay of 13.9 nights. The Valley Rattler can capitalise on this market by providing a new experience to those looking to fill time in the region. A quick drive to Gympie will be a pleasant escape from the beach and one way to experience the nature inland.

These markets are significant to the Sunshine Coast and present a promising opportunity for the Valley Rattler. Marketing throughout the Sunshine Coast region could raise awareness to a potential market base that is more than double the size of that of Gympie. The leisure market is not likely to choose their destination based on the provision of a tourist train activity, rather, they would choose to participate in this activity as a value-added experience. The Old Gympie Station presents an opportunity to introduce a new conference and events space to the market mix. A refurbishment of the station, internally and externally, would enable the space to be hired out for functions and special events. This additional revenue stream provides an alternative source of income outside of the railway operating hours. This presents an opportunity for the Valley Rattler to capture a proportion of this market through effective advertising and educational events.

2.1.3 Gympie Region Tourism Market

The Gympie Region covers 7,000m² and is situated along Queensland's main north-south rail line boasting a resident population of approximately 48,000 as at 2013. Gympie is approximately 2 hours north of Brisbane and 40mins inland from the Sunshine Coast, situated in a prime position to draw day trippers from both Brisbane and the Sunshine Coast.

The Gympie Region received 873,542 visitors and just over 1 million visitor nights in the year ending June 2015. Visitors to the Gympie Region generated \$148.8 million dollars to the local economy and the primary reason for visiting was for a holiday. The average length of stay during this period was 3.4 nights (Tourism Research Australia, National and International Visitor Survey (prepared by EarthCheck Consulting).

International visitors account for 5.4% of all visitors to the Gympie Region, while domestic day visitors account for 62.1% and domestic overnight accounts for 32.5%. Of these visitors, 826,404 were domestic and 47,139 were international. Key international markets for the Gympie region include the UK, Germany and Scandinavia.

Overall visitation to the Gympie region has experienced a 2.7% annual decline from 2011 to 2015, while visitor nights also decreased, by 5.4% per annum, during this same period.

Domestic overnight visitors generated \$93 million in local visitor expenditure, followed by \$42 million in day visit expenditure and \$13 million from international visitors for year ending June 2015. The average spend per trip for domestic day trip visitors to the Gympie region is \$78.60, increasing to \$336.30 for domestic visitors who stay overnight. International visitors to the Gympie region spend an average of \$292.10 per trip, or \$76.00 per night (Figure 5).

While taking a daytrip to the Gympie Region, 136,000 Queensland visitors ate at a restaurant or café during their visit (YE March 2015). This presents an opportunity to leverage the market share and attract intrastate visitors to experience the food train events and MasterChef classes.

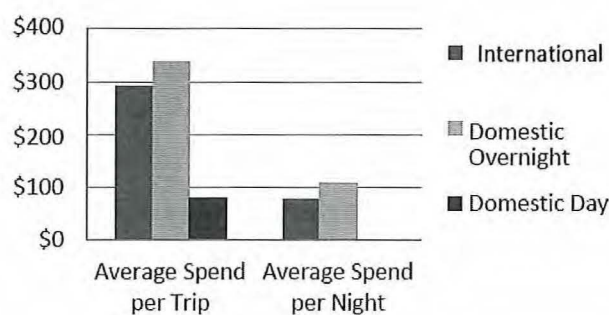


Figure 5. Average Spend in the Gympie LGA by Visitor Type

Rail enthusiasts present a small but important market for the Valley Rattler. People self-identifying as ‘rail enthusiasts’ are passionate about trains and are highly likely to plan a holiday around a tourist train activity such as a heritage rail experience. This market would be keen to support the Valley Rattler and would travel from across the country to experience the journey.

As with many niche markets, rail enthusiasts are well connected and an engaged group of individuals. They are likely to become repeat visitors and raise awareness through their social networks.

2.2 Assumptions

2.2.1 Revenue Assumptions

Revenue streams that have been identified for the Valley Rattler include value-added opportunities and the development of new premier events. The revenue streams include:

- Ticket Sales
- Café & Retail Recovery
- Driver’s and Footplate Experiences

- Tourist Photo Opportunity
- Theme Trains
- Workshop Tours
- Model Train Room
- Buy A Sleeper
- Conference & Events space

Revenue assumptions have been applied to high, medium and low scenarios for a number of the below revenue streams. The revenue assumptions are summarised below and detailed in **Appendix E**.

2.2.1.1 Ticket Prices

Establishing a ticket price that is appealing to visitors and offers good value will be critical to attaining the visitor forecast. Ticket prices for the one-way and return journeys in both scenarios were calculated with the historic prices in mind. Prices of entry to the following similar experiences helped determine the base ticket price:

- Launceston Inclinor (one-way \$12 adult, \$8 child);
- Kosciuszko Chairlift at Thredbo (one-way \$29 adult, \$15 child); and
- Sydney Monorail (\$5 adult).

The assumption applied to all ticket revenue is that 75% of passengers purchase return tickets and 25% purchase one-way tickets, as identified in the RRC Business Plan (July 2015). The base ticket price is intended to stay the same for the first three years of operation. This will then increase as per the Consumer Price Index (CPI %) from year 4 onwards. **Appendix E** summarises the assumptions applied to the ticket prices for short trips from Gympie to Monkland and longer trips from Gympie to Amamoor. A resident discount in the second year of operations may encourage greater participation from locals and is worthy of consideration.

Assumptions applied to the High, Medium (base figures used for costings - conservative when compared to historical visitor data) and Low scenarios for passenger numbers for Gympie to Monkland and Gympie to Amamoor are provided in **Appendix E**.

2.2.1.2 Café and Retail Recovery

With the Gympie Station refurbishment complete, a new café will be critical to creating an enjoyable experience for all visitors. The revenue calculations are based on an average café spend of \$4.50 with 25% of passengers making a purchase. Direct cost of sales are factored in at 60% of the projected revenue. Retail merchandise will be available for purchase to help visitors commemorate the experience. The calculations are based on an average spend of \$2.28 with 25% of passengers making a purchase.

2.2.1.3 Driver's and Footplate Experiences

The price identified for both Driver's and Footplate Experiences (\$200 and \$60) were developed based on market research.

Prices of similar experiences were considered, along with the length of the journey provided, annual visitors and population nearby. Also taken into consideration were the following unique driver experiences available in Queensland:

- V8 Race Car Drive (\$99);
- Race Car Drive (\$99);
- Ride on a Tank (\$60);
- Rally Driving (\$115);
- Learn to drive a Helicopter (\$249); and
- Learn to fly a plane (\$162).

The model accounts for a 20% conversion rate. The drivers experience will only be available on Sundays and therefore there are only 52 days a year where this revenue can be generated. Both experiences will need to be undertaken prior to visitors boarding the train based on Queensland Government legislative requirements.

2.2.1.4 Tourist Photo Opportunity

Tourist photos present an added revenue stream for passengers looking to capture a memory of the experience. The photos are priced at \$15.00 and a conversion rate of 15% is assumed. As this will require a photographer, cost of sales is calculated at 60% and thus the revenue accounted for is 40% of the total calculations.

2.2.1.5 Theme Trains

One of the new experiences provided by the Valley Rattler will be the development of theme trains. Revenue calculations are based on six annual theme trains with a capacity of 200 passengers. It is assumed these trains will experience annual growth of 2% and tickets will be \$45.

2.2.1.6 Workshop Tours

The ability to offer tours of the workshops to the public is an added opportunity. It is assumed that the tours will be available at a cost of \$8.00 and that 20% of all visitors will participate in this experience.

2.2.1.7 Model Train Room

The existing model train room at Old Gympie Station has wide appeal and potential to generate new income. Relocating the model train set into a dedicated room will allow for control of entry upon payment of a \$2.00 fee. A conversion rate of 15% is assumed for the revenue modelling.

2.2.1.8 Buy a Sleeper

The development of a marketing campaign aimed at generating additional funding by way of fundraising within the local community is accounted for in this business case. The Valley Rattler has exhibited strong community support (letters of support from the community provided in **Appendix F**), and therefore the modelling accounts for 150 sleepers for Option 2 and 1,500 sleepers for Option 1, both being sold at a price of \$50.00 generating a total of \$7,500 - \$75,000 that can be used towards start-up costs.

2.2.1.9 Conference & Events Space

Upon a transformation of the Gympie Station, it is possible to generate new income by renting the space to conferences and events. For the purpose of this business case, the calculations accounted for 15 events hiring the space at a cost of \$500 per event.

2.2.2 Operating Assumptions

It is assumed that the leases on Tozer Street carpark, the Chapple Street workshops, Monkland Station and any corridor infrastructure cost will come to no more than \$47,450 (conservative assumption) in the first year followed by an incremental rise each year out.

A 5% contingency has been applied to operating costs. A value-added amount of 55% has been applied to the direct value of operating and capital costs.

It is assumed there are vegetation management costs associated with Option 2 (Gympie to Monkland) at a value of \$45,000 per annum. This has been included in Option 2 to give the opportunity to build the Monkland to Amamoor track in future years.

Moving forward with either of the two scenarios presented subsequently operates with the following assumptions:

- The Gympie station becomes an attraction in its own right;
- The 2016 capital investment should aim to reduce operating costs (lowest maintenance model);

- The operating model must cover reinvestment in capital (including replacement of the steam locomotive boilers, which have a 35 year conservative depreciation);
- While the current track runs to Imbil, this is beyond the reach of the operating model to maintain;
- There is a need to broaden the target market from just 'rail enthusiasts' to create an experience that appeals to the market travelling to Gympie and the Sunshine Coast.

2.3 Capital Costs

As a key input to business model preparation, it was essential to identify and quantify all capital and operating costs. Figures used in calculations were sourced from multiple reports to help form the most accurate picture of the first 10 years including an Infrastructure Condition Assessment and Costs (GHD, 2013; GHD, 2015), Economic Value Assessment (EarthCheck, 2014), Business Case (Rattler Rail Company, 2015; Rattler Railway Company, 2014), Analysis of the Proposed RRC Business Plan (Linqage, 2014), and Draft Plan for Sustainable Operations (Linqage, 2014).

Immediate and ongoing capital expenses include the following items:

- Track
- Bridges
- Rolling stock
- Boiler depreciation
- Land and infrastructure
- Building and maintenance

Complete capital expenses required to bring the operation to working order from Gympie to Amamoor are approximately \$10.3 million. Following the investment needed to bring the railway into working order, the operating expenses for the first two years of operation will be less than the revenue (-\$261,741 combined operating cost shortfall for year 1 and 2 of operation). Revenue from year 3 onwards will be sufficient to cover operating costs, with a total profit for year 3 to 10 of \$315,076, sufficient to cover the revenue shortfall for the first two years of operation.

For the track, Option 1 uses steel sleepers from Gympie to Amamoor to reduce ongoing maintenance costs. This will help the longevity of the track and has a significant improvement on lifespan when compared with timber sleepers. While timber is more attractive with a lower start-up cost, the continuous maintenance and sleeper replacement is likely to impose cash flow restraints.

2.4 Operational Costs

Immediate and ongoing operational expenses include the following items:

- Wages
- Marketing
- Leases
- Insurance
- System Software
- Utilities, Power & Phone
- General Expenses
- Cost of Coal
- Direct Cost of Sales

The operational expenses required to bring the Valley Rattler to full working order from Gympie to Amamoor amount to approximately \$1,094,461 in year one then rise as visitor numbers increase. This accounts for a 5% contingency.

The cost of coal used for report calculations is \$135 per tonne. RRC reported two trips a day to Amamoor would use 3 tonne of coal, at a cost of \$360. Diesel costs, for the locomotive and the section cars accounted for 50% of the coal cost at approximately \$608 for each day in operation. Start-up time and the amount of carriages attached are variables.

2.5 Regional Economic Impact Assessment

The Office of the Chief Economist, Department of State Development was engaged to conduct a regional economic impact assessment of the Valley Rattler based on the preliminary figures provided by the Rattler Rail Company and EarthCheck. The assessment focuses on estimating the direct regional economic impacts for two operating scenarios, being the same as Option 1 and Option 2 detailed below. Some key findings of this assessment are provided in the option analysis in **Section 2.6**. The report is attached as **Appendix G**.

2.6 What are the Options?

There are three options being considered for the revitalisation of the Valley Rattler:

Option 1 - Longer trips from Old Gympie Station to Amamoor

Option 2 - Short trips from Old Gympie Station to Monkland

Option 3 - Termination of the Valley Rattler

These scenarios are detailed further in the following pages, including the 10 year projections of capital and operating costs, revenue generation and resulting cash flow for high, medium low revenue generation business models (based on conservative visitor numbers when compared to historical Valley Rattler operating data).

Reinstating the entire track from Gympie to Imbil is cost prohibitive and has been ruled out as an immediate goal. Should the proposed operations proceed and meet the forecast financial performance, then further investment in the track enabling journeys to Imbil is a possibility.

The Valley Rattler is of great importance to the Gympie region and the operating models discussed in this section offer detail surrounding the available options for revitalising this heritage rail experience.

2.6.1 Option 1: Gympie to Amamoor

Requiring approximately \$10.6 million upfront this is the longest length option at 22.9 kilometres taking approximately two hours travel for a return journey. It involves operating a service 3-4 days a week (based on 20,000 visitors in Year 1 regardless of days of operation) and is the most similar to the previous heritage line experience. This option is the Rattler Railway Company's preferred option. It has considerable support within the local community who have a strong desire to eventually see the Valley Rattler run the entire track to Imbil.

