

STEAMRAIL VICTORIA



BUSINESS PLAN 2012-13



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Approved by

Steamrail Management Board	27/09/12
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Cover photo: R761 and R711 with the 2012 "Snow Train" at Oakleigh ©Steve Hoptroff
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1. Executive Summary

Steamrail Victoria was incorporated in 1980. For the last 32 years we have been providing customers with an opportunity to experience a bygone era traveling on heritage trains on the Victorian rail network. We have custody of the largest fleet of operating mainline steam locomotives in Victoria and Australia, and run the most heritage trains on the Victoria mainline each year. Last year we carried nearly 17,000 passengers.

Our custodial responsibilities extend beyond rolling stock. Our main depot is in the West Block of the historic Newport Railway Workshops 12 km south west of downtown Melbourne. We also have a depot in Ballarat in what was originally the Ballarat East Goods Shed built in 1862. VicTrack owns the great majority of our equipment as well as the two depots, which have been allocated to us to manage, while V/Line provides us with fee-for-service crewing on our mainline excursions.

Our main sources of income are from operating excursions, hire of diesel locomotives to commercial operators, hire of locomotives to other heritage operators and charters. Last year we had a total income of \$950,500 from operations and other sources, and returned \$877,000 to the local, regional, state and national economy through purchases.

We partner with a wide range of different organisations to leverage tourist spend locally, regionally and state wide. We have excellent working relationships with a number of other Tourist and Heritage Railway operators in Victoria, both metropolitan and regional, and have tied into regional tourist promotions and partnered with a number of local councils on our excursions.

Over the coming year, we plan to review our pricing structure to ensure it accurately reflects the Tourist and Heritage marketplace while maintaining profitability. We will develop a marketing plan to increase awareness of Steamrail in the public, corporate and heritage spaces, which will allow us to take advantage of business opportunities, sponsorship and partnership working. We will also develop a funding strategy to maximise external funding and investment for the organisation.

As for many not-for-profit organisations, people are our most important asset. We currently have 762 members, about 100 of whom give their time, knowledge, skills and expertise to the organisation through volunteer activities. Our ten member volunteer Board of Management is responsible for overseeing the effective management of the organisation, and we have seven employees.

We recognise the need to increase membership and will develop a membership recruitment and retention plan in the coming year. We also plan to develop a volunteer recruitment and retention plan, as well as using the existing skills register to implement a rolling engagement and development program for volunteers.

This is Steamrail's first business plan but it provides a firm foundation for the future of the organisation, helping us to realise our vision of being recognised as the premier heritage mainline rail operator in Victoria.

2. Our Vision, Mission and Business Objectives

Our Vision

To be recognised as the premier Victorian heritage mainline rail operator.

Our Mission

- To provide customers with an opportunity to experience a bygone era of heritage railways on the Victorian rail network.
- To attract patronage from local, regional, interstate and international markets.
- To acquire, restore and maintain heritage rail assets for the enjoyment of the wider community.
- To recruit, develop and engage members and volunteers.
- To provide a high quality service for customers.
- To provide a safe environment for employees, volunteers and customers.

Our Business Objectives

- To invest in efficiencies and improvements to grow the business.
- To restore and operate further examples of Victorian rolling stock when this is the best use of resources.
- To develop secure workshop and storage facilities to accommodate all Steamrail equipment by 2015.
- To recruit new members on a continual basis, to stabilise membership numbers during 2013 and increase numbers by 10% each year.
- To recruit and retain volunteers to balance the organisation's workload.
- To improve customer satisfaction by better understanding customer needs.
- To increase the skills and knowledge of employees, volunteers and members.
- To ensure operations, maintenance and restoration activities meet quality and safety standards.
- To increase public awareness and contact with our heritage railway organisation.



R761 departing Warrnambool in 2005.

©Steamrail Victoria

3. Our Operating Context

Steamrail is a not-for-profit association incorporated in 1980 to restore and operate historic locomotives and rolling stock used on the railways in Victoria.

We are one of four mainline Tourist and Heritage operators and one of seventeen Tourist and Heritage groups in the state. We:

- have the largest fleet of operating mainline steam locomotives in Victoria and Australia,
- operate excursions and charters to over 30 different destinations around Victoria and southern New South Wales,
- run the most heritage trains on the Victoria mainline each year,
- partner with a wide range of different organisations to leverage tourist spend locally, regionally and state wide,
- had a total income of \$950,500 from operations and other sources in 2011,
- returned \$877,300 to the local, regional, state and national economy through purchases of goods and supplies, and other expenditure in 2011,
- have custody of 16 historic steam locomotives, 9 diesel-electrics and 6 electric locomotives of various types (6 steam locomotives, 5 diesels and 1 electric locomotive are serviceable),
- own 6 of the steam locomotives, 4 of the diesels and 1 of the electric locomotives (except for R711, which is owned by Bendigo City Council and Y112, which is owned by the Sovereign Hill Museum in Ballarat, the remainder are owned by VicTrack),
- have custody of 76 heritage passenger cars and vans (51 of which are serviceable), and
- own 28 of the passenger cars and vans (the remainder are owned by VicTrack).

See appendix 1 for a complete list of our equipment.



K190 at the Newport Workshops September 2005 ©Steamrail Victoria

Newport Railway Workshops

Our main depot is in the West Block of the historic Newport Railway Workshops 12 km south west of downtown Melbourne. The Newport Carriage Workshops were established on the site by the Victorian Railways in 1882. Construction of the permanent workshops started in 1884 and was

completed in 1889. At the peak of operation during the 1930s it was one of Victoria's largest and best-equipped engineering establishments, with up to 5,000 employees working on site and several of the steam locomotives in our collection were actually built here. The workshops were decommissioned in the 1980s.

In addition to Steamrail, the West Block houses the Diesel Electric Rail Motor Preservation Association Victoria and R707 Operations. The Australian Railway Historical Society Railway Museum is located just south of the workshops, near the North Williamstown railway station.

The East Block is mainly used as a storage area for a variety of VicTrack owned vehicles, including a number of trams and other rolling stock. VicTrack also leases some parts to other companies. EDi Rail have a large area to the east of East Block running right down to North Williamstown station. They carry out work including locomotive and carriage maintenance, and diesel engine, bogie and wheelset overhauls for customers including V/Line.

At present, we do not have what we consider fit for purpose steam locomotive service facilities at the site. These were to be provided by VicTrack as part of the package of moving out of the Tarp Shop shed and yard. We currently have temporary facilities that are operationally adequate but poorly located in the centre of the yard. We therefore plan to engage with stakeholders, including VicTrack and 707 Operations to develop these service facilities by early 2014.

Ballarat Depot

We also have a depot in Ballarat in what was originally the Ballarat East Goods Shed. It is all that remains of Ballarat East railway station built in 1862.

The depot is primarily used to house steam locomotive Y112, which has a historic connection with the area. Y112 was built at the Phoenix Foundry in Ballarat in 1889, is now owned by the Sovereign Hill Museum in Ballarat and is leased to Steamrail. It is the only remaining operating steam locomotive built by the Phoenix Foundry.



Y112 and D³639 shunt around Maryborough Yard ©Steamrail Victoria

ElecRail

ElecRail was established as a division of Steamrail in 1980 to preserve examples of heritage electric rolling stock which once ran on Victoria's electrified rail network. Vehicles in our custody include:

- suburban 'Tait' (Red Rattler) carriages dating from 1910,
- older 'swing door' (dog box) carriages dating from the 1880s,
- newer 'Hitachi' carriages,
- E and L class electric locomotives.



An ElecRail set at Royal Park in November 1989

©Scott Bray

The electrification of the suburban system shaped the development of Melbourne. Whilst purpose built as electric cars, the earliest Tait carriages were initially steam hauled pending the introduction of electric services to Melbourne (and indeed Australia) in 1919. Tait trains were the mainstay of Melbourne's suburban fleet for much of the twentieth century and remained in service until 1984.

The older swing door cars were converted to electric vehicles to supplement the Tait fleet. Both the Tait and swing door cars are of national significance as examples of the earliest electric trains in the country. They are also quite possibly of world significance as there are no other known examples of older preserved electric mainline carriages.

ElecRail operated regular excursions to the delight of many from 1981 to 2004. At that time we lost access to an accredited mainline operator when West Coast Rail exited the state. Fortunately, V/Line have now agreed to be our accredited operator, but services cannot restart until a new driver training program is finalised. This is presently being worked on by members of the RTBU Heritage Committee. Agreement must also be sought with Metro Trains for access to overhead power.

Being able to once again operate heritage electric trains is a key objective for ElecRail. The other important challenge is ensuring our fleet of vehicles remain in secure, undercover storage. In the meantime, we continue to restore vehicles with three projects currently underway.

Operations

Steamrail contracts V/Line to operate its equipment on the mainline. V/Line is a Victorian State Government authority that provides regional passenger train and coach services in Victoria. It

supplies us with fee-for-service crewing. An access agreement between the State Government and V/Line also gives us up to 30,000 km of track access a year at no charge. This allows us to share with the community the experience and pleasure of riding on our historic trains, both in the Melbourne suburban and country areas, and state wide.

We rely on establishing “available paths” to gain access to the mainline. Paths are identified by our operations committee by looking through timetables and finding appropriate openings for our trains to run. This allows us to fit into the day to day operation of the suburban operator Metro’s trains, V/Line trains and any other operators on the mainline on the day.

Crew availability is organised through the Rail Train & Bus Union (RTBU) heritage Rostering Clerks. The RTBU maintains a pool of trained and accredited heritage railway crews from V/Line, Melbourne Metro, El Zorro, Pacific National and QUBE Logistics. We submit our trip details and they then work out how many crews are needed and when they are required.

Crew training is conducted by V/Line and the RTBU to provide a pool of qualified drivers and fireman who can competently operate our locomotives and rolling stock. V/Line also supplies our Conductors from their Heritage Pool. All crew members are employed by V/Line when they are operating mainline heritage trains.

In the coming year we plan to review the potential for accreditation of Steamrail as a mainline operator. Accreditation would allow us to crew Steamrail trains with our own qualified drivers and firemen, reducing our dependence on V/Line for these services. Using volunteers would also greatly reduce the associated costs.

Restoration and Maintenance

Restoration and maintenance of our heritage rolling stock is at the heart of what we do. Without these important activities we would not have the equipment to allow our customers to experience a bygone era on the Victorian rail network.



One of our volunteers repainting 25BE in 2002 ©Steamrail Victoria

In 2011, we spent \$59,987 on locomotive maintenance, \$14,638 on carriage maintenance and \$10,243 on restoration (much of the restoration work is done by volunteers, which greatly reduces what it would otherwise cost).



R711 at the Newport Workshop Open Day in 2012 ©Steamrail Victoria

Except for R771, all the rolling stock we operate has been restored by us. (R711 was restored by West Coast Railway. We subsequently modified it to bring it back to the Victorian Railways oil-burning R class.) At the very least, vehicles have had an external repaint and mechanical inspections but, more typically, where cars have been mechanically life-expired, they have been repainted, timbers replaced, windows rebuilt, rooves recanvassed and much minor work has been carried out to bring them back into traffic. In the case of the locomotives, every one has needed significant mechanical works.

We currently have six locomotives and one carriage undergoing restoration:

- A²986 steam locomotive,
- R700 steam locomotive,
- B72 diesel,
- E1109 electric (ElecRail),
- 341T Tait trailer electric (ElecRail),
- 12BT swingdoor trailer electric (ElecRail), and
- SJ282 sleeping car.

Money held in trust by VicTrack as the result of an insurance settlement following an accident involving steam locomotive K183 has been used in part to “future proof” restoration efforts by, for example, buying spare parts from suppliers that may soon no longer be readily available such as superheater flues. We will continue to initiate, manage and review “K183 Fund” projects over the coming three years.

Providing safe, secure and weather-proof storage is also extremely important as it prevents vandalism and graffiti, protects equipment from harsh weather and thereby greatly reduces the need for maintenance and repairs. Next year we will produce a costed proposal for construction of carriage storage facilities at Newport and, in 2014, plan to complete construction of the facilities, providing VicTrack approval is forthcoming.

Still, with the large amount of rolling stock in our care but limited funds to carry out restoration, repairs and maintenance we need to plan how we approach this work. Over the next two years we will therefore review all our rolling stock and produce a conservation plan, including restoration, keep-as-is and disposal options.

Statutory Obligations

Our activities are governed by a range of statutory requirements including:

- Associations Incorporation Act 1981 (Victoria), Associations Incorporation Regulations 1998 (Victoria) and Associations Incorporation Reform Act 2012 when it comes into force later this year.
- Rail Safety Act (Victoria) 2006.
- Occupational Health and Safety Act 2004 (Victoria) and Occupational Health and Safety Regulations 2007 (Victoria)
- Equipment (Public Safety) Act 1994.
- Tourist and Heritage Railways Act 2010.
- Working With Children Act 2005.

We are committed to ensuring we comply with all our obligations, and in the coming year we will review these (excluding rail safety, which is covered by our Safety Management System) and prepare a compliance schedule for Board approval.

For further information on our statutory obligations and compliance, see Appendix 2.



Doing a boiler test on A²986 in 2004

©Steamrail Victoria

4. Our Services

In 2011, Steamrail carried 16,781 passengers on return journeys, making us the largest heritage mainline operator in Victoria and contributing significant value to the local, regional and state wide tourism trade.

Excursions

In 2011, the crew costs charged by V/Line increased significantly, which led us to review our excursions and pricing. In the coming year we plan to carry out a further review of day trips, suburban shuttles, weekenders, charters and special events and develop a services and pricing plan.

Our excursions in 2012 include:

Date	Excursion	Destination
Feb 26	Ashburton Festival	Ashburton - Camberwell
Mar 24	Celebrate Mooroolbark	Mitcham - Mooroolbark
April 29	Williamstown Festival	Flinders St - Williamstown
May 12 - 13	Ballarat Heritage Weekend	Ballarat - Sulky
May 13	Rail & Sail (Mothers Day)	Geelong
July 1	Suburban Shuttles	Darling - Glen Waverley
July 22	Snow Train	Traralgon
Sep 8	Maldon Experience	Maldon/Bendigo
Oct 21	Bendigo 150th/R711 Relaunch	Bendigo
Nov 4	Rail & Sail	Geelong

We work to develop close relationships with local councils and other organisations in the area to operate these excursions, and over the coming year we will identify more potential activities and future growth opportunities of this type.

Feedback from our customers has consistently shown that they generally have a great experience. However, our current surveys are very general in focus and do not provide a way for us to measure improvements. In the coming year we will introduce new surveys that will include qualitative metrics to provide a much sounder basis for improving our services from the customer perspective. This year all public facing volunteers and employees will also be provided with customer service training.