To reduce operating costs it requires the existing sleepers from Gympie to Amamoor being replaced with steel sleepers, resulting in the need for a minimum upfront capital and start-up investment of approximately \$10.3 million. This Option can be reduced to an investment of \$7.25 million with timber sleepers however this presents greater ongoing maintenance costs for the business and is considered too great a risk (**Appendix B**).

2.6.1.1 *Benefit / Cost*

It is estimated that the first year of operations will welcome 20,000 passengers purchasing tickets for the train journey from Gympie to Amamoor. This assumption is illustrating the medium scenario, while the low and high visitor forecasts account for 18,000 and 22,000 respectively in the first year (Figure 6).

This figure will increase significantly during the first three years of operation, providing a significant investment in theme trains, to which Tourism Forecast Committee (TFC) growth rates are then applied from year 4 onwards. Should this scenario come to fruition, it is forecast to reach 27,338 visitors in its tenth year of operation.

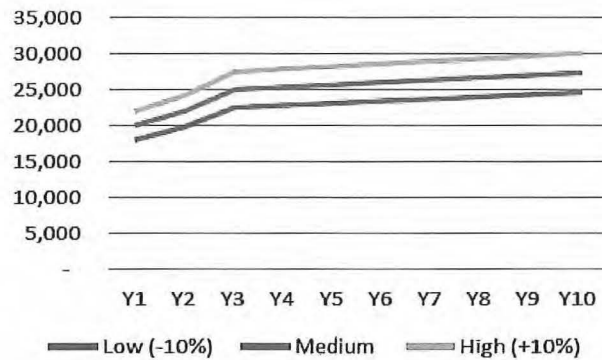


Figure 6. Visitor Growth Scenarios for Gympie to Amamoor

This option will see the operation running a service 3- 4 days a week, which is approximately 2 hours in length for a return journey. This journey is the longest of the options, 22.9km. Although there will be fewer services, the journey will be a longer experience on the heritage rail line and is most similar to the previous Valley Rattler operating model. Ticket prices for Gympie to Amamoor are provided in the below table.

Table 1. Ticket Prices for Gympie to Amamoor

Ticket Type	One-Way	Return
Adult	\$19.95	\$29.93
Child	\$14.18	\$21.26
Family (2 Adult, 2 Children)	\$52.50	\$78.75
Concession	\$14.18	\$21.26

Three scenarios were applied to visitor forecasts, representing +10% for high, medium and -10% for the low scenario. With all assumptions applied, it is estimated that the medium scenario could generate \$918,591 in revenue in the first year of operations.

This option requires \$10.6 million upfront and will make a profit from Year 3 onwards and demonstrates the potential for long-term sustainability. Costs are based on 2016 real dollars with no escalation for CPI.

Table 2 provides a financial summary of total expenses (capital and operating) and revenue for Gympie to Amamoor projected over 10 years. Year 0 assumes no revenue during the remediation of the railway infrastructure.

Table 2. Gympie to Amamoor Financial Summary

OPTION 1 - Gympie to Amamoor

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capital Expenses *	\$10,261,325	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$300,000	\$1,094,461	\$1,004,416	\$1,018,276	\$1,030,388	\$1,042,941	\$1,055,980	\$1,069,305	\$1,083,566	\$1,098,193	\$1,113,412
Total Expenses	\$10,561,325	\$1,094,461	\$1,004,416	\$1,018,276	\$1,030,388	\$1,042,941	\$1,055,980	\$1,069,305	\$1,083,566	\$1,098,193	\$1,113,412
Revenue		\$918,591	\$918,544	\$1,030,235	\$1,050,706	\$1,071,018	\$1,091,952	\$1,112,721	\$1,134,242	\$1,156,556	\$1,179,705
TOTAL PROFIT		-\$175,869	-\$85,872	\$11,959	\$20,319	\$28,078	\$35,972	\$43,416	\$50,676	\$58,363	\$66,293

*Note - Based on assumption that all costs in Year 0 are met by the Queensland Government and Gympie Regional Council

2.6.1.2 Risks and Issues

This is the lowest risk option of the three considered. Notwithstanding the capital required to remediate the railway infrastructure between Gympie and Amamoor, this option provides the best opportunity for a financial return. It offers the widest variety of products and the greatest benefit to the communities along the line.

2.6.1.3 Opportunities

The Gympie to Amamoor option presents opportunities for economic development in the Gympie Region for Queensland. During the construction phase, initial capital expenditure and operations expenditure required to undertake the MVR project is estimated to directly support around \$4.1 million in additional gross value added (GVA) in the Gympie region.

Operating and tourism expenditure is estimated to directly generate around \$1.6 million in additional GVA in the Gympie region in the first year of operation. On average, over the 10 years modelled, this option is likely to generate \$2.1 million per year in additional GVA in the Gympie region.

The initial capital stimulus required for the project during the construction phase is estimated to directly support around 30 FTE jobs. In the first operational year, visitor expenditure coupled with the on train employment is estimated to support around 25 jobs in the region. These figures have been provided by the Office of the Chief Economist, Department of State Development based on the preliminary figures provided by the Rattler Rail Company and EarthCheck. The report is attached as **Appendix G**. This option is viewed as most desirable for both the Queensland Government and the Gympie Region based on the strong economic benefits reinstatement of the Valley Rattler will bring to the region as a whole.

Ideal Operating Model

An opportunity exists to combine Options 1 and 2 operating models to provide a variety of services offered 7 days a week, which is between 1 and 2 hours in length for a return journey. The trips per year are fixed: 4 journeys a week to Amamoor or 14 journeys a week to Monkland (2 per day, 7 days a week). This model relies heavily on volunteers, requires the same capital investment as Option 1 and is a commercial orientated model.

Three scenarios were applied to visitor forecasts, representing +10% for high, medium and -10% for the low scenario. As this model is a combination of Options 1 and 2, visitor projection in year 1 is 38,000 and grows to 61,380 in the tenth year of operation, this is for the high scenario. Passenger numbers for this scenario were calculated by combining Options 1 and 2. This figure will increase significantly during the first three years of operation, providing a significant investment in theme trains, to which Tourism Forecast Committee (TFC) growth rates are then applied from year 4 onwards. Should this combined operation model come to fruition, it is forecast to reach 61,380 visitors in its tenth year of operation (Figure 9).

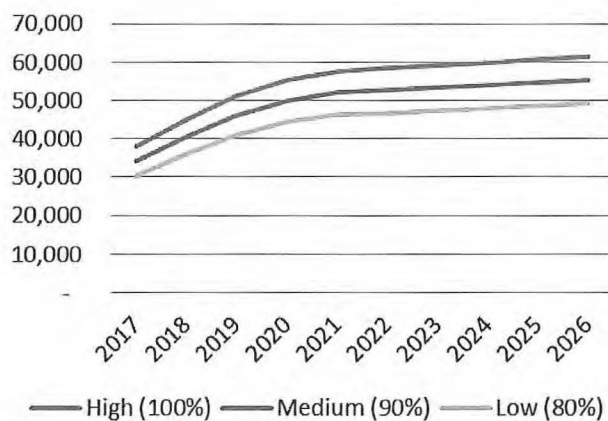


Figure 9. Visitor Growth Scenarios for a Combined Operating Model

A substitution rate of 30% has been applied to the projected revenue. Operational expenses are forecast to be 20% higher for this scenario and have been accounted for in the financial modelling. With all assumptions applied, it is estimated that the medium scenario could generate just over \$1M in revenue in the first year of operations (Figure 7).

2.6.2 Option 2: Gympie to Monkland

Requiring approximately \$3.4M upfront capital expenses, this 3.8 kilometre trip from Gympie to Monkland is approximately one hour in length for a return journey. It involves operating two services, seven days a week. As the length of this journey is only 3.8km, or 7.6km return, it is possible to increase the number of services (based on an expected 18,000 visitors in Year 1). Higher frequency is more convenient for the public as they are able to work around their schedules. The majority of services could use the diesel locomotive, and the steam train would operate on weekends. This option allows for the line to be extended to Amamoor in the future depending on future funding arrangements.

It should be noted that consultation with both Queensland Government representatives and the RRC and MVRCH has indicated that the short distance of 3.8 kilometres would lack appeal for many people considering the drive from Brisbane to Gympie. This option also fails to capture the inherent nature of the Valley Rattler as it historically operated due to the short distance of track between Gympie and Monkland.

2.6.2.1 Benefit / Cost

It is estimated that the first year of operations will welcome 18,000 passengers purchasing tickets for the train journey from Gympie to Monkland. This figure will increase significantly during the first five years of operation, providing a significant investment in theme trains, to which Tourism Forecast Committee (TFC) growth rates are then applied from year 6 onwards. Should this Option come to fruition, it is forecast to reach 34,041 visitors in its tenth year of operation (Figure 7).

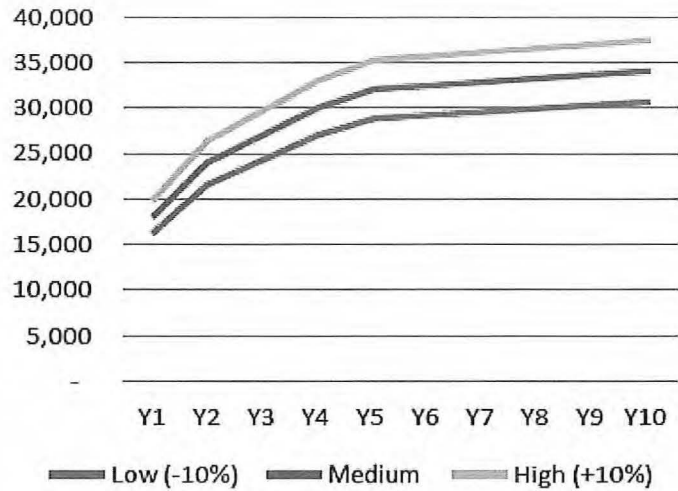


Figure 7. Visitor Growth Scenarios for Gympie to Monkland

Ticket prices for Gympie to Monkland are provided in Table 3. Three scenarios were applied to visitor forecasts, representing +10% for high, medium and -10% for the low scenario. With all assumptions applied, it is estimated that the medium scenario could generate approximately \$464,050 in revenue in the first year of operations. This option will continue to run at a loss for the projected 10 years with revenue insufficient to cover operating costs.

This option does not capture the inherent nature of the Valley Rattler as it historically operated, however short trips from Gympie to Monkland will allow the legacy to continue.

Table 3. Ticket Prices for Gympie to Monkland

Ticket Type	One-Way	Return
Adult	\$11.55	\$17.33
Child	\$8.40	\$12.60
Family (2 Adult, 2 Children)	\$31.50	\$47.25
Concession	\$8.40	\$12.60

Table 4 provides a financial summary of total expenses (capital and operating) and revenue for Gympie to Monkland projected over 10 years. Gympie to Monkland in the operating model presented in this report will continue to run at a loss for the projected 10 years. Costs are based on 2016 real dollars with no escalation for CPI.

Table 4. Gympie to Monkland Financial Summary

OPTION 2 - Gympie to Monkland

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capital Expenses *	\$3,098,070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$300,000	\$898,044	\$812,351	\$837,872	\$864,098	\$888,970	\$911,614	\$934,408	\$958,376	\$982,825	\$1,004,727
Total Expenses	\$3,398,070	\$898,044	\$812,351	\$837,872	\$864,098	\$888,970	\$911,614	\$934,408	\$958,376	\$982,825	\$1,004,727
Revenue		\$464,050	\$605,859	\$665,956	\$749,414	\$812,357	\$839,326	\$866,860	\$895,754	\$926,090	\$957,954
TOTAL PROFIT		-\$433,994	-\$206,492	-\$171,916	-\$114,684	-\$76,613	-\$72,288	-\$67,548	-\$62,622	-\$56,735	-\$46,773

*Note - Based on assumption that all costs in Year 0 are met by the Queensland Government and Gympie Regional Council

2.6.2.2 Risks and Issues

Gympie to Monkland presents a risk to the Queensland Government as this operation will continue to run at a loss for the projected 10 years, unlike Option 1 (Table 4). Consultation with GRC, RRC and MVRCH and Queensland Government agencies has identified a strong concern that a 3.8 kilometre train trip will not be sufficient in length to encourage people to the region. Despite the 19 kilometre difference in journey length when compared with the Gympie to Amamoor option, Option 2 operating expenses are only marginally less than Option 1, with almost identical dollars required to cover maintenance costs (Including Leases and System Software requirements), utilities, marketing, insurance, general expenses and contingency.

Relocation of a Turntable

Relocating a turntable to Monkland, to enable the train to turn around and make the return trip to Gympie, is one option to enact this scenario. A turntable is currently available in Imbil, and can be relocated at a cost of \$60,000; however, it is cautioned that this is likely to will likely create further distress to the Imbil community who are still feeling the impacts of the Traveston Dam project and general economic downturn in the area. The most sensible option is to relocate the turntable from Imbil to Monkland with the caveat that if steam train journeys to Imbil become viable in the future then the turntable can be relocated from Monkland back to Imbil. Relocating the Imbil turntable to allow the train to turn around at Monkland station

An alternative to the relocation of a turntable to the Monkland station is approaching Queensland Rail to discuss the opportunity of operating the heritage locomotives on a number of public rail lines. Subject to meeting a number of conditions, if this were attainable, the short trips from Gympie would become a loop rather than a back and forth service (Figure 8). Operating on Queensland Rail public lines presents a range of new options but also risks for the Valley Rattler with limited (or no) investment in rail infrastructure.