Charters

Steamrail also runs charter trains for private parties on a regular basis. In 2012, these include:

Date	Charter	Destination
Apr 10	PTV Ballarat 150th	Ballarat
Apr 14	ARHS Ballarat 150th	Ballarat

Date	Charter	Destination
Aug 26	Wattle Festival	Hurstbridge - Eltham
Sep 22	ARHS Traralgon	Traralgon
Oct 13	Link Tours	Kyneton
Oct 17	SCT Opening	Penfield
Oct 20	K190 to Maldon	Castlemaine/Maldon
Oct 31	Southern Cross Network Channel 10	Bendigo (Bendigo Cup)
Nov 23	Link Tours	Kyneton
Nov 24	Link Tours	Kyneton
Nov 30	Link Tours	Kyneton
Dec 1	Link Tours	Kyneton
Dec 1	Dreamscape Tours	Bunyip
Dec 7	Link Tours	Kyneton
Dec 7	Dreamscape Tours	Bunyip
Dec 8	Link Tours	Kyneton
Dec 8	Dreamscape Tours	Bunyip
Dec 14	Link Tours	Kyneton
Dec 15	Link Tours	Kyneton
Dec 21	Link Tours	Kyneton
Dec 22	Link Tours	Kyneton

Link Tours has chartered dinner-dance trains to Kyneton for end of year work parties for the past 20 years. Both Link Tours and Dreamscape can run charters all year round but concentrate on the end of year work break-up trains, running 15-16 trips making up a third of Steamrail's annual operations.

Although planning is not yet complete, in 2013 we plan to run:

- 7 excursions, including a "Santa Special" in December,
- 5 shuttles, including the Williamstown Festival and Ballarat Heritage Weekend,
- 4 weekenders, including a 5 day "Tocumwal Tupal Weekender",
- 2 suburban ramblers, and
- a number of private charters depending on demand.

Next year we will strengthen the contract arrangements for future charters.

Locomotive Hire

In the past we have hired locomotives to the commercial operators Pacific National, El Zorro and POTA, which was renamed QUBE Logistics in 2010. Currently, our locomotives are on exclusive hire to QUBE Logistics who use them to run the Deniliquin Rice train 5 days a week Mon-Fri and occasionally on Saturday.

Whilst not a key objective, commercial locomotive hire has proved a good source of revenue to fund restoration and maintenance work.



S313 is currently on hire to QUBE Logistics

©Steamrail Victoria

Open Days

We are dedicated to ensuring that we maintain a safe and friendly environment where people can come and share in our interests.

We hold open days at the Newport Shops every two years. Nearly 3,000 people attended our most recent open days on 11th and 12th March this year. With the help of crews from the Yarra Valley Railway, we were able to have six locomotives under steam; over the two days we sold 1,100 sausages, 400 hamburgers and several hundred soft drinks at our barbeque; and we recruited 22 new members and sold \$2,500 worth of souvenirs.

Registered Business Names

The names “Steamrail” and “Rail and Sail” are Steamrail registered business names.

When we first started operations, we also used the names “The Vintage Train” and “Spirit of Progress” to market our trains around the state. The “Spirit of Progress” was a passenger train started by the Victorian Railways in 1937, which soon became world famous because of the quality of service. Both “The Vintage Train” and “Spirit of Progress” are Steamrail registered business names.

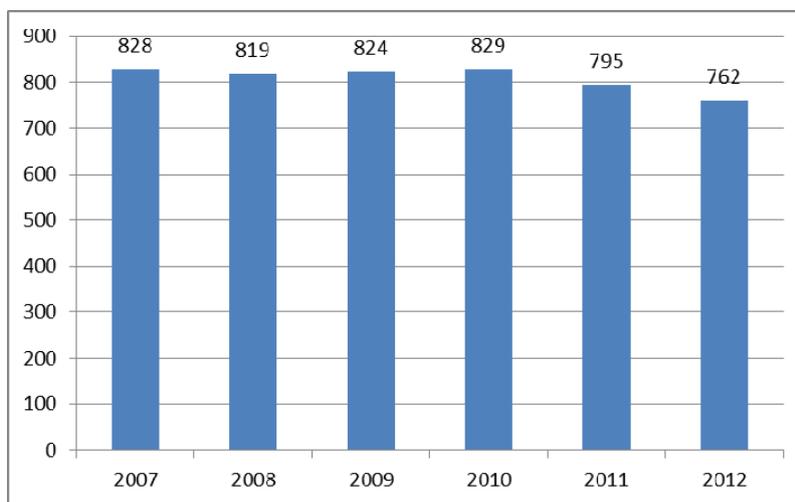
5. Our People

As is the case for many not-for-profit organisations, people are our most important asset!

Members

Steamrail currently has 762 members. As well as contributing through their annual subscriptions, some members make additional donations to individual restoration efforts and we have had three bequests over previous years. Members are also an important source of volunteers, who are sometimes recruited when they enrol as members, as well as by responding to requests in our newsletters.

Since 2010 membership has been falling noticeably year on year:



We recognise the need to increase membership and will develop a membership recruitment and retention plan in the coming year, which we will then review and adjust if necessary annually. We also plan to hold more members' meetings to advise them of progress within the organisation, to get feedback on what we can do better and to recruit new volunteers.

Volunteers

We have around 100 active volunteers at any one time and get 3-5 enquiries each month from members who are interested in volunteering. Regular induction sessions are held at our Newport shops and we try to match volunteer skills with our most immediate needs. We do this by getting a list of skills from each volunteer, which is then circulated to departmental managers.

Current volunteer roles include:

- About 30 of our volunteers work on restoring steam locomotives at our Newport shops.
- About 15 keep our carriages in tip top condition with maintenance, repairs and painting.
- About 10 work for ElecRail.
- About 40 work in varying roles on the trains we run, including staffing food and refreshment kiosks, selling souvenirs and running raffles.
- A volunteer has provided Train Officer, Emergency Management and Steam Locomotive Servicing training to employees and other volunteers over the past few years.
- A volunteer Train Manager oversees each of our train excursions.

- Volunteer Train Officers, trained in safe operations, are assigned to each carriage. They check tickets, explain safety requirements, go through tour notes and look after the comfort of passengers.
- A volunteer manages all our bookings.
- Our Membership Officer has also provided expert metallurgical analysis and advice.
- Some of our legal services are provided by one of our members.
- Graphic design and marketing materials are provided free by one of our members who is a graphic artist.
- 25 volunteers participate in our Marketing Committee.
- Newsletter production and distribution is carried out by volunteers.

We recognise the importance of ensuring workers are competent, have technical and communication skills to be entrusted with work and have the necessary fitness to carry out their duties. Procedures exist for the development and maintenance of worker competence for duties affecting railway safety and for specialised tasks. These skill areas include:

- Steam locomotive drivers and firemen (5), and
- Diesel locomotive drivers (8).

Other key skills areas are:

- Shunters (9),
- Boiler attendants (8),
- Forklift operators (10),
- Crane operators (4),
- Track safety awareness (16),
- On train service (18),
- Emergency management (22).



Y164 is our yard shunter

©Steamrail Victoria

Other than those who work for a railway company as full-time drivers, all our volunteers who drive trains are ATR (Association of Tourist Railways) qualified, and a number have certificates required to operate rolling stock and equipment in the yard at the Newport shops. The ATR issues the certificates for shunting and driving. Mainline qualified locomotive drivers are only required to present their medical and locomotive certificates with them, as their qualifications have already

been acquired through their place of work. Boiler Attendant tickets are issued through Worksafe Victoria after classroom and practical assessments.

We see our volunteers as one of our most valuable resources. Some have been around since the organisation started, and are a vital source of knowledge and information. They help future generations get involved so that we can continue to grow as a successful organisation well into the future. But we recognise we could manage this resource much better.

Starting this year we intend to recruit a volunteer co-ordinator (volunteer or part time employee) to develop a volunteer recruitment and retention plan, which we will review and adjust if necessary annually. We will use the existing skills register to implement a rolling engagement and development program for volunteers and in 2014 we will carry out a skills gap analysis and implement succession planning.



K190 gets an oil before starting out on the first 2012 "Williamstown Shuttle"
©Steamrail Victoria

6. Our Management Structure

Good governance is crucial to achieving our objectives and complying with all the legal requirements covering our operations. Our Rules of Incorporation detail how the organisation is governed.

Our rules were agreed in 1980 and, except for a minor amendment in 1992, have not changed. This year we therefore plan to review and update our rules to reflect how we have changed as an organisation over the past 32 years as well as to ensure compliance with the new Associations Incorporation Reform Act 2012.

General Meetings

The Annual General Meeting is held in August each year. It is responsible for approving the accounts for the previous calendar year, appointing the auditor for the current year and electing new Board members.

In addition there are three other General Meetings each year and, if necessary, a Special General Meeting can be called by a written request to the Secretary signed by 20 members or more.

Board of Management

The Board is responsible for overseeing the effective management of the organisation. It appoints officers to the roles of Chairman, Secretary and Treasurer at its first meeting after the AGM. It then meets monthly as well as at other times if necessary.

Currently, our Board membership is relatively stable with, on average, only one member leaving each year. Our ten Board members are:

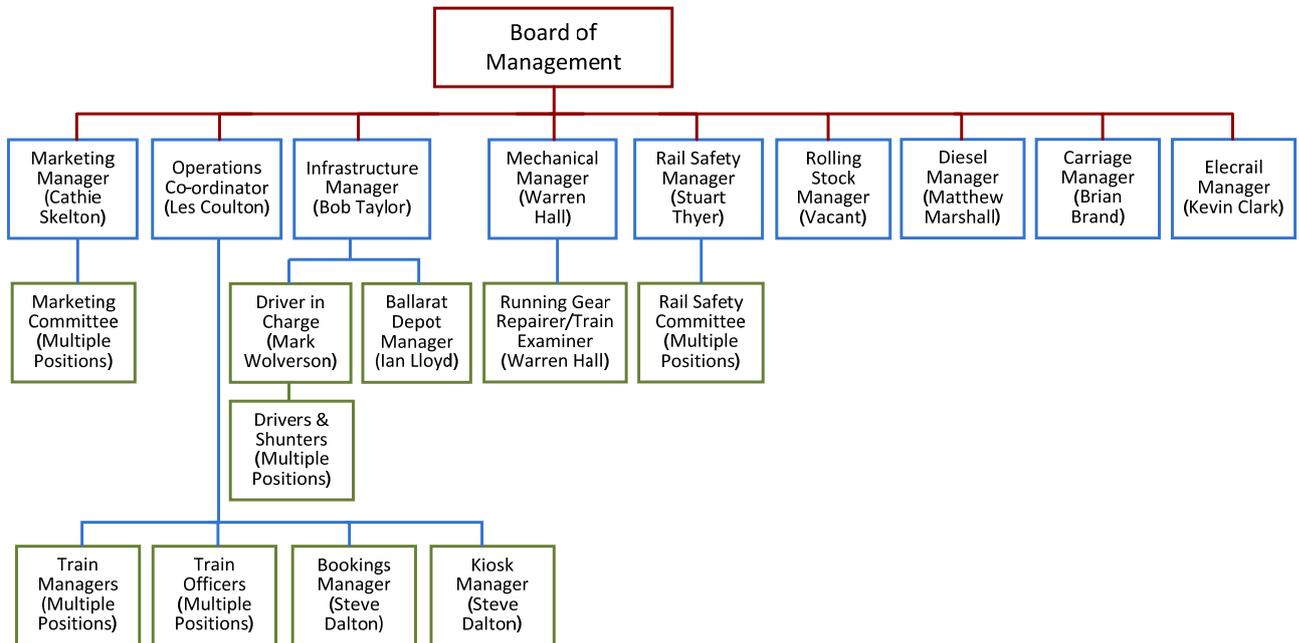
- Mark Wolverson - Chairman.
- Cathie Skelton - Secretary.
- Rob Wagdin - Assistant Secretary.
- Graeme Harrison - Treasurer.
- Les Coulton - Board Member.
- Warren Hall - Board Member.
- Matthew Marshall - Board Member.
- Ty Klemm - Board Member.
- Andrew Skelton - Board Member and Rail Safety Delegate.
- One vacancy.

Board members are elected for a two-year term with 5 vacancies falling each year. At the end of their two-year term, Board members can be nominated for another term. Nominations are called for in April. If there are more nominations than vacancies, elections are held by a ballot of the membership. A Returning Officer is nominated to handle this process and the results are announced at the AGM, which then appoints to the vacant positions according to how many votes nominees have received.

Board members want to ensure they know their roles and responsibilities and understand their obligations. We therefore plan to provide corporate governance training for Board members and managers, prepare roles and responsibility statements including line management responsibilities and develop an induction program for new Board members in 2013.

Departmental Managers

Volunteers and employees are managed by departmental managers who report to the Board:



The responsibilities and authority of all committees, managers and workers who manage, perform or verify safety-related work are defined in individual Duty Statements. This year we also plan to prepare roles and responsibility statements for all other managers.

Employees

We have 7 employees:

- 2 permanent full-time Fitter and Turners.
- 1 permanent part-time Office Manager.
- 2 casual Fitter and Turners working on restoration of steam locomotive A²986.
- 1 casual Trades Assistant.
- 1 casual Carriage Cleaner.

We see staff development as important and encourage this whenever possible. For example, our two full-time fitter and turners completed their apprenticeships at Steamrail. Other training has included Dogman Crane Operator and Forklift Operator Certification.

On the other hand, we believe we can provide a better working structure for our employees. We plan to start this process in the coming year by establishing formal line management arrangements and producing position descriptions and training and development plans for employees where these do not yet exist.

7. Our Partners

At Steamrail, we value our partners who are critical to our ongoing success. These operate locally, interstate and internationally, providing vital assistance often at no cost . We have developed excellent working relationships with all of them. Below, we detail just some of our key partners.

State Authorities

Several State authorities are important to our operations:

- VicTrack owns the great majority of our equipment, which has been allocated to us to manage. They are also our landlord at Newport and Ballarat East under their Community Rental Program.
- Public Transport Victoria is responsible for implementing the Tourist & Heritage Act (2010). They provide guidance and mentoring to the tourist and heritage sector including training workshops.
- We rely on V/Line as an accredited mainline operator to provide us with drivers, firemen and conductors.

Other Tourist and Heritage Railway Operators

We have excellent working relationships with a number of other Tourist and Heritage Railway operators in Victoria, both metropolitan and regional:

- We hire steam locomotive R707 from 707 Operations at least once a year to run a tour. This year, we ran a double header with R707 and our R761 to Bendigo on the “Maldon Experience”. We supply locomotives/carriages to each other, and 707 have given Steamrail some contract work to repair items in the past.



R707 and R761 crossing Malmesbury Viaduct on the 2012 “Maldon Experience”
©Steve Hoptroff

- Over the summer period, we loan the Victorian Goldfields Railway a steam locomotive so that their locomotives can undergo well deserved maintenance. We also carry out cross

promotion and ran a charter train with the VGR on this year's "Maldon Experience" excursion.

- We charter trains on the Walhalla Goldfield Railway when running our "Snow Train". The WGR also help with customer care at Moe and Traralgon stations.

Local Councils

We have tied into regional tourist promotions and partnered with a number of local councils on different excursions, including:

- Williamstown,
- Baw Baw,
- Geelong,
- Bendigo,
- Warrnambool,
- Ballarat, and
- Campaspe.



D³ 639 at the Geelong Heritage Festival in 2011

©Jeremy Phelan

Business Partners

We have engaged a number of organisations in partnership working, including:

- The Mount Baw Baw Ski Resort has offered discounted gate admission for our "Snow Train" customers.
- Pioneer Park in Swan Hill has given us discounted admission for our "Northern Weekender" customers.
- The Port of Echuca has also offered discounted admission to its heritage park for our "Northern Weekender" customers.
- Steam Rally Echuca gave discounted entry for our "Northern Weekender" customers as well as providing bus transfers to the event.
- Melbourne Star Boat Cruises have given us discounted hire of the "Victoria Star" on our "Rail and Sail" excursions.
- The Wild Dog Winery and Jindi Cheese provided a wine and cheese tasting event on our most recent "Snow Train".