Figure 8. Potential Loop from Gympie passing through Monkland and Banks Pockets

2.6.2.3 Opportunities

The Gympie to Monkland option presents opportunities for economic development in the Gympie Region for Queensland. During the construction phase, initial capital expenditure and operations expenditure required to undertake the MVR project is estimated to directly support around \$2.5 million in additional gross value added (GVA) in the Gympie region.

Operating, tourism and small on-going capital expenditure is estimated to directly generate around \$1.5 million in additional GVA in the Gympie region in the first year of operation. On average, over the 10 years modelled, this option is likely to generate \$2.1 million per year in additional GVA in the Gympie region.

The initial capital stimulus required for the project during the construction phase is estimated to directly support around 15 FTE jobs. In the first operational year, visitor expenditure coupled with the on train employment and small capital expenditure is estimated to support around 24 jobs in the region. These figures have been provided by the Office of the Chief Economist, Department of State Development based on the preliminary figures provided by the Rattler Rail Company and EarthCheck (**Appendix G**).

2.6.3 Option 3: Terminate the Valley Rattler

In the absence of obtaining resources to support the reinstatement of the Valley Rattler and its supporting infrastructure, a range of costs still need to be considered. The 'Terminate the Valley Rattler' option has two scenarios for consideration: upfront costs for removing the existing track and bridges, or the ongoing costs for maintaining the existing track.

2.6.3.1 Benefit / Cost

Scenario 1: Removing the Track

Removing the track in its entirety is the option with the lowest cost associated to this scenario. The Department of Transport and Main Roads (DTMR) has calculated an approximate cost of \$300,000 for the track and bridges to be removed from Gympie to Imbil. Although this presents an up-front cost, it is substantially lower in the long-term as there are only annual vegetation maintenance costs in subsequent years of approximately \$75,000 per annum. This option will forever terminate any hope in reinstating the Valley Rattler causing significant distress within the community and ongoing negative social effects. Regardless of track removal, the possible future transport corridor will not be disposed of by DTMR. In the highly unlikely event that the corridor was disposed of, the costs for disposal of one lot alone would be approximately \$8,000 in a corridor which has over 50 unique parcels.

One option to manage the corridor is to propose a lease to MVCH for the workshop site, a licence for the carpark site and something unspecified for the building on the DTMR corridor site.

An investment to the buildings will need to be made in order to keep them in working order and accessible to the public, as outlined in **Appendix C – Old Gympie Station**. Gympie Regional Council has expressed willingness to some funding and works in kind around the station precinct. Works could include building as well as landscaping and car park works. Preserving this community asset and heritage site is important regardless of the rail operations.

Scenario 2: Maintaining the Track

It is estimated that maintaining the track to a standard that wouldn't further depreciate the asset would cost approximately \$185,000 per annum. These costs include basic vegetation control and bridge maintenance. It is likely to cost DTMR approximately \$65,000 to \$85,000 per annum for basic vegetation control only. Bridge maintenance is estimated at \$48,000 per annum. Additional costs will include detailed bridge work and open level crossing repairs, fencing, drainage and fire break work. These are variable costs and are currently being completed on an as needed basis – they have not been included in the estimated yearly costs.

Table 5 provides a financial summary of total expenses for both scenarios projected over 10 years.

Table 5. Terminate the Valley Rattler Financial Summary

Valley Rattler Termination										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Scenario 1: Remove the Track (One-off amount including removal of all bridges) Years 2 - 10 show the average cost for vegetation management which would still be required.	\$ 300,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
Scenario 2: Basic maintenance to stop further depreciation of asset										
Maintain the Track (approximate yearly vegetation mgt & bridge maintenance)	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00
Heritage Building Maintenance (Nominal amount - allowance only)	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
TOTAL	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00
NOTE: * Does not include the variable costs involved in additional bridge and open level crossing repairs, fencing, drainage and fire break work. ** Complete remediation costs for all bridges from Gympie to Amamoor amounts to \$897 000. Annual bridge maintenance is projected to be \$12 000 for Gympie to Monkland and \$48 000 to Amamoor (GHD Report - 2015) *** Does not include the costs to the local economy if the Valley Rattler is not recommissioned										

2.6.3.2 Risk and Issues

The implications of both Termination of Valley Rattler scenarios are concentrated around the effects on the local economy. Should the Valley Rattler fail to secure funding to reinstate the heritage rail experience, a disservice to the Gympie region may be perceived by the Gympie community. Failing to invest in this heritage rail experience will have a significant effect, direct and indirect, throughout the Gympie region.

An investment will need to be made regardless of the decision to remove the track or not. Costs that need to be taken into consideration include the removal of the track, or, the ongoing maintenance of the track. Gympie Regional Council currently assists with the maintenance of bridges and crossings however, an annual Queensland Government cost of \$185,000 has been identified to keep the track and surrounding vegetation at a standard for potential future use.

2.6.3.3 Opportunities

Potential opportunity to make a rail trail should the track be removed, this would require capital expenditure.

2.7 Risk and Issues

A variety of risks to either the Queensland Government or the RRC/ MVRCH have become apparent with investigations into the re-vitalisation of the Valley Rattler relating to the governance and ongoing costs associated with the operation.

Several risks that become apparent with the re-vitalisation of the Valley Rattler relate to the governance and costs associated with the operation.

- Governance and management – requiring a skills-based board, full-time manager and confirmed register of volunteers;
- Capital re-investment – each year the RRC will need to reinvest in preventative maintenance;
- Ongoing Marketing – a substantial marketing budget will be necessary to attract new markets and reach a broader audience.

2.7.1 Precedent Risk

A key concern for government is the likelihood of other heritage railway operations throughout Queensland approaching the Queensland Government for similar funding arrangements. The case for investing in the Valley Rattler is based on a comprehensive analysis of the business fundamentals provided below. These criteria identify the validity of the Valley Rattler for government funding consideration. The criteria below could reasonably be applied to any future proposal received by the government for rail tourism investment and is based on five guiding principles, detailed in Table 6 below.

Table 6. Criteria for Assessing Rail Tourism Projects

Assessment Criteria	Valley Rattler Business Case
1. Demonstrated latent demand for tourism rail experiences	The Valley Rattler successfully operated from 1998 to 2012, reaching a peak patronage of more than 30,000 visitors per annum. This is less than 10% of the patronage of other ventures such as Puffing Billy (Victoria). The closure of the line came as a result of the growing cost of track maintenance as a proportion of operating revenue, a key risk considered in this business case.
2. Sufficient visitor and local population to support the venture	The Sunshine Coast attracts 10% of all visitors to Queensland, growing 3.4% year on year. With over 8 million day and overnight visitors per annum, and a population of over 350,000 within 40 minutes of Gympie, the Valley Rattler needs only a small percentage of this market to be a thriving regional business.
3. A supportive local resident and business community, committed to and investing in the success of the venture	<p>Since the closure of the Valley Rattler in 2012, local businesses have reported a reduction in visitor numbers which is reflected in the tourism statistics for the region (down 2.7% per annum while the Sunshine Coast has grown by 3.4%).</p> <p>Unemployment in the Gympie region is 4% higher than the State average at 10.3% (DEEWR - June, 2015). The loss of a key attraction for the region has only exacerbated the unemployment conditions and the lack of other major projects is impacting on business confidence. There is overwhelming support for reinstating the Valley Rattler with cash and in-kind contributions totalling close to \$500,000 estimated.</p>
4. A business case demonstrating the best operating model including governance, financial and risk management	The cost to 'Terminate the Valley Rattler' ranges from \$185,000 per annum for track, bridge and vegetation maintenance (\$135,000) and heritage building maintenance (estimated \$50,000 per annum). The business case presents a range of conservative operating models that range from 18,000 to 34,000 annual visitors (medium scenario projections), offering a mix of rail and heritage experiences and a variety of revenue streams to eliminate reliance on one market or one experience.
5. A clear return on investment and demonstrated reinvestment in capital.	The business case creates a cash positive operating model where the base infrastructure has the lowest ongoing maintenance (i.e. steel sleepers).

2.7.2 Accreditation Risk

Accreditation of RRC by the Rail Safety Regulator is necessary to progress with Options 1 or 2. The RRC will need to apply for and be granted a variation to their current accreditation to commence any railway operations, including any repairs to the rail infrastructure. Obtaining accreditation will require RRC to develop a register of all

assets as well as a program for maintenance which demonstrates their competency and capacity to manage the repairs (either undertaken by the RRC or a contractor) and rolling stock operations. In order to provide the Driver's Experience, a risk assessment will be necessary. Re-establishing a Rail Safety Advisory Group will help oversee this accreditation is maintained.

2.7.3 Governance Risk

With the best interests of the Valley Rattler in mind, governance will play a key role moving forward. Individuals with specific skills and industry experience should be recruited for the Board and its Subcommittees, along with a suitably qualified General Manager acquired through a third-party recruitment process. Greater transparency of the RRC Board through open elections and appointment of directors based on skills will greatly reduce Governance risks.

Furthermore, there would be benefit in the Board seeking a mentor from the UK Heritage Railway Association.

2.7.3.1 Structure of the Governing Board

In order to obtain accreditation and to ensure the operation is managed as efficiently and effectively as possible, it is essential to recruit board members with appropriate skills and knowledge. Members with experience in the following fields should be recruited in the formation of a holistic Board:

- Legal
- Accounting
- Rail Experience
- Event Experience
- Marketing
- Grant Funding

2.7.3.2 Subcommittees

To assist the Board with operational aspects, the following subcommittees should be developed featuring individuals with industry experience:

- Rail Advisory
- Marketing & Events
- Grants Funding
- Accounting & Legal
- Stakeholder Engagement & Volunteer Coordination

2.7.4 Business Sustainability

The Valley Rattler Business Plan (July 2015) identified the following revenue streams:

- Gympie Regional Council
- State Government Funding
- Corporate Sponsorships
- Other Community Fundraising
- Rail Revenue
- Refreshments & Merchandise

Detail of revenue streams and assumptions used in this report are provided in Section 2.2.1. While several sources are provisional, the identification of sustainable funding sources is imperative for the success of the railway.

Creative fundraising ventures should be employed to help offset the start-up costs. Developing a 'Buy a Sleeper' campaign offers potential of attracting immediate individual and corporate sponsorships. Funding provided by the Queensland Government is necessary to enable the Valley Rattler to commence operations. This significant investment is critical for all other partnerships and sponsorships to be established.

GRC has previously provided funding annually to assist with operational costs. Council is a key partner in the project and has indicated a willingness to contribute substantially to additional funding required to ensure the success of the Valley Rattler.

Friends of the Rattler Volunteers have been and would continue to be a key attribute to the railway providing assistance with operations, maintenance and fundraising.

The potential for a Valley Rattler Trust / Society to provide additional income, as seen in the Puffing Billy and Severn Valley case studies (Appendix D) is worthy of investigation for the Valley Rattler.

2.7.4.1 Partnerships and Sponsors:

The Valley Rattler has the potential to organise a number of different partnerships and sponsorships buying-in at various levels and for different purposes and thus ensuring the sustainability of the Valley Rattler into the future.

Queensland Government

Collaborating with the Department of State Development and the Department of Tourism, Major Events, Small Business & Commonwealth Games can also help the Valley Rattler align with the Destination Tourism Plan and identify the most effective supply chain links.

Gympie Regional Council

In addition, to the support Council has offered to the Valley Rattler, there is also potential to endorse the heritage train through the Economic Development Reference Group. Furthermore, council representatives and staff are directly involved with MVRCH. This degree of support demonstrates commitment to the cause and a strong desire to see the railway reinstated. There is an opportunity to link in with a Food Train experience and connect the event with the Gympie Gold Regional Produce initiative.

Other potential partnerships and sponsors could include:

- The **Gympie Chamber of Commerce** could help support the Rattler within its membership network.
- **Tourism and Events Queensland** may be able to offer assistance with the promotion of the rail journey at a state level.
- **Sunshine Coast Destination Limited (SCDL)**, the regional tourism organisation, is a key partner as they help promote and raise awareness of the products and experiences available, SCDL could provide assistance with capturing a larger market.
- **Destination Gympie Region (DGR)**, the local tourism organisation, is a key partner in promoting the experience and products on offer throughout the local community. Building opportunities that complement existing events, such as the Gympie Muster and Noosa Jazz Festival, can be accomplished with assistance from DGR.
- **Tourism Noosa**, Noosa is a well-established destination attracting hundreds of thousands of tourists annually. The Valley Rattler could provide a value-added experience to those on holiday. Working with the tourism authority to connect with the market is an opportunity to capture the market in Noosa.
- Collaboration with **Queensland Heritage Rail** could assist with the operations and maintenance of the track.

- **Gympie Probation and Parole**, volunteer labour from individuals on parole could assist with track maintenance and the installation of sleepers. Volunteer labour to date has proven to be beneficial for the Gympie Station rail yard.
- **Ambassadors**, the recruitment of a high-profile Ambassador well-known throughout the Gympie Region could provide the Valley Rattler with a champion for promotional materials. Potential candidates who could be approached include Tim Fisher and Matt Golinski.

2.7.4.2 Letters of Support

Local businesses have offered ongoing support for the Valley Rattler during its operation and while it has been decommissioned. Letters of Support recently provided for inclusion in this report are provided in **Appendix F**.

2.7.5 Delivery

Once a funding arrangement is negotiated and agreed between DSD and GRC, it is recommended that the Department of State Development DSD project manage the remediation of the rail corridor infrastructure on behalf of the operational stakeholders. RRC will manage the refurbishment of the Heritage Rail rolling stock using both Queensland Rail and volunteer resources.