- We have been given free advertising in local newspapers such as the *Bendigo Advertiser* and *Bendigo Weekly*.



R761 at Newport

©Les Coulton

Suppliers

In 2011 we returned \$877,300 to the local, regional, state and national economy through purchases of goods and supplies, and other expenditure. As a result, we have established long term relationships with a great many suppliers, including:

Excursions

- Goodwin Trucking play a key role by providing a crane truck to carry coal and re-coal our steam locomotives when we operate over an extended period.
- Water is normally provided by the Country Fire Authority at a number of locations around Victoria. If the CFA cannot help us we get in contracted water haulers to pump the water into the locomotives.
- Hungry Hampers, a mobile caterer, supplies boxed meals when these are provided on longer excursions, as well as, for example, a lunch barbecue on the station platform at Maldon on the “Maldon Experience”.
- A Bunch of Cakes, a local cake bakery specialising in cupcakes and flowers, provide cakes for special occasions as well as cross promotion by advertising for us as we do for them.

Repairs, Maintenance and Consumables

- EDi Rail have carried out major repairs for us on, for example, wheelsets on S313 and underframes on S313 and the T class diesel locomotives.
- Petrogas supply our diesel fuel.
- Whitehall Coalie provide coal supplies. They run a special screening each year for Steamrail and other heritage railways so that we use coal of the right size in our steam locomotives.
- Mirror Paints supply paint for our restoration work on carriages and locomotives, repaints and repairs.
- Supagas P/L supply us with LP gas to operate our forklift and welding gas for our welding work.

- Goodwin Trucking provide pick-up and drop-off of parts and specialist equipment, managing distribution and delivery of items such as sleepers to other tourist and heritage operators on our behalf.
- G&V Maintenance specialise in locomotive maintenance, vehicle certification and inspections. They have certified a number of rolling stock items for use by Steamrail and have done a number of Diesel Locomotive Service Exams and repairs to keep our diesel fleet running. Every 12 months, they also carry out equipment inspections required by V/Line.
- Inver Engineering provides general engineering services to Steamrail. These include heavy engineering, such as replacing the tyres on A²986's driving wheels.
- Telstra provide our phone services and internet connection at a reduced, not-for-profit rate.
- Our office supplies are provided by Industrial Stationers and DDS Office National.

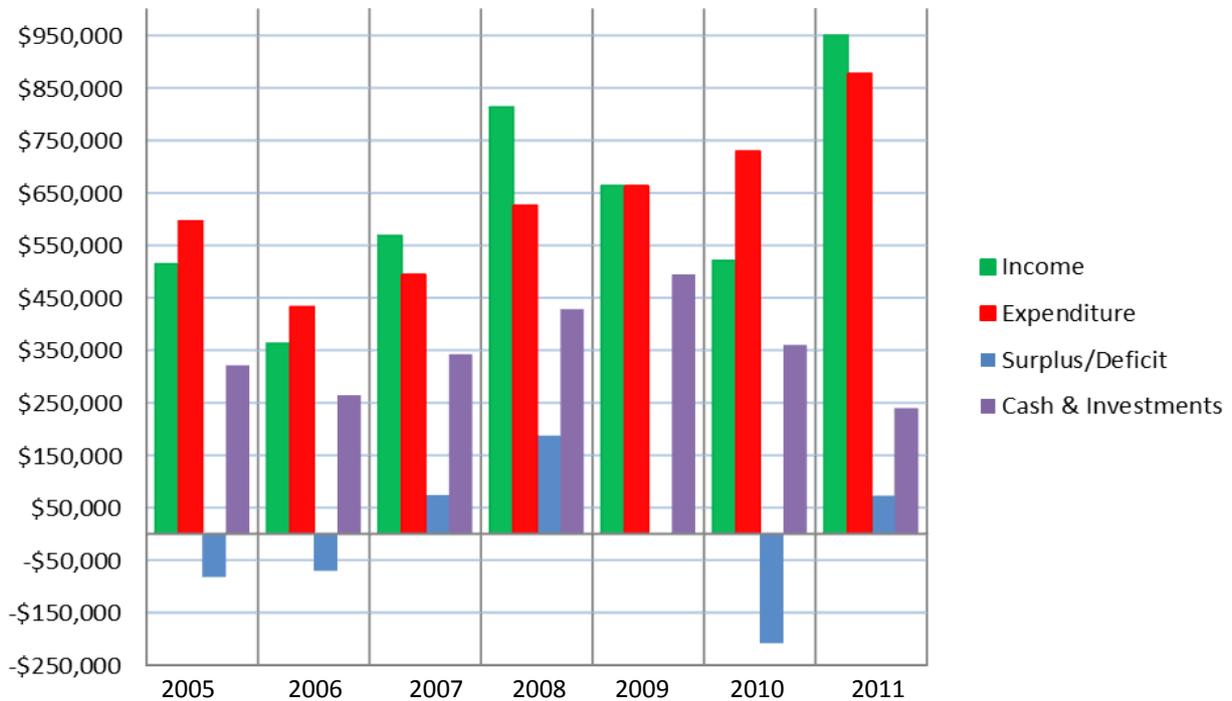


T356 in the Newport Yard

©Steamrail Victoria

8. Our Finances

Over the past 7 years, both income and expenditure have fluctuated year on year but have shown a general upward trend:



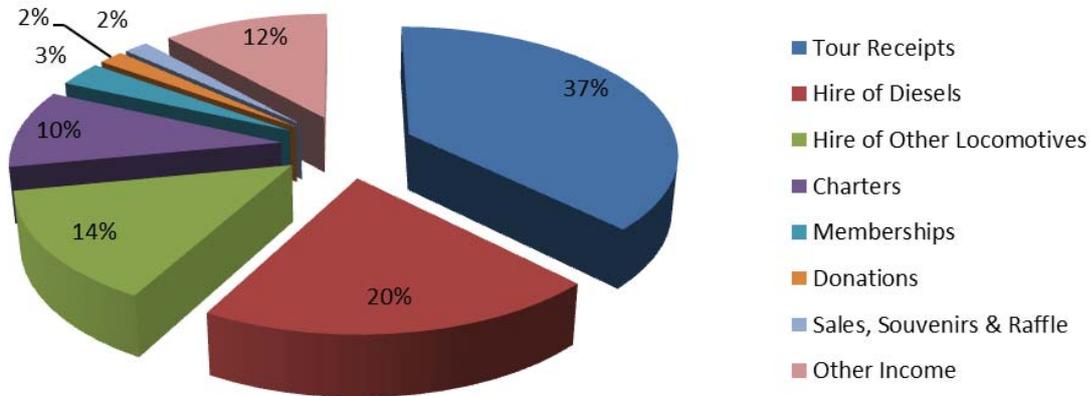
2011 was an exceptional year for us. We had income of \$950,446, a healthy 82% increase on 2010. By contrast, our total expenditure was \$877,643, a much smaller 20% increase on 2010. This allowed us to produce a \$73,150 surplus for the year compared to a deficit of \$208,599 in 2010. At \$28,000 our current debt levels are also extremely low.

Whilst examining surplus/deficit is a useful measure of financial performance, the value of “Cash & Investments” is also a critical measure of the business. It is highly desirable for Steamrail to retain a cash balance of at least \$200,000 to allow for contingencies/unplanned events. This helps future proof the business. In broad terms it is only amounts in excess of \$200,000 that should be put towards restoration work/capital expenditure.

In 2012 we do not intend to run as many excursions. Whilst this will reduce our income, expenditure will also be reduced, producing another surplus.

Income

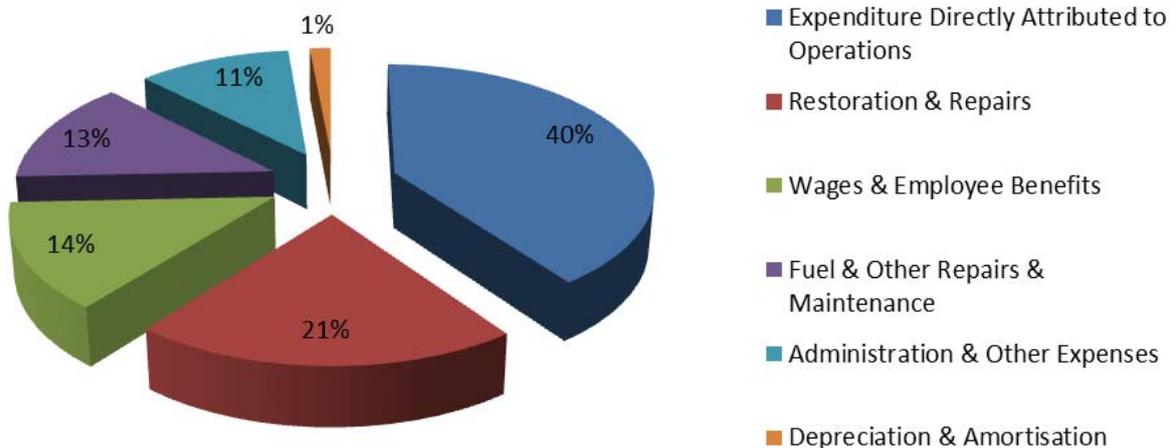
In 2011, our main sources of income were tour receipts, hire of diesel locomotives to commercial operators, hire of locomotives to other heritage operators and charters:



One of our aims is to attract patronage from local, regional, interstate and international markets. In the coming year we will therefore develop a marketing plan to increase awareness of Steamrail in the public, corporate and heritage spaces and to take advantage of business opportunities such as more sponsorship and partnership working. We will also develop a funding strategy to maximise external funding and investment for the organisation.

Expenditure

Our main item of expenditure in 2011 was on tour expenses, followed by restoration and repairs:



Financial Management

Our current budget is shown in Appendix 3. This shows historic data from 2009-11 and projected income and expenditure for 2012 and 2013.

Although Steamrail has remained financially healthy throughout its 32 years of operation, we recognise that financial management is an area we need to improve. During the coming year we will review our budget setting process as part of our new business planning cycle and produce a 5 year forward budget. Combined with our proposed new marketing and fundraising strategies, pricing

plan and review of rolling stock, this will ensure we maximise income, get better control over expenditure and arrive at a much better position to plan for contingencies. We also plan to recruit an accountant (volunteer or part time employee) to oversee financial management.

To better control expenditure we plan to produce a Purchasing Policy in the coming year. This will clarify spending limits and establish controls over expenditure, such as when a specific number of verbal or written quotations must be obtained before making a decision or when a formal tender process must be used.



Putting the final touches to one of our heritage carriages

©Steamrail Victoria

9. Our Plans for the Future

We have identified a set of actions that will help us realise our vision and meet our business objectives.

Leads identified in this section will develop work plans detailing how we will go about delivering the outputs and how we will measure their success. They will then marshal the required resources both from within Steamrail and, potentially, from external sources to ensure successful delivery. Outputs will be reviewed by the Board on a regular basis and as they are due to be delivered. Lessons learned at each stage will be fed back into the annual business planning process.

Objective: To invest in efficiencies and improvements to grow the business.

Action	Lead	When
Review potential and make recommendations on mainline accreditation for Steamrail.	Mark Wolverson	Mar 2013
Create and maintain a five year organisational budget.	Graeme Harrison	Jun 2013 for Aug AGM
Recruit an accountant to oversee financial management (volunteer or part time employee working to a written position description).	Graeme Harrison	Mar 2013
Review day trips, suburban shuttles, weekenders, charters and special events and develop a Services and Pricing Plan.	Les Coulton Graeme Harrison	Mar 2013
Strengthen the contract arrangements for future charters.	Les Coulton	Mar 2013
Recruit a funding manager (volunteer or contract fundraising consultant working to a written position description).	Cathie Skelton	Feb 2013
Produce a funding strategy and funding plan in conjunction with the marketing plan.	Volunteer or contract fundraising consultant appointed	Aug 2013
Review and update Steamrail's Rules to reflect how we have changed as an organisation over the past 32 years.	Mark Wolverson	Jun 2013 for Aug AGM
Establish an annual business planning cycle.	Robert Grant	Nov 2012
Produce a Purchasing Policy.	Robert Grant	Mar 2013

Objective: To restore and operate further examples of Victorian rolling stock when this is the best use of resources.

Action	Lead	When
Resume operation of heritage electric ElecRail trains.	Kevin Clark	Dec 2013
Complete restoration of A ² 986 to operating condition.	Warren Hall	Dec 2013
Review all rolling stock and produce a conservation plan, including restoration, keep-as-is and disposal options.	Les Coulton	Jun 2014 for report to Aug AGM
Complete "K183 Fund" projects (various projects).*	Graeme Harrison Project Leads identified for individual projects.	Dec 2015

* The "K183 Fund" is money held in trust as a result of an insurance settlement following an accident involving steam locomotive K183.

Objective: To develop secure workshop and storage facilities to accommodate all Steamrail equipment by 2015.

Action	Lead	When
Produce a costed proposal for construction of carriage storage facilities.	Rob Wagdin Stuart Thyer Brian Brand	Feb 2013
Build carriage storage facilities.	Rob Wagdin Stuart Thyer Brian Brand	Feb 2014
Engage with stakeholders and develop fit for purpose steam locomotive service facilities.	Mark Wolverson Warren Hall	Feb 2014

Objective: To recruit new members on a continual basis to stabilise membership numbers during 2013 and increase numbers by 10% each year.

Action	Lead	When
Develop a membership recruitment strategy and recruitment plan.	Robert Wagdin	Jun 2013
Review strategy/plan and adjust each year.	Robert Wagdin	Annually in Jun Report to Aug AGM

Objective: To recruit and retain volunteers to balance the organisation's workload.

Action	Lead	When
Recruit a volunteer co-ordinator (volunteer or part time employee working to a written position description).	Stuart Thyer	Feb 2013
Develop a volunteer recruitment and retention plan.	Volunteer or part time employee appointed	Oct 2013
Use existing skills register to implement a rolling engagement and development program for volunteers.	Volunteer or part time employee appointed	From Oct 2013
Carry out a skills gap analysis and implement succession planning.	Robert Wagdin	Feb 2014

Objective: To improve customer satisfaction by better understanding customer needs.

Action	Lead	When
Adjust existing survey and implement interim survey to allow customers to provide quantifiable data.	Cathie Skelton Steve Dalton Robert Wagdin	Oct 2012
Review customer surveys and produce new survey for 2013 (using Business Studies student if available).	Cathie Skelton Steve Dalton Robert Wagdin	Mar 2013
Implement new survey and review results.	Cathie Skelton Steve Dalton Robert Wagdin	Jun 2014 for report to Aug AGM
Continue to develop and focus future surveys each year.	Cathie Skelton Steve Dalton Robert Wagdin	Annually in Jun to report to Aug AGM

Objective: To increase the skills and knowledge of employees, volunteers and members.