2.7.6 Political / Community

Failure to invest in the future of this heritage railway experience will have a significant effect both directly and indirectly throughout the entire region. Following cancellation of the Traveston Crossing Dam proposal in 2009, the Queensland Government has been in the process of returning 13,000 hectares of land back to private ownership. The abandonment of the dam project has caused significant economic and community instability for the Mary Valley residents. The Mary Valley Economic Development Strategy (MVEDS) implemented by the former Department of State Development, Infrastructure and Planning in 2012, addressed these concerns and continues to work towards revitalising and restoring community stability.

Enabling this project to be realised will align with one of the four main components of the MVEDS being the Queensland Government aims to support new enterprises and re-establish existing enterprises bringing economic drivers to the market. Noting the unemployment rate in the Gympie region was 10.3% in the March quarter of 2015, higher than that of Queensland (6.2%), the economic flow on from recommissioning of the Valley Rattler will provide a stimulus to the region boosting the local economy and supporting job creation.

The operation of the Valley Rattler itself intends to employ 10 FTE's and has access to an additional labour force of 200 volunteers who are willing to help out approximately 8 hours per month. Investment in the Valley Rattler will help generate on-site spend as well as direct and indirect expenditure within the region.

2.7.7 Implementation (Operational and Marketing)

Reinstatement of the Valley Rattler to Amamoor would provide the region with an additional attractor and the opportunity to develop a competitive advantage by providing a unique experience that is not widely available. The Gympie Region offers a picturesque environment with country hospitality from the rolling hills of the Mary Valley to the coloured sand of Rainbow Beach; however, its tourism experiences are somewhat limited. Annual events held throughout the region include the Killkivan Horse Ride, the Pumpkin Festival in Goomeri and the Seafood Festival in Tin Can Bay. The Gympie Music Muster (Amamoor) is the region's highest profile event attracting over 15,000 people to the region.

The Rattler has the potential to be successfully positioned as a value-added activity which is an attractive inland visitor experience for visitors to Brisbane and the Sunshine Coast region.

2.7.8 Next steps

Pending a government decision to proceed with funding the recommended option a key issue needs to be resolved in consultation with QR and MVRCH around tenure of the infrastructure within the railway corridor.

3 Conclusion

This report has provided a clear understanding of the market profile along with relevant capital and operational expenses and potential revenue streams for three options, Gympie to Amamoor, Gympie to Monkland and termination of the Valley Rattler.

Key findings:

- The Valley Rattler successfully operated from 1998 to 2012, reaching a peak patronage of more than 30,000 visitors per annum.
- While the Rattler has been out of operation, rail tourism for visitors to Queensland and the Sunshine Coast has been growing at 4% per annum.
- The Sunshine Coast attracts over 8 million day and overnight visitors per annum, and a population of over 350,000 within 40 minutes of Gympie, the Valley Rattler needs only to capture a small percentage of this market to be a thriving regional business.
- Since the closure of the Valley Rattler in 2012, local businesses have reported a reduction in visitor numbers.
- Unemployment in the Gympie region is 4% higher than the State average at 10.3% (DEEWR - June, 2015). The loss of a key attraction for the region has only exacerbated the unemployment conditions and the lack of other major projects is impacting on business confidence. There is overwhelming support for reinstating the Valley Rattler with cash and in-kind contributions totalling close to \$500,000 estimated.
- The cost to 'do nothing' ranges from \$185,000 per annum for track, bridge and vegetation maintenance (\$135,000) and heritage building maintenance (estimated \$50,000 per annum). Bridge maintenance alone is estimated at \$48,000 per year and does not include any extra-ordinary work required.
- The business case presents a range of conservative operating models that range from 18,000 to 34,000 annual visitors (medium scenario projections), offering a mix of rail and heritage experiences and a variety of revenue streams to not be reliant on one market or one experience.
- The business case creates a cash positive operating model for Gympie to Amamoor where the base infrastructure has the lowest ongoing maintenance (steel sleepers).
- The operating model presented for Gympie to Amamoor requires \$10.6 million upfront and will make a profit from Year 3 onwards and demonstrates the potential for long-term sustainability.
- Option 1: Gympie to Amamoor has the potential to generate approximately \$2.1 million per annum (conservative visitor estimates) to the economy
- Option 2: Gympie to Monkland in the operating model presented in this report will continue to run at a loss for the projected 10 years.

4 References

DEEWR - June, 2015

RRC Business Plan (July 2015).

Tourism Research Australia, National and International Visitor Survey (prepared by EarthCheck Consulting).

TEQ Sunshine Coast Snapshot YE June 2015

Infrastructure Condition Assessment and Costs (GHD, 2013; GHD, 2015)

Economic Value Assessment (EarthCheck, 2014)

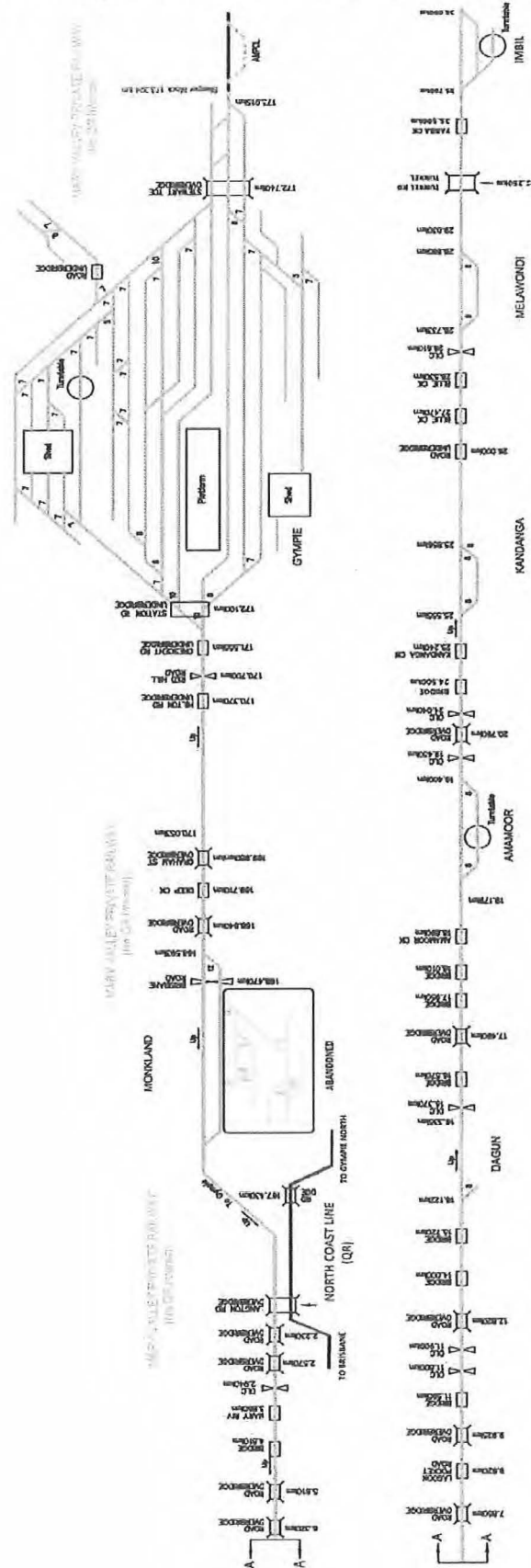
Business Case (Rattler Rail Company, 2015; Rattler Railway Company, 2014)

Analysis of the Proposed RRC Business Plan (Linqage, 2014)

Draft Plan for Sustainable Operations (Linqage, 2014).

Appendices

Appendix A: The Valley Rattler Track Diagram



Appendix B – Replacement and remediation of the track and bridges

Equipment to Repair the Track

Track replacement could use a range of different equipment and various labour force sizes. The purchase of a small excavator or small sleeper exchange machine has been suggested. A small excavator with multiple attachments will do sleeper insertion work and also be capable of cleaning out rotten sleepers and drains, lifting equipment, realigning track, and lifting and dragging rail. A sleeper inserter machine would be capable of exchanging roughly 6 sleepers per hour along the MVHR rail line (GHD, 2015). A ten person team would be required with two or three at the front placing new sleepers to be replaced, three working with the machine, two following and packing a firm foundation for the sleepers and the others clearing away the old sleepers.

A stone blower would be used to fill the surrounding void with coarse sand, rather than filling the void manually, ensuring the sleeper has firm support. The equipment could be purchased for approximately \$50,000.

Replacing the Track

It is apparent that the track will be replaced from either Gympie to Monkland or Gympie to Amamoor. From a business contingency standpoint, replacing the track from Gympie to Monkland immediately would enable operations to begin, while staged work was carried out to Amamoor.

Sleepers

Patching the sleepers for either section is not an option given the current state of the track. Replacing the entire sections with steel sleepers would ensure long-term viability of the track and full operational capacity. An opportunity to partner with Gympie Probation and Parole is available. This partnership would provide access to volunteer labour with the capability to assist with the repair and maintenance of the track. This will help reduce the costs associated with a 100% contractor scenario. Purchasing the equipment required for volunteers to help with sleeper installation would cost approximately \$50,000 up front but would reduce expenses for ongoing maintenance moving forward.

Cost of sleepers:

	Price per unit	Lifespan
Timber	\$ 80.00	10 years
Steel	\$ 100.00	40 years (minimum)
Concrete	\$ 200.00	50 years

Timber vs Steel

Although steel is the preferred option for sleepers, it has a high upfront cost. Timber can be done at a lower cost to get the operation going but in turn boasts greater maintenance costs and relies on constant and continuous volunteer labour.

Maintenance costs from Gympie to Amamoor for steel sleepers is estimated at approximately \$50,000 per year for the 25km track, while timber has an associated cost of approximately \$600,000 to replace 10% of the sleepers annually, this is approximately 4000 sleepers per year. The cost of concrete sleepers is prohibitive for all of the scenarios in this business case.

Bridges

Complete remediation costs for all of the bridges from Gympie to Amamoor amounts to \$897,000. Annual bridge maintenance is projected to be approximately \$14,000 for Gympie to Monkland and \$43,000 to Amamoor.

Appendix C: Old Gympie Station

While the buildings are generally sound, age and deferred maintenance have had their toll and will require attention prior to recommencing services. Items requiring immediate repair include (as provided by Gympie Regional Council):

- Compliant car parking space for disabled persons;
- Fully compliant disabled access ramp;
- Replacement of two existing sets of steps providing principal points of entry;
- Upgrades to non-compliant disabled toilet facility and an approved path;
- Upgrades to uneven and deteriorated surfaces on the main platforms;
- Installation of threshold ramps at any doorway required to be accessible to a disabled person;
- Tactile indicators and approved signage alerting users to ramps, steps, uneven surfaces and the like;
- Remediate structural damage by termites to awnings over the railway platforms;
- Compliant and sealed travel path between the station and the workshop;
- Repair of workshop roof previously damaged by fire;
- Installation of barriers to prevent falls onto the track;
- Upgrades to portable ramp used to convey disabled persons into the carriages;
- Installation of emergency lighting and illuminated exit signs where public has access;
- Provision of appropriate amount of portable fire extinguishers;
- Plumbing compliance;
- Potential to upgrade service pits in the workshop to connect to oil separation equipment and connection to storm water systems; and
- Ensure 1,000 bulk oil container has bunding and tanks are covered properly.

A major renovation would be required for commercial food handling activities, including a complete strip out and re-fit to current construction standards.

The station is a critical part of the Valley Rattler experience, thus warranting investment that highlights its significance. In addition to the required work outlined above, upgrades to the exterior façade and internal fitout are necessary to make the station an attraction in its own right. It is also suggested that the model train room is resituated from its current location in an effort to restrict entrance to those who pay a \$2.00 fee.

One option for a floor plan at Old Gympie Station is as depicted below:

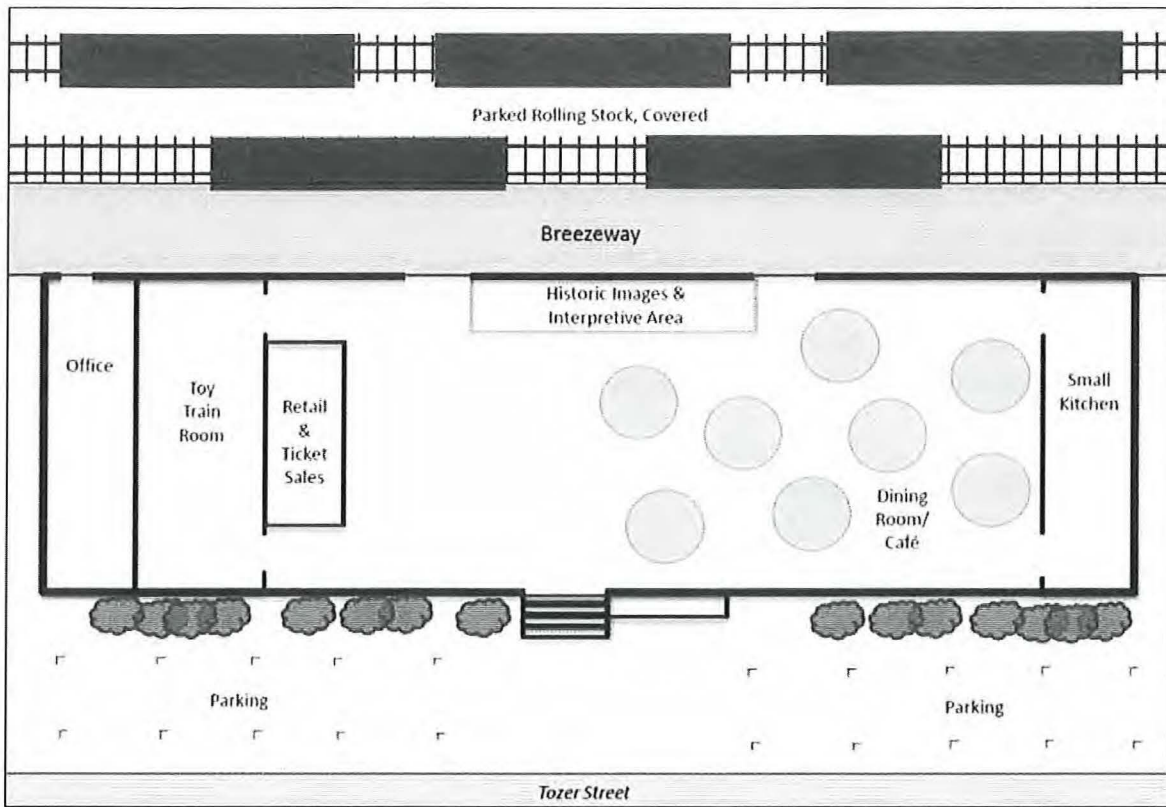


Figure. Possible Floor Plan for Refurbishment of Old Gympie Station

Puffing Billy, Victoria

Opened in 1962, the Puffing Billy rail line runs from Belgrave to Gembrook spanning 54km and is under an hour drive from Melbourne's CBD – which boasts a population of 4.1 million.