Action	Lead	When
Provide customer service training to all public facing personnel.	Cathie Skelton Graeme Harrison	Nov 2012
Prepare roles and responsibility statements for Board members and employees including line management responsibilities.	Mark Wolverson	Nov 2012
Review compliance obligations (excluding rail safety) and prepare schedule for Board approval.	Andrew Skelton Robert Grant	Mar 2013
Provide corporate governance training for Board members and managers.	Andrew Skelton	Apr 2013
Establish an induction program for new Board members.	Andrew Skelton	Aug 2013 to implement following AGM
Finalise our HSE / OHS Policy and Plan.	Andrew Skelton	May 2013
Develop and implement a Privacy Policy.	Andrew Skelton	Jun 2013
Create a secure electronic document library.	Andrew Skelton	Jul 2013
Establish formal line management arrangements and produce position descriptions and training and development plans for employees where these do not yet exist.	Mark Wolverson	Nov 2013

Objective: To ensure operations, maintenance and restoration meet quality and safety standards.

Action	Lead	When
Develop a standards guide for operations activities.	Les Coulton Lionel Camilleri	Jan 2014
Develop a standards guide for restoration activities.	Matthew Marshall	Jan 2014
Develop a standards guide for maintenance activities.	Warren Hall	Jan 2014
Review compliance with standards.	Warren Hall Les Coulton Matthew Marshall	Quarterly from 2014 (Mar, Jun, Sep & Dec)

Objective: To increase public awareness and contact with our heritage railway.

Action	Lead	When
Recruit a marketing officer (volunteer or contract marketing consultant working to a written position description).	Cathie Skelton	Feb 2013
Develop a marketing plan to raise the profile of Steamrail in conjunction with the funding strategy/plan.	Volunteer or contract marketing consultant appointed	Aug 2013
Pre-plan our participation in community events in metropolitan Melbourne and regional Victoria.	Volunteer or contract marketing consultant appointed	Annual program in Mar
Promote excursions and structured activities.	Cathie Skelton	Dec 2012 Ongoing

Our next business plan will cover the calendar year 2014 so that it aligns with our financial accounting year.

Appendix 1: Our Equipment

We have one of the largest equipment rosters of any heritage railway operator in Victoria as well as in Australia! Note: The master document for the equipment roster is Appendix 6 of Steamrail's Safety Management System.

Locomotives			
Number	Type	Owned By	Present Status
A ² 986	Steam Loco & Tender	Steamrail	Under restoration
D ³ 608	Steam Loco & Tender	Steamrail	Stored
D ³ 638	Steam Loco & Tender	Steamrail	Stored
D ³ 641	Steam Loco & Tender	Steamrail	Stored
D ³ 658/639	Steam Loco & Tender	VicTrack	Serviceable
D ³ 677	Steam loco unit only	Steamrail	Stored
D ³ 688	Steam Loco & Tender	Steamrail	Stored
K151	Steam loco unit only	VicTrack	Stored
K153	Steam Loco & Tender	VicTrack	Serviceable
K183	Steam Loco & Tender	VicTrack	Stored
K184	Steam loco unit only	VicTrack	Stored
K190	Steam Loco & Tender	VicTrack	Serviceable
R700	Steam Loco & Tender	VicTrack	Stored
R711	Steam Loco & Tender	Bendigo City Council	Serviceable
R761	Steam Loco & Tender	VicTrack	Serviceable
Y112	Steam Loco & Tender	Sovereign Hill Museum	Serviceable
W843	Loco tender (K class)	VicTrack	Stored
W859	Loco tender (K class)	VicTrack	Stored
W778	Loco tender (D ³ Class)	Steamrail	Stored
601tank	Loco tender (A ² Class)	VicTrack	Stored
602tank	Loco tender (A ² Class)	VicTrack	Stored
B63	Diesel Locomotive	VicTrack	Stored
B72	Diesel Locomotive	Steamrail	Under restoration
M231	Diesel Locomotive	Steamrail	Workshop Pilot
M232	Diesel Locomotive	Steamrail	Stored
S313	Diesel Locomotive	VicTrack	Serviceable
T356	Diesel Locomotive	VicTrack	Serviceable
T364	Diesel Locomotive	VicTrack	Serviceable
T395	Diesel Locomotive	Steamrail	Serviceable
Y164	Diesel Locomotive	VicTrack	Serviceable
E1106	Electric Locomotive	VicTrack	Stored
E1108	Electric Locomotive	Steamrail	Stored
E1109	Electric Locomotive	VicTrack	Under restoration
L1160	Electric Locomotive	VicTrack	Stored
L1162	Electric Locomotive	VicTrack	Serviceable
L1169	Electric Locomotive	VicTrack	Stored
56RM	Diesel Electric Rail Motor	VicTrack	Under restoration

Passenger Cars & Vans			
Number	Type	Owned By	Present Status
12AE	1 st class car (a/c)	VicTrack	Serviceable
3ABE	1 st /2 nd class car	VicTrack	Serviceable
7ABE	1 st /2 nd class & buffet	VicTrack	Serviceable
2BE	2nd class car	VicTrack	Stored
3BE	2nd class car	VicTrack	Stored
4BE	2nd class car (a/c)	VicTrack	Serviceable
17BE	2nd class car	VicTrack	Serviceable
25BE	2nd class car	VicTrack	Serviceable
29BE	2nd class car	VicTrack	Stored
30BE	2nd class car (a/c)	VicTrack	Stored
38BE	2nd class car	VicTrack	Serviceable
46BE	2nd class car	VicTrack	Serviceable
1BCE	2 nd class car/van	VicTrack	Serviceable
5BCE	2 nd class car/van	VicTrack	Stored
1HW	Ex 1 st class car	Steamrail	Stored
18CE	Guard's van	VicTrack	Serviceable
31CE	Guard's van	VicTrack	Stored
500AK	1 st class car	Steamrail	Serviceable
502 Oxley	1 st class car	Steamrail	Serviceable
751AK	1 st class car	Steamrail	Stored
782ABK	1 st /2 nd class car	Steamrail	Stored
600BK	2 nd class car	Steamrail	Serviceable
700BK	2 nd class car	Steamrail	Serviceable
702BK	2 nd class car	Steamrail	Serviceable
703BK	2 nd class car	Steamrail	Serviceable
711BK	2 nd class car	Steamrail	Serviceable
714BK	2 nd class car	Steamrail	Stored
13BL Pioneer	2 nd class car	VicTrack	Stored Serviceable
1AV	1 st class car	VicTrack	Stored Serviceable
32AV	1 st class car	VicTrack	Stored Serviceable
3BV	2 nd class car	VicTrack	Stored
7BV	2 nd class car	VicTrack	Stored Serviceable
8BV	2 nd class car	VicTrack	Stored
18BV	2 nd class car	VicTrack	Stored Serviceable
19BV	2 nd class car	VicTrack	Stored
222B	2 nd class fixed wheel car	Steamrail	Stored
25AW	1 st class car	VicTrack	Stored
64AW	1 st class car	VicTrack	Serviceable
32ABU	1 st /2 nd class car	VicTrack	Serviceable
40ABU	1 st /2 nd class car	VicTrack	Serviceable
63ABW	1 st /2 nd class car	VicTrack	Serviceable
60BW	2 nd class car	VicTrack	Serviceable
61BW	2 nd class car	VicTrack	Serviceable
63BW	2 nd class car	VicTrack	Serviceable
65BW	Underframe only	VicTrack	Stored
66BW	2 nd class car	VicTrack	Stored
67BW	2 nd class car	VicTrack	Serviceable