The Puffing Billy attracted 394,672 visitors in 2014 with an estimated annual contribution of \$49.4 million to the Victorian economy. Attracting both domestic and international passengers, most overseas tourists originate from China, Taiwan, Korea and the UK.

In 2014, total expenditures for the railway were \$9.4 million while the total income was only \$8.8 million. The railway has been running at a loss since 2011 but has managed to reduce the net loss by implementing energy saving initiatives to reduce operating costs. Additional revenue has also been generated through the introduction of special event trains.

The Puffing Billy operates with the generosity of 900 volunteers. The Puffing Billy Preservation Society has provided grants totalling \$262,250.

Severn Valley Railway, UK

Opened in 1970, the rail line runs from Bridgenorth to Kidderminster and is under an hour drive from Birmingham – boasting a population of 1 million. The Severn Valley Railway attracts approximately 250,000 visitors per year and generates £5.4 million in value for the regional economy.

The railway is run by 1,300 volunteers and only 70 paid staff who are responsible for administration, commercial activities, track and rolling stock maintenance. Operating 5-8 services daily throughout the summer months, it also operates dining services most weekends and special events on a regular basis. In order to conduct maintenance on the locomotives, the track is closed for five to six weeks each year.

Funding the operations is achieved in part by the Severn Valley Railway Share Offer Project- a scheme where people can buy shares for £1, which is then invested in projects along the railway. By October 2013, the scheme had raised £2 million. The Severn Valley Railway Charitable Trust also helps with raising revenue to ensure essential maintenance costs are met. The railway is also reliant on donations to meet necessary operational costs.

The busiest time of year is December due to the Santa Special, taking more than 30,000 parents and children to see Santa. Another premium product offered is the footplate experience, where visitors can fire and drive a full-sized locomotive.

Kuranda Scenic Railway, Queensland

The Kuranda Scenic Railway began operating as a passenger train in 1891. The journey travels from Cairns to Kuranda, winding through Far North Queensland's Heritage-Listed rainforest for the 34km trip. Although Cairns only boast a population of 140,000 the tourism economy is of great value to the railway.

Attracting approximately 340,000 visitors in the 2013- 2014 financial year, the railway sees a high proportion of international visitors. The majority (75%) are from Japan, China, Germany, United Kingdom, France, United States and New Zealand.

The experiences available include two of the most popular tourist attractions in Far North Queensland: the World Heritage Rainforest and the Skyrail Rainforest Cableway. The rainforest community of Kuranda is the final destination and offers passengers the chance to explore the quaint town.

Appendix E. Assumptions

Ticket Prices

The assumption applied to all ticket revenue is that 75% of passengers purchase return tickets and 25% purchase one-way tickets, as identified in the RRC Business Plan (July 2015). The base ticket price is intended to stay the same for the first three years of operation. This will then increase as per the Consumer Price Index (CPI %) from year 4 onwards.

The table below summarises the assumptions applied to the ticket prices for short trips from Gympie to Monkland and longer trips from Gympie to Amamoor. Return prices were calculated at 150% of the price for a one-way ticket.

Table. Ticket Prices

	Adult	Child	Family 1 Adults &	Concession
% of Passengers	46.62%	20.83%	15.26%	17.30%
Gympie to Monkland				
One-Way	\$11.55	\$8.40	\$31.50	\$8.40
Return	\$17.33	\$12.60	\$47.25	\$12.60
Gympie to Amamoor				
One-Way	\$19.95	\$14.18	\$52.50	\$14.18
Return	\$29.93	\$21.26	\$78.75	\$21.26

Passenger numbers

The assumptions applied to the High, Medium (base figures used for costings - conservative when compared to historical visitor data) and Low passenger number scenarios for Gympie to Monkland and Gympie to Amamoor are provided in the below table. It is assumed that given greater capacity, the various scenarios would be provided for by adding extra carriages rather than additional journeys.

Table. High, Medium and Low Passenger Number Assumptions

	High Scenario (+10%)	Medium Scenario (Base)	Low Scenario (-10%)
Gympie to Monkland			
Passengers in Year 1	19,800	18,000	16,200
Gympie to Amamoor			
Passengers in Year 1	22,000	20,000	18,000

Table. Revenue Assumptions applied to the High, Medium and Low Scenarios

	Applicable to all scenarios	High Scenario (+10%)	Medium Scenario	Low Scenario (-10%)
Average Café Spend	\$4.50			
Average Retail Spend	\$2.28			
Café and Retail Conversion Rate	25%			
Annual Theme Trains				
Theme Train Annual Growth Rate	2%			
Theme Train Capacity	200			
Theme Trains per Annum	6			
Theme Train Ticket Price	\$45.00			
Footplate Experiences				
Price of Steam Train Sunday Footplate Experience (driving, 52 per year) / Conversion Rate	\$200.00	30%	20%	10%
Price of Footplate Experience (not driving) / Conversion Rate	\$60.00	30%	20%	10%
Tourist Train Photo				
Price	\$15.00			
Conversion Rate	15%			
Model Train Room				
Price of Entry	\$2.00			
Conversion Rate	15%			
Workshop Tours				
Price of Entry	\$8.00			
Conversion Rate	20%			
Buy a Sleeper Fundraising Campaign				
Price / Units Sold	\$50.00	165	150	135
Conference/Events Space Hire				
Price / Bookings per year	\$500.00	16.5	15	13.5

Appendix F: Letters of Support



14 October 2015

TO WHOM IT MAY CONCERN

Re: Rebirth of the Rattler

SkillCentred Queensland Inc. (SkillCentred) is a not-for-profit organisation which for the past 30 years has been actively involved in promoting and supporting local community organisations.

One of these organisations, The Railway Rattler Company based in Gympie, brings major social and financial benefits to our region through boosting local economies in rural areas.

Since 1997 SkillCentred has been pleased to provide Work for the Dole programs with the objective to provide opportunities for unemployed people to gain work experience, build networks improve self-esteem, communication skills, and motivation; and contribute to projects that are of value to the community.

Our Construction work for the dole group based activities require a maximum of 12 job seekers to carry out tasks as part of a specific group project to meet their six-month requirement. The project may be longer than six months but have six-monthly rotating groups of job seekers who would undertake work such as painting, carriage restoration, workshop activities, vegetation management, and sleeper replacement to name a few.

All our teams are supervised by a dedicated qualified tradesperson who is responsible for the overall management and training within a project, including the WH&S process, the supply of required personal protective equipment, following up hours of attendance, and addressing any issues raised by jobseekers or hosts.

SkillCentred would like to continue to provide these programs into the future and believes that the Railway Rattler Company meets all the requirements as a Work for the Dole host allowing them the opportunity to undertake projects which they might otherwise not have the capacity to do.

In these circumstances we wish to advise our strong support for the ongoing success of the Railway Rattler Company and its application for funding to help achieve that result.

I would be pleased to discuss the contents of this letter in greater detail if required.

Yours sincerely,

Refused under section 47(3)(b) of the



Alicia Gibson
General Manager

Head Office
41 Nash Street
PO Box 642
Gympie Qld 4570
Ph 07 5489 9777
Fax 07 5482 7590
ABN 45 991 016 503

Branch Offices

- Charleville
- Dalby
- Hervey Bay
- Kingsroy
- Logan
- Maroochydore
- Noosa
- Roma
- St George
- Tcowomba

Outreach Services

- Western Down Regions
- Wide Bay Regions

Free Call: 1800 785 300





Gympie

CHAMBER OF COMMERCE

16 October 2015

Cr. Mick Curran
Mayor
Gympie Regional Council

Good morning Mick

It has now been three years since the Valley Rattler ceased operations and the local business and general community is heartened by the ongoing work of Council and the Rattler Railway Company to once again have this iconic steam train as our major tourist attraction.

The Gympie Chamber of Commerce sees this attraction as an important cog in many businesses and will continue to support the project.

At our Business Awards last year, the Chamber donated the tourism sponsorship category to the Rattler to not only show its financial support but to also keep the momentum for its rebirth at the forefront.

The Gympie Chamber of Commerce will continue to provide whatever support is needed to ensure this vital project comes to fruition.

As the representative body of the business community, we show our support on behalf of the our members throughout the Gympie Region.

Yours faithfully

Refused under section 47(3)

Ben Ellingsen
President
Gympie Chamber of Commerce

Website: www.gympiechamber.net.au
Email: info@gympiechamber.net.au
Postal: PO Box 1100, Gympie, QLD, 4570



QUEENSLAND
GOVERNMENT

Probation & Parole Service
Gympie District Office
Cnr Mellor & Lawrence Sts Gympie Q 4570 / PO Box 1225
Telephone: (07) 54805400
Fax: (07) 54805409

RE: Letter of Support

To whom it may concern

In August 2015 Probation and Parole Gympie commenced a new community service venture with the Gympie Regional Council and the Railway Rattler Company to restore the station yards of the Mary Valley Rattler based at Gympie. This entailed providing the non for profit enterprise with Community Service Workers subject to Community Based Orders with Probation and Parole Gympie to undertake general maintenance work on the grounds around the Mary Rattler Railway Yards.

Work performed at this project to date has included; clearing rubbish, weeding, removing overgrown scrub, fencing, gardening and general cleaning. Both the Gympie Regional Council and The Railway Company have thrown their full support behind this valuable work by supplying tools such as mowers, brush cutters and other necessities to perform the work as required.

The project is currently operational two days per week with a paid Supervisor provided from Probation and Parole Gympie who oversees the work performed and also provides guidance and mentoring to those performing the work.

In terms of future potential at this project it is hoped other activities such as painting and minor building works may be able to be completed in the not too distant future as well as discussions with Council around having participants obtain relevant qualifications which could lead to other employment or opportunities.

Due to the history of the "Mary Valley Rattler" many of the participants at the project are highly motivated to attend as the project builds a strong connection to the community in which they live. As a result this project may assist in reducing offending by facilitating strong connections to the local community as noted in research article around the importance of being part of a community.

Overall, this project has seen benefits to all stakeholders across this local community and has the support of Gympie Probation and Parole in delivering on-going support via the provision of Community Service Workers.

Grant Cumner
Acting District Manager
Gympie District Office

Appendix G. Regional Economic Impact Analysis

Department of State Development

Mary Valley Rattler – Regional Economic Impact Analysis, Confidential and Final Draft Report

February 2016 update, Office of the Chief Economist

ADVICE
REPORT

Introduction

The Office of the Chief Economist (OCE) has been requested to conduct a regional economic impact assessment of the Mary Valley Rattler (MVR) based on information provided by EarthCheck. Specifically, this study focuses on estimating the direct regional economic impacts for two scenarios provided by EarthCheck which are summarised as follows:

- Scenario 1: Gympie to Amamoor - This scenario accounts for steel sleepers from Gympie to Amamoor, a refurbishment of Old Gympie Station and removal of the track from Amamoor to Imbil. Train passenger numbers are projected to be around 18,000 in the first operational year (Year 2) increasing to 24,300 in year 10. Total capital expenditure is estimated to be around \$10 million in Year 1 (construction phase) and operating expenditure is estimated to be approximately \$9.3 million over the 10 years.
- Scenario 2: Gympie to Monkland - This scenario accounts for steel sleepers from Gympie to Monkland, relocation of a turntable to Monkland, a refurbishment of Old Gympie Station and removal of the track from Monkland to Imbil. Train passenger numbers are projected to be around 16,200 in the first operational year (year 2) increasing to around 30,300 in year 10. Total capital expenditure is estimated to be around \$7 million and operating expenditure is estimated to be approximately \$9.3 million over the 10 years.

It is our understanding that this report will help inform the department's Major Project Office whom is leading the project.

See **Appendix A** for discussion of the assumptions and methodology used by OCE for this study which draws mainly on data provided by EarthCheck, Regional Tourism Satellite Accounts for 2013-14 and other sources including Queensland Treasury's average estimate of direct jobs supported for capital works.

Key findings of regional economic impact assessment study

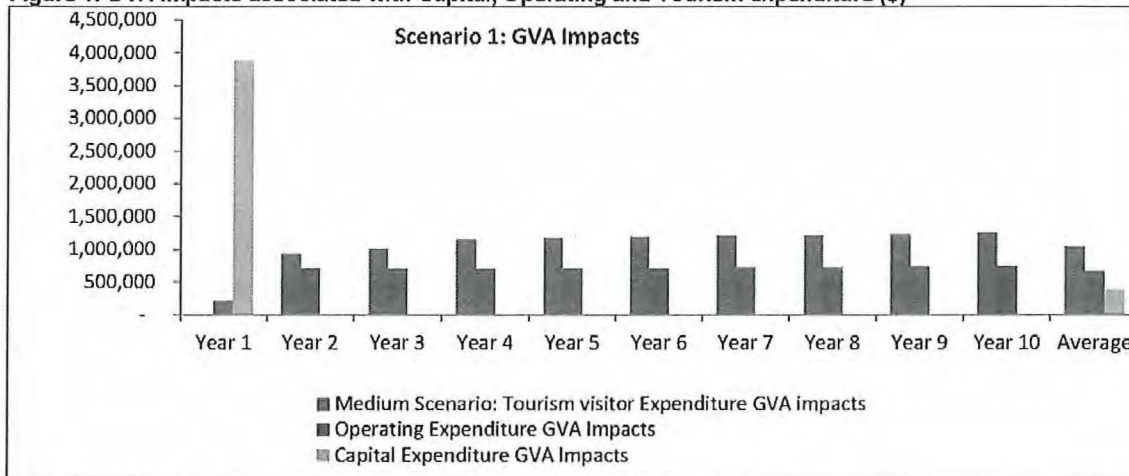
Scenario 1 – Gympie to Amamoor

During the construction phase (Year1), initial capital expenditure and operations expenditure required to undertake the MVR project is estimated to directly support around \$4.1 million in additional gross value added (GVA) in the Gympie region, under scenario 1. Around 95% of this additional GVA is driven by large capital expenditure required to undertake the project.

In the first operational year of the MVR (year 2), operating expenditure and tourism expenditure is estimated to directly generate around \$1.6 million in additional GVA in the Gympie region. Over the 10 years of the analysis, MVR, on average, is estimated to generate around \$2.1 million per year in additional GVA in the Gympie region, under scenario 1, as shown in Figure 1 on the following page.



Figure 1: GVA impacts associated with Capital, Operating and Tourism expenditure (\$)

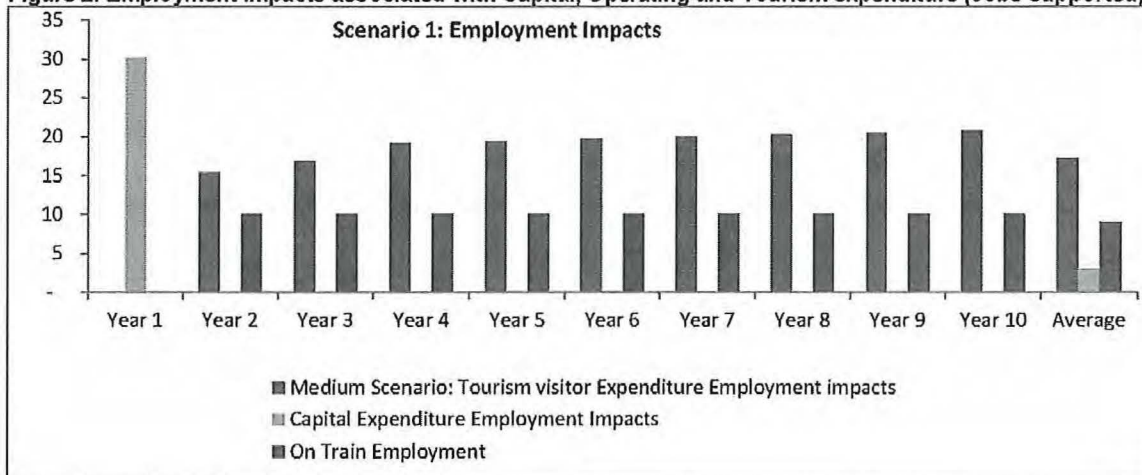


Source: OCE estimate using data and relationships sourced from Earth check, Queensland Tourism and Regional Tourism Satellite accounts for 2013-14, ABS and Queensland Treasury data

The initial capital stimulus required for the project during the construction phase (Year 1) is estimated to directly support around 30 FTE jobs. In the first operational year (year 2) of MVR, the additional value added generated through the visitor expenditure coupled with the on train employment is estimated to support around 25 jobs in the region.

Over the 10 years of the analysis, MVR, on average, is estimated to directly support around 29 FTE jobs per annum in the Gympie region, as shown in Figure 2 below.

Figure 2: Employment impacts associated with Capital, Operating and Tourism expenditure (Jobs supported)



Source: Same as Figure 1

Scenario 2 – Gympie to Monkland

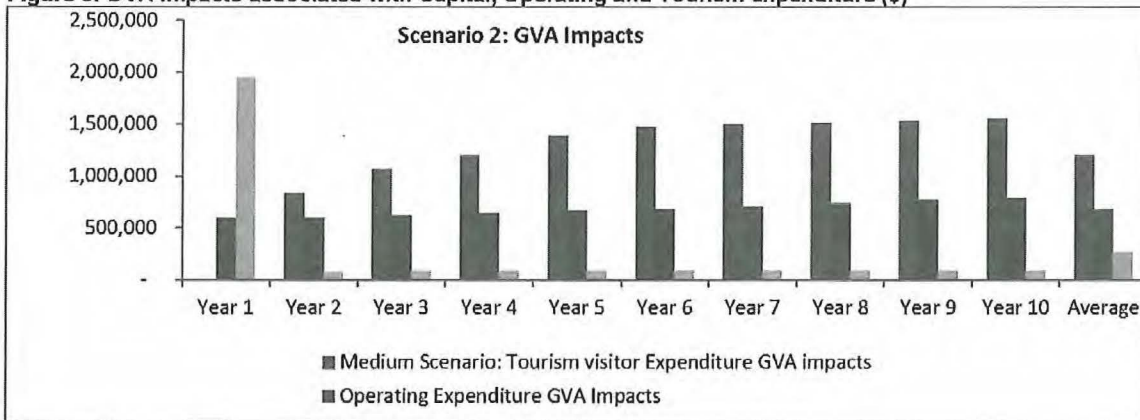
Under scenario 2, the capital expenditure and operating expenditure associated with the MVR is estimated to directly generate around \$2.5 million in additional GVA in the Gympie region during the construction

phase (Year 1). Around 77% of this additional GVA is driven by large capital expenditure required in the first year to undertake the project.

In the first operational year of the MVR (year 2), operating expenditure, tourism expenditure and small on-going capital expenditure is estimated to directly generate around \$1.5 million in additional GVA in the Gympie region

Over the 10 years of the analysis, MVR, on average, is estimated to generate around \$2.1 million per year in additional GVA for the Gympie region, under scenario 2, as shown in Figure 3 below.

Figure 3: GVA impacts associated with Capital, Operating and Tourism expenditure (\$)

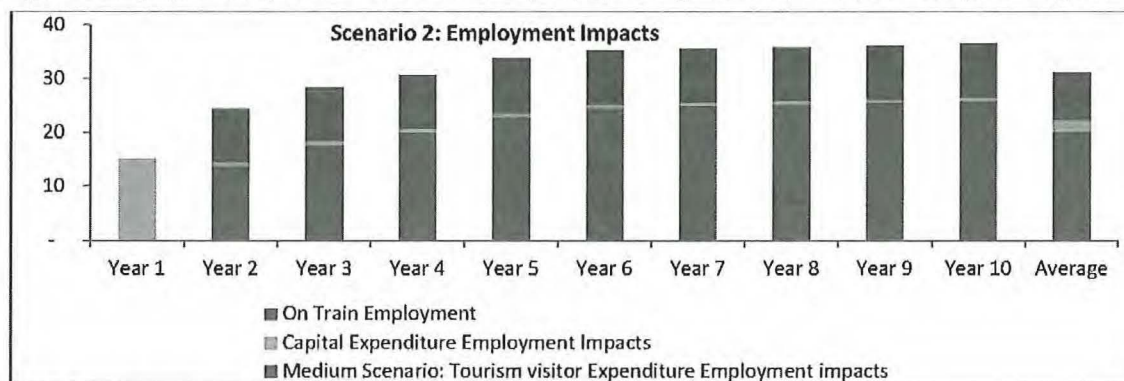


Source: Same as Figure 1

The initial capital stimulus required for the project during the construction phase (Year 1) is estimated to directly support around 15 FTE jobs. In the first operational year (year 2) of MVR, the additional value added generated through the visitor expenditure coupled with the on train employment and small capital expenditure is estimated to support around 24 jobs in the region.

Over the 10 years of the analysis, MVR, on average, is estimated to directly support around 31 FTE jobs per annum in the Gympie region, as shown in Figure 4 below.

Figure 4: Employment impacts associated with Capital, Operating and Tourism expenditure (Jobs supported)



Source: Same as Figure 1

Mary Valley Rattler – Regional economic analysis, Confidential and Draft Report

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Concluding Remarks

This report prepared by the OCE provides estimates of the direct regional economic impacts of the MVR focusing on two potential operating scenarios based on the information provided by EarthCheck. The OCE has also used other data sources including the latest regional tourism satellite accounts for 2013-14 to help estimate the potential regional economic impacts in terms of employment (noting the MVR has traditionally used a large volunteer workforce) and economic output supported directly by project related expenditure and estimated regional visitor expenditure. This report is subject to update in line with new information.

Appendix A: Methodology and Key Assumptions

Overview

The regional economic impact assessment is based on two scenarios and includes three types of expenditure including gross visitor expenditure, capital expenditure and operating expenditure associated with the MVR. The information regarding the scenarios and associated capital and operating expenditure profiles and visitor numbers were provided by EarthCheck.

The Regional economic impacts are estimated for two scenarios including Scenario 1: Gympie to Amamoor and Scenario 2: Gympie to Monkland.

Scenario 1: Gympie to Amamoor

This scenario accounts for steel sleepers from Gympie to Amamoor, a refurbishment of Old Gympie Station and removal of the track from Amamoor to Imbil

Scenario 2: Gympie to Monkland

This scenario accounts for steel sleepers from Gympie to Monkland, relocation of a turntable to Monkland, a refurbishment of Old Gympie Station and removal of the track from Monkland to Imbil.

Methodology

The regional economic assessment for both aforementioned scenarios includes three types of expenditures including gross visitor expenditure, capital expenditure and operating expenditure associated with the MVR.

The methodology used to estimate the GVA and employment impacts associated with the tourist visitor expenditure is shown in Figure A1 below. The methodology includes gross expenditure associated with the MVR including expenditure on train by visitors and staff as well as expenditure in the region (i.e. by passengers after they leave the train in the region). This is fitting given the purpose of the analysis is to estimate the economic impacts from the regional perspective.

The methodology used to estimate the GVA and employment impacts associated with the capital expenditure stream of MVR is shown in Figure A2.

The wages and salaries and direct cost of sales and services associated with the operational phase of the MVR are used as a proxy to estimate the value added impacts of the operational expenditure stream of MVR. The breakdown of the operational expenditure stream of MVR is provided by EarthCheck.

Figure A1: GVA and employment impacts methodology associated with tourism expenditure

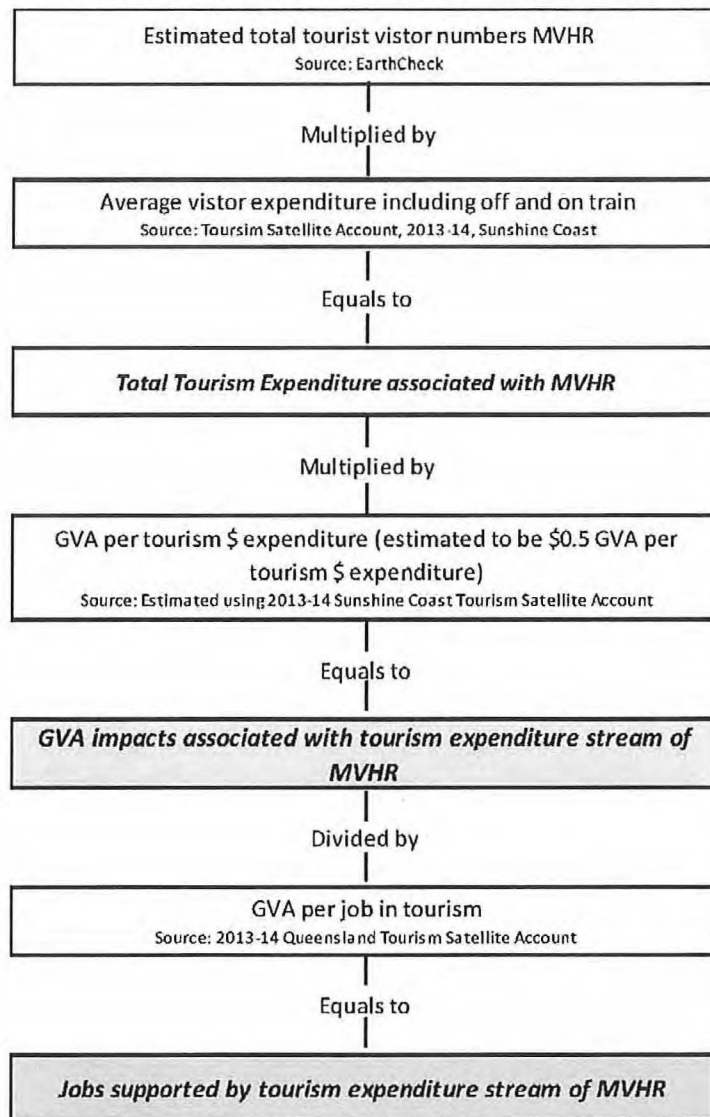
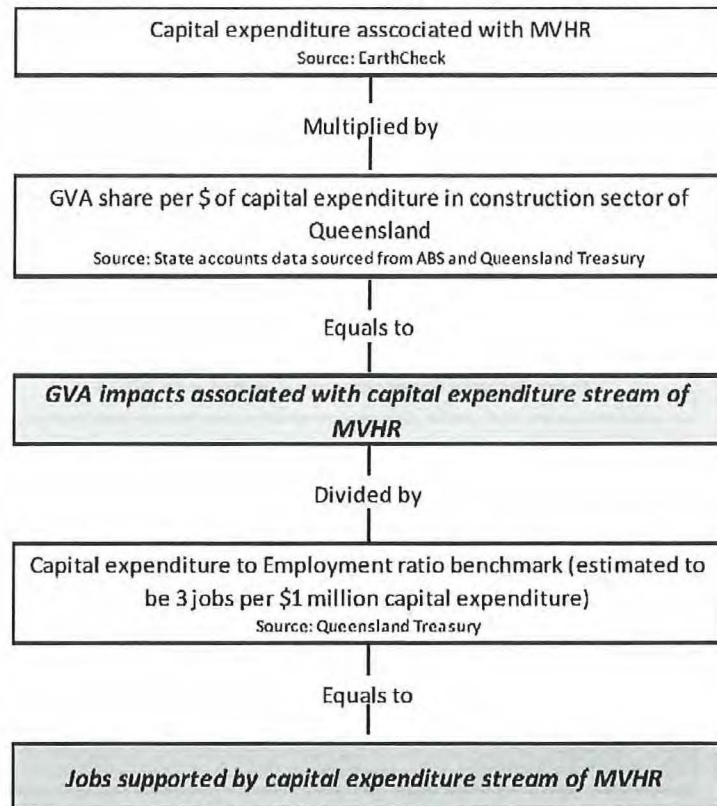


Figure A2: GVA and employment impacts methodology associated with capital expenditure

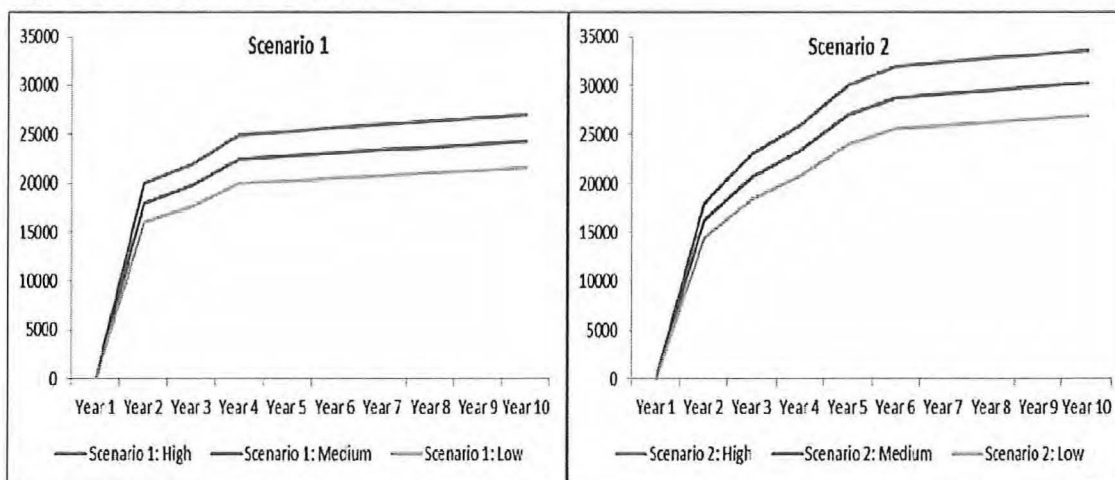


Key Assumptions

Visitor numbers

The visitor numbers used in the analysis are sourced from EarthCheck. For each of the two aforementioned scenarios, EarthCheck estimated three visitor streams including High, Medium and Low. For the purpose of economic impact analysis, OCE has used the medium scenario visitor numbers to remain on the conservative side. 90% of these visitors are assumed to be new to the Gympie region (i.e. 10% of total MVR visitors live in Gympie and are therefore not considered to be additional as a result of 'expenditure switching' of local residents in economic impact terms). The tourism visitor number profiles including high, medium and low under scenarios 1 and 2 are reported in the Figure A3 below.

Figure A3: Total visitors MVR, Scenario 1



Source: EarthCheck

Average Expenditure per visitor

Average expenditure of day trippers (per trip) in the region is estimated to be \$113¹ and this is used as a proxy to capture the expenditure by visitors both on and off the train. This is based on the average spend by day trippers in the Sunshine coast region². This is fitting given the purpose of the analysis is to estimate the economic impacts from the regional perspective rather than just for the train itself.

It is assumed that tourists visit purely for the steam train (i.e. they either would not have come to the region for the day-trip or cut their trip short to not use the MVR and thus not spent their planned day trip and associated expenditure). The steam train tourism market is niche and many people purely visit due to the 'experience' provided by the steam train itself.

¹ Tourism Research Australia, Local government area profiles. Average domestic day expenditure in Gympie in 2013 was \$79 while Sunshine Coast and Brisbane day visitors on average spent around \$90 and \$105 respectively. A range of \$80-100 was used in this desktop analysis.

² Regional Tourism Satellite account, Sunshine Coast, 2013-14

Mary Valley Rattler – Regional economic analysis, Confidential and Draft Report

Tourism expenditure to GVA relationship

Gross value added associated with tourism expenditure (both off and on train) in the region is assumed to account for around 50 cents per dollar of additional gross visitor expenditure in the region generated through export final demand. This is estimated using data sourced from 2013-14 Sunshine Coast tourism satellite account.

Gross value added per tourism job relationship

At the state level, gross value added per job in tourism was around \$75,000 in 2013-14³. This is adjusted downwards (by a factor of 1.25) to around \$60,000 to reflect higher average GVA per FTE in the state as a whole relative to the Gympie region based on internal DSD estimates. This is also broadly consistent with the GVA per job in the Sunshine Coast region based on the latest tourism satellite accounts for 2013-14.

Capital expenditure to GVA relationship

Gross value added in terms of the capital expenditure in the region is assumed to account for around 39 cents per dollar of additional capital expenditure in the region on average. This is estimated using data sourced from Queensland Treasury and ABS.

Capital expenditure per job supported relationship

A factor of 3 jobs supported per million dollar of capital expenditure is used to estimate the employment impacts associated with the capital expenditure on average. This is based on average estimates from the latest State Budget from Queensland Treasury and was also used to estimate the average jobs supported of the Department's Building Our Region program. It is noted that the MVR has traditionally used a large volunteer workforce.

Operating expenditure to GVA

The wages and salaries and direct cost of sales and services associated with the operational phase of the MVR are used as a proxy to estimate the value added impacts of the operational expenditure stream of MVR. The breakdown of the operational expenditure stream of MVR is provided by EarthCheck. It is noted that the MVR has traditionally used a large volunteer workforce.

³ Based on Queensland Tourism Satellite Accounts
Mary Valley Rattler – Regional economic
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Our Ref: BJS:TLC05059 File No: 1-2-02-0008



26 April 2016

Ms Maree Parker
Executive Director
Regional Economic Development
Department of State Development
PO box 15009
City East QLD 4002

Dear Ms Parker

Re: Council resolution indicating support for submission of Expression of Interest for Building our Regions Round 2

Gympie Regional Council wishes to advise that due to the timing of Council meetings following the finalisation of election results, the Expression of Interest for Building our Regions Round 2 will be presented to Council at the General Meeting being held Wednesday 4 May 2016.

As the resolution will be passed after the due date for submission of Expressions of Interest, Friday 29 April, we request that this correspondence be noted and that the submission of Council's resolution supporting the Expression of Interest will be made by Friday 27 May.

Yours faithfully

A handwritten signature in black ink, appearing to be "Bernard Smith", written in a cursive style.

Bernard Smith
Chief Executive Officer

Project Site Address

MAIN ADDRESS

Street number/Location name: Gympie Railway Station Complex
Street name: Chapple Street
Town/Suburb: Gympie Qld 4570

OTHER SITES INCLUDE

Street number/Location name: Monkland Railway Siding
Street name: Brisbane Road
Town/Suburb: Gympie Qld 4570

Street number/Location name: Amamoor Railway Station Complex
Street name: Amamoor Creek Road
Town/Suburb: Amamoor Qld 4570

Real Property description of the project site

Project Site	Lot	County	Parish	Registered Plan
Gympie Railway Station Complex	263	March	Gympie	SP103062
Rail line	262	March	Gympie	SP103062
Rail line	12	March	Gympie	SP105953
Rail line	472	March	Gympie	SP112670
Rail line	471	March	Gympie	SP104989
Rail line	461	March	Gympie	CP827282
Rail line	451	March	Gympie	CP827281
Rail line	450	March	Gympie	CP827281
Rail line	443	March	Gympie	SP105941
Monkland Railway Station	442	March	Gympie	SP105941
Rail line	441	March	Gympie	CP827280
Rail line	433	March	Gympie	SP104988
Rail line	434	March	Gympie	SP104988
Rail line	11	March	Gympie/Woondum	CP827284
Rail line	12	Lennox	Woonga	CP827285
Rail line	23	Lennox	Woonga	CP827286
Rail line	31	Lennox	Woonga	CP827287
Rail line	32	Lennox	Woonga	CP827288
Rail line	41	Lennox	Woonga	SP105939
Rail line	1	Lennox	Woonga	RP160753
Rail line	43	Lennox	Amamoor	CP827289
Rail line	51	Lennox	Amamoor	CP827290
Rail line	2	Lennox	Amamoor	RP7005
Rail line	52	Lennox	Amamoor	CP827291
Rail line	55	Lennox	Amamoor	SP112666
Rail line	2	Lennox	Amamoor	RP7014
Rail line	61	Lennox	Amamoor	CP827292
Amamoor Railway Station	63	Lennox	Amamoor	RP827293

Longitude and Latitude

Latitude Start: -26.186020
Longitude Start: 152.672132
Latitude Finish: -26.343288
Longitude Finish: 152.673719

Land Ownership

Who owns the land where the project will be located?

Mary Valley Heritage Railway

The State of Queensland, represented by Department of Department Transport and Main Roads

Eligibility Checklist — BoR R02 GYMP 0076 (Mary Valley Rattler):

INELIGIBLE — DECLARED 4/05/2016

Reason: Previous recipient of funding

- Under the Round 2 BoR Program Guidelines, an EOI is ineligible if the project is a previous recipient of funding (for this component of this project) from an earlier round of Building our Regions or Royalties for the Regions.
- This EOI seeks \$5M in funding as part of a \$10.8M project to replace and remediate the Valley Rattler's track infrastructure and refurbish existing buildings and rolling stock. However, the track infrastructure and rolling stock components of this project were approved for full state government funding (\$2.6M) as an R4R project (\$0.6M was directly from R4R and \$2M from other Queensland Government sources).
- The total project cost has increased by \$8.2M based on the completed Business Case. The original approved funding was conditional on the acceptance of a robust business case.

Expressions of Interest (EOIs) deemed ineligible under Round Two of the Building our Regions program will not be assessed.

The following checklist (based on the Round Two Guidelines) has been prepared to help assessors identify potentially ineligible EOIs that need to be brought to the Program Coordinator's attention.

If an EOI does not meet one of the requirements in the checklist (i.e. the response to any of the questions is 'no'), assessors will need to discuss that EOI's eligibility with the Program Coordinator.

Requirements		Response
Funding amount	<p>Is the funding sought within the relevant funds' limits (see Attachment 1):</p> <ul style="list-style-type: none"> • Remote and Indigenous Communities: \$100,000 – \$500,000 • Regional Capital: \$250,000 – \$5 million • Royalties for Resource Producing Communities: \$250,000 – \$5 million 	Yes
Mandatory co-contribution	<p>Has the mandatory co-contribution been met (see Attachment 1):</p> <ul style="list-style-type: none"> • Remote and Indigenous Communities — N/a • Regional Capital — BoR funding: 50% MAX; no more than 75% total Qld Govt funding • Royalties for Resource Producing Communities — BoR funding: 50% MAX; no more than 75% total Qld Govt funding 	Yes
Construction dates	Is construction scheduled to commence on or before 30 June 2017?	Yes
	Is construction is scheduled to commence in October 2016 or later?	Yes
Council Resolution	<p>Has a Council Resolution* indicating the local government supports submission of the expression of interest been provided?</p> <p>*NOTE: If a Council Resolution is not yet available, a signed letter from either the CEO or Mayor outlining why the Council is unable to provide the resolution within the timeframe is acceptable. A Council Resolution</p>	Yes

Requirements		Response
	must be provided by 27 May 2016.	
Ineligible projects	<p>The project is NOT:</p> <ul style="list-style-type: none"> • a feasibility and/or planning study • a mapping exercise • a flood warning system • intended to enable the local government to operate a business in competition with the private sector • a state road • approved for TIDS funding • a state infrastructure project that would usually be funded through the normal business of Queensland Government agencies • a previous recipient of funding (for this component of this project) from an earlier round of Building our Regions or Royalties for the Regions 	No
EOI eligibility	<p>Is the EOI for only one project? If not, are all of the projects interdependent?</p>	<p>Yes Yes</p>
Infrastructure ownership	<p>Will council own and operate the proposed infrastructure? If not, will a formal arrangement with the intended owner/operator, to the satisfaction of the department, be in place before construction starts?</p>	<p>No Yes</p>
Land ownership	<p>Will council own or control the project site? If not, will a formal arrangement with the intended land owner, to the satisfaction of the department, be in place before construction starts?</p>	<p>No Yes</p>
Viability	<p>Will the infrastructure continue in operation or use, as per its intended purpose in the EOI, for a period of at least ten (10) years after the project's completion?</p>	Yes

Attachment 1— Local government eligibility

Local governments eligible to apply under each fund are as follows:

Regional Capital Fund	Royalties for Resource Producing Communities Fund	Remote and Indigenous Communities Fund
Bundaberg	Banana	Aurukun
Burdekin	Barcaldine	Balonne
Cairns	Bulloo	Barcoo
Cassowary Coast	Burke	Blackall-Tambo
Douglas	Carpentaria	Bouliá
Fraser Coast	Central Highlands	Cherbourg
Gladstone	Charters Towers	Cook
Goondiwindi	Cloncurry	Croydon
Gympie	Isaac	Diamantina
Hinchinbrook	Maranoa	Doomadgee
Livingstone	McKinlay	Etheridge
Lockyer Valley	Mount Isa	Flinders
Mackay	North Burnett	Hope Vale
Mareeba	Quilpie	Kowanyama
Rockhampton	Weipa	Lockhart River
Scenic Rim	Western Downs	Longreach
Somerset	Whitsunday	Mapoon
South Burnett		Mornington
Southern Downs		Murweh
Tablelands		Napranum
Toowoomba		Northern Peninsula
Townsville		Palm Island
		Paroo
		Pormpuraaw
		Richmond
		Torres
		Torres Strait Island
		Winton
		Woorabinda
		Wujal Wujal
		Yarrabah

Expression of Interest - Assessor's Assessment Report

Expression of Interest - Assessor's Assessment Report

Revitalising the Mary Valley Rattler Heritage Railway (The Valley Rattler)

Initial Profiling

Project and Applicant Information	Details
Assessor	Sue McCosker
Secondary Assessor	Sue McCosker
Project Reference	BoR R02 GYMP 0076 - Revitalising the Mary Valley Rattler
Council	Gympie Regional Council
Project Short Title	Revitalising the Mary Valley Rattler
Executive Summary	The project will support continued operation of the Mary Valley Rattler by revitalising critical infrastructure at the Gympie Railway Station and along the railway corridor from Gympie Railway Station to Amamoor Station. The project will focus on replacing the timber tracks with steel sleepers, beginning between Gympie and Monkland to enable operations to begin while staged work is carried out to Amamoor. Rolling stock and existing buildings will also be refurbished. Total cost of the project is \$10.8 million. Gympie Regional Council is seeking \$5 million from BoR, contributing \$3.2 million and with \$2.6 million from other Queensland Government sources.
Construction Start	30/06/2017

Financials	Amount	%	Confirmation	Comments
Funding Sought	\$5,000,000.00	46.3		
Council Contribution	\$3,200,000.00	29.6		
Industry Contribution	\$0.00	0.0		
Other Contribution	\$2,600,000.00	24.1		
Total Project Cost	\$10,800,000.00			

Resubmission and Eligibility

Resubmission	Comments	
No		
Eligibility		Comments
Is the project eligible for funding?	No	Ruled ineligible on 4 May 2016. The EOI is ineligible because the project includes funding previously approved under Royalties for the Regions as outlined in the Program Guidelines.

Expression of Interest - Assessor's Assessment Report

Ready to commence		
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Assessment Criteria

Criteria 1 - Project Demand (40%)	Rating	
Comments		
Criteria 2 - Proposed Solution (30%)	Rating	
Comments		
Criteria 3 - Project Benefits (30%)	Rating	
Comments		

Assessment Score

	Score
Criteria 1 - Project Demand (40%)	
Criteria 2 - Proposed Solution (30%)	
Criteria 3 - Project Benefits (30%)	
Final Score	

Due Diligence	Comment
	Due diligence was not undertaken at EOI stage

Significant Issues or Concerns

Ruled ineligible on 4 May 2016. The EOI is ineligible because the project includes funding previously approved under Royalties for the Regions.

Draft Feedback to Council

Ruled Ineligible - because the project includes funding previously approved under Royalties for the Regions.

Sign Off

Assessor Details	
Signed Off by	Karyn Thomas
On	1/06/2016
Secondary Assessor	
Signed Off by	Sue McCosker
On	6/06/2016

Expression of Interest - Assessor's Assessment Report

Matt Woodforth

From: Tracey Condon <Tracey.Condon@gympie.qld.gov.au>
Sent: Friday, 6 May 2016 3:25 PM
To: Building our Regions
Cc: Maree Parker; Kerry Petersen
Subject: BoR R02 GYMP 0076 - Revitalising the Mary Valley Rattler Heritage Rail
Attachments: TLC05061.pdf; 2016-05-04 Ordinary Meeting Unconfirmed Minutes.pdf

Good afternoon

Please find attached letter and attachment from Gympie Regional Council.

Regards

Tracey Condon

ACTING EXECUTIVE ASSISTANT TO CHIEF EXECUTIVE OFFICER

Gympie Regional Council
242 Mary Street (PO Box 155)
GYMPIE QLD 4570
Phone: 5481 0652
tracey.condon@gympie.qld.gov.au
www.gympie.qld.gov.au

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Our Ref: MS:TLC05061 File No: 1-2-02-0008



5 May 2016

Ms Maree Parker
Executive Director
Regional Economic Development
Department of State Development
PO Box 15009
CITY EAST QLD 4002

Dear Ms Parker

Re: BoR R02 GYMP 0076 – Revitalising the Mary Valley Rattler Heritage Rail

Further to discussions regarding this Expression of Interest, please note that Gympie Regional Council at its Ordinary Meeting held 4 May 2016 endorsed the submission of the EOI. Please refer attached Unconfirmed Minute.

Upon further review of the funding conditions, it is noted that should the project proceed, to be in accordance with guidelines and funding conditions, the following will be implemented:

1. Council's contribution will be increased to \$3.8 million
2. The existing funding allocation of \$2.6 million identified through the Queensland Government, Department of State Development will be reduced to \$2 million as \$600,000 of the identified funding sourced from Royalties to Regions will not be taken up by Council for this project.

Yours faithfully

A handwritten signature in black ink, appearing to read "M Stanton", is written over a light blue horizontal line.

Mark Stanton
Director Corporate and Community Services

Enc.

SECTION 7: OFFICE OF THE CEO

7.1 Building our Regions Round 2 - Mary Valley Heritage Rail

PORTFOLIO: Economic Development

DIRECTORATE: Office of the CEO

DOC ID:

LINKS TO CORPORATE/OPERATIONAL PLAN

STRATEGIC THEMES:

2. Economic development - vibrant, strong and resilient

1. BACKGROUND AND PREVIOUS COUNCIL CONSIDERATION

The Mary Valley Rattler Heritage Railway (The Valley Rattler) was an icon of the Gympie region from 1998, providing a unique heritage rail experience in the heart of Gympie and the scenic Mary Valley from Old Gympie Station to until its closure in 2012.

Since closing in 2012 Council has put in place a governance structure comprising a holding company and operating company in order to facilitate the re-instatement of the service. The Department of State Development has facilitated the development of a robust business case to reinstate the service and has retained the initial financial contribution from the previous government of \$2.6M. It has been recognised that this previous commitment was never going to be sufficient to re-instate the business on a sustainable basis.

Gympie Regional Council has the opportunity to apply through the Queensland Government's Building our Regions Round 2 program for capital investment funding to cover critical infrastructure essential to revitalise and ensure sound asset management of the Mary Valley Heritage Rail.

2. REPORT

Subsequent to the closing of the Valley Rattler's operations, in April 2014, a governance structure has been implemented which has reshaped and refocused the Valley Rattler from a heritage railway enthusiast venture to a regional tourism attraction run as a business to generate ongoing economic benefits for the region.

However, the issue of asset management was identified as a major roadblock to the ongoing operations of the Valley Rattler.

This will only be resolved through significant capital investment in the replacement of track sleepers, crossings, remediation of the existing bridges, rolling stock and station infrastructure as part of the project funding.

A Business Case for Revitalising the Mary Valley Rattler Heritage Railway (The Valley Rattler) prepared by EarthCheck and the Department of State Development and finalised in March 2016, details the funding requirements of these activities.

This Business Case was prepared in close consultation with the Rattler Railway Company, Mary Valley Railway Community Holdings Limited and Gympie Regional Council. The business case was supported by technical advice provided by GHD, Department of Transport and Main Roads, Queensland Rail, the Rail Safety Regulator, Aurizon, the Department of State Development and other stakeholders.

Findings from the Business Case indicated that the preferred option regarding the Valley Rattler's operations is to implement a trip running from Gympie to Amamoor and return. Whilst the previous service ran to Imbil, in the short term this will not be financially sustainable.

This option requires \$10.8 million upfront investment. Importantly this proposal utilises concrete or steel sleepers which significantly reduces the ongoing maintenance costs associated with timber sleepers.

If the project does not proceed the state government faces the ongoing significant liability associated with the rail corridor.

Council had the opportunity to lodge an Expression of Interest to the Queensland Government for funding of eligible costs - up to 50% of total project costs, up to a maximum of \$5 million per project - through the Building our Regions program Regional Capital Fund. An expression of interest for \$5M was lodged by the closing date of 29 April 2016.

As a mandatory requirement, Expressions of Interest are to include a Council Resolution indicating that Council supports the submission of the Expression of Interest. Council will not know the outcome of the funding bid until October. Acknowledging elections have just been held, the State Government has allowed Council endorsement of submissions after 29 April 2016.

Should grant funding not be forthcoming and noting the current government commitment of \$2.6M, consideration would need to be given to the future of the Gympie Railway Station Site. The options are for the site to remain with the state who may wish to dispose of it for commercial purposes or alternately, Council could determine whether it wishes to facilitate its retention in community control for future community use e.g. rail museum, café, etc

An option for Council is to immediately commence discussions with Queensland Rail, the owners of the infrastructure, and TMR the owners of the rail corridor, with a view to ensuring the Gympie Station Precinct remains in community control on the basis of its rail and social heritage significance to Gympie. This also has the advantage of maintaining activity and interest in the site and works towards developing outcomes to which the \$2.6M could be

applied. If the project does proceed these negotiations will have been necessary anyway.

3. BUDGET IMPLICATIONS

The proposal as it stands will require a capital contribution from Council of \$3.2M.

4. POLICY IMPLICATIONS

There are no policy implications.

5. CONSULTATION

Mayor Curran
CEO
Tourism Development Manager
Rattler Railway Company

6. CONCLUSION

Funding received through a successful Building our Regions Round 2 program will facilitate the refurbishment of essential track, crossing and bridge infrastructure, refurbishment of associated Gympie Station buildings and rollingstock. This will secure a future for this iconic tourist attraction and provide ongoing small business opportunities, with a strong projection of job creation during both the construction and operational stages.

M11/05/16 Moved Cr DW Dodt Seconded Cr GC Hartwig

That Council:

1. Submits an Expression of Interest through the Building our Regions Round 2 program for the project Revitalising the Mary Valley Rattler Heritage Railway (The Valley Rattler) for the amount of \$5M
2. Commences discussions with the State Government regarding the tenure of the Gympie Station Site to ensure it remains in community control given its rail and social heritage values.

Carried

FOR: Cr MW Curran, Cr WR Leitch, Cr JK Cochrane, Cr DW Dodt, Cr MS Gear, Cr GC Hartwig, Cr HT Smerdon and Cr DH Stewart

AGAINST: Nil



Department of
State Development

Our Ref: DGBN16/1007

20 July 2016

Mr Bernard Smith
Chief Executive Officer
Gympie Regional Council
PO Box 155
GYMPIE QLD 4570

Bernard.Smith@gympie.qld.gov.au

Dear Mr Smith

Thank you for your interest in the Building our Regions Infrastructure Fund and for participating in round two of the program.

The response to round two has been very strong with the Department of State Development receiving 97 Expressions of Interest seeking over \$131 million in funding.

All expressions of interest were competitively assessed and considered by the Queensland Government and unfortunately the following project has not been successful:

- Revitalising the Mary Valley Rattler

The department will be in touch shortly to offer feedback on your application. I encourage you to take up this opportunity. This feedback will help you in preparing any future funding submissions.

The Queensland Government recently announced additional funds to extend the Building our Regions program. While the dates for the 2017 round are yet to be confirmed, councils will be kept informed and notified as soon as information is available.

I encourage you to continue to work closely with the department to identify projects for potential funding under the program.

If you require any further information, please contact Ms Maree Parker, Executive Director, Regional Strategy and Programs, Department of State Development, on 3452 7386 or maree.parker@dsd.qld.gov.au, who will be pleased to assist.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Schaumburg".

Michael Schaumburg
Director-General

61 Mary Street Brisbane
PO Box 15009 City East
Queensland 4002 Australia
Telephone +617 3452 7100
Website www.statedevelopment.qld.gov.au
ABN 29 230 178 530