Passenger Cars & Vans			
Number	Type	Owned By	Present Status
68BW	2 nd class car	VicTrack	Serviceable
70BW	2nd class car	VicTrack	Stored
71BW	Ex 1 st class car	VicTrack	Stored
80BW	1 st /2 nd class & buffet	VicTrack	Stored
14CW	Guard's van	VicTrack	Serviceable
15CW	Guard's van	VicTrack	Stored W/S
2BS	2 nd class car (a/c)	Steamrail	Serviceable
11AS	Ex 201BS, 1 st class car (a/c)	Steamrail	Serviceable
8AS	Ex 206BS, 1 st class car (a/c)	Steamrail	Serviceable
207BS	Ex 5AS, 1 st class car (a/c)	Steamrail	Serviceable
269BZ	Named 'Hobsons Bay'	Steamrail	Serviceable
9BRS	2 nd class car & buffer (a/c)	Steamrail	Serviceable
14BRS	2 nd class car & buffet (a/c)	Steamrail	Serviceable
Moorabool	Club car (a/c)	VicTrack	Serviceable
Wimmera	Buffett Car (Long Bar)	Steamrail	Stored
Werribee	Sleeping car (a/c)	VicTrack	Serviceable
Indi	Sleeping car (a/c)	VicTrack	Serviceable
Coliban	Sleeping car	Steamrail	Serviceable
Inman	Sleeping car	Steamrail	Serviceable
LAN2354	Sleeping car (a/c)	Steamrail	Serviceable
SJ282	Sleeping Car (a/c)	VicTrack	Under Restoration
SJ283	Sleeping Car (a/c)	VicTrack	Serviceable
Goulburn	Crew sleeping car & buffet	Steamrail	Serviceable
Carey	Shower Car	VicTrack	Stored
602 Tweed	Dining Car	Steamrail	Serviceable
607 Richmond	Dining Car	Steamrail	Serviceable
291CP	Guard's van	Steamrail	Stored
292PCP	Power van	Steamrail	Serviceable
470ZD	Guard's van	VicTrack	Serviceable

Goods Vans, Trucks, Wagons & Other Vehicles			
Number	Type	Owned By	Present Status
B91	Box van (4 Wheeled)	VicTrack	Stored
D313	Box van (bogie)	VicTrack	Stored
D320	Box van (bogie)	VicTrack	Stored
D329	Box van (bogie)	VicTrack	Stored
DT341	Box van (bogie)	VicTrack	*
KR140	4 wheel flat	VicTrack	Stored
Qxxx	Flat wagon	VicTrack	Stored
U1796	Louver van (4 wheeled)	VicTrack	Stored
VBBX59	Box van (bogie)	VicTrack	Stored
VBBX74	Box van (bogie)	VicTrack	Stored
VLBY105	Louver van (bogie)	VicTrack	Stored
VLBY122	Louver van (bogie)	VicTrack	Stored
VLBY132	Louver van (bogie)	VicTrack	Stored
VLPF162	Louver van (bogie)	VicTrack	Stored
VLPF100	Louver van (bogie)	VicTrack	Stored
VOAF9	Open truck (bogie)	VicTrack	Serviceable

Goods Vans, Trucks, Wagons & Other Vehicles			
Number	Type	Owned By	Present Status
VWAA2	Well wagon (bogie)	VicTrack	W/S
VZAF31	Box van (bogie)	VicTrack	Stored
VZFA48	Flat wagon (bogie)	VicTrack	W/S
VZFA56	Flat wagon (bogie)	VicTrack	W/S
VZFF55	Flat wagon (bogie)	VicTrack	W/S
VZVF1	Water tank (bogie)	VicTrack	Serviceable
VOBX 244	Open Wagon (bogie)	Steamrail	Serviceable

Elecrail			
Number	Type	Owned By	Present Status
12BT	Swingdoor Trailer	VicTrack	Under restoration
24D	Swingdoor driving trailer	VicTrack	Stored
107M	Swingdoor motor coach	VicTrack	Serviceable
113M	Swingdoor motor coach	VicTrack	Stored
137M	Swingdoor motor coach	VicTrack	Serviceable
156M	Swingdoor motor coach	VicTrack	Stored
208T	Tait trailer	VicTrack	Serviceable
341T	Tait trailer	VicTrack	Stored
48G	Tait trailer	VicTrack	Stored
230D	Tait driving trailer	VicTrack	Serviceable
257D	Tait driving trailer	VicTrack	Stored
147M	Tait motor coach	VicTrack	Stored
267M	Tait motor coach	VicTrack	Stored
284M	Tait motor coach	VicTrack	Stored
317M	Tait motor coach	VicTrack	Serviceable
327M	Tait motor coach	VicTrack	Stored
381M	Tait motor coach	VicTrack	Serviceable
427M	Tait motor coach	VicTrack	Stored
470M	Tait motor coach	VicTrack	Serviceable
2CM	Tait parcels motor	VicTrack	Stored
201BT	Prototype Harris car	VicTrack	Stored
794M	Harris motor coach	VicTrack	Stored
797M	Harris motor coach	VicTrack	Stored
7M	Hitachi motor coach	Steamrail	Yet to be withdrawn
80M	Hitachi motor coach	Steamrail	Stored
89M	Hitachi motor coach	Steamrail	Yet to be withdrawn
99M	Hitachi motor coach	Steamrail	Yet to be withdrawn
222M	Hitachi motor coach	Steamrail	Stored
1946T	Hitachi trailer car	Steamrail	Yet to be withdrawn
1994T	Hitachi trailer car	Steamrail	Yet to be withdrawn
1999T	Hitachi trailer car	Steamrail	Yet to be withdrawn

Appendix 2: Our Statutory Obligations and Compliance

Our activities are governed by a range of statutory requirements and we are committed to ensuring we comply with these.

Associations Incorporation Act and Regulations, and Associations Incorporation Reform Act

As a not-for-profit association, we must comply with the Associations Incorporation Act 1981 (Victoria) and the Associations Incorporation Regulations 1998 (Victoria) until these are replaced by the provisions of the Associations Incorporation Reform Act 2012, which are likely to come into force on 1st December 2012 or earlier. These require that we have a set of “rules” for the association, which govern our internal affairs. The new Act covers such things as:

- the rights of members,
- duties, powers and obligations of the Board of Management ,
- allowing associations to hold Board Meetings and General Meetings via new technology such as teleconferencing,
- “tiered” reporting requirements to Consumer Affairs Victoria (Steamrail currently falls into tier 2 but, if revenue exceeds \$1m in any year it will have to meet tier 3 requirements),
- the right to trade, so long as proceeds are reinvested in the association.

It also codifies certain legal duties that apply to our Board members. The four main ones are:

- to exercise powers and discharge duties in good faith and for a proper purpose,
- to exercise powers and discharge duties with reasonable care and diligence,
- not to trade while insolvent, and
- not to make improper use of information or position.

The new Act introduces civil penalties (fines of up to \$20,000) for office holders found to have fallen short of these duties.

We take these responsibilities seriously and, this year, will review all our compliance obligations, prepare roles and responsibilities statements for existing Board members and establish an induction program for new members elected in 2013. We will also review our rules of association and update them to reflect how we have changed as an organisation over our 32 years of operating.

Rail Safety Act

The main purpose of the Rail Safety Act 2006 (Vic) is to provide for safe rail operations in Victoria. The key elements are the:

- clearly defined performance-based safety duties that apply to operators, rail contractors and rail safety workers,
- rail safety accreditation scheme based on a rigorous assessment and management of safety risks associated with major rail incidents,
- provision for sanctions and penalties proportionate to the nature and severity of the safety non-compliance by rail operators and others.

Our compliance with the Rail Safety Act is clearly defined and documented in our Safety Management System and we have achieved Rail Safety Accreditation. Our policy is permanently

displayed throughout the organisation and we ensure that it is understood, implemented and maintained at all levels. The Policy is reviewed by the Steamrail Board on a bi-annual basis.

Copies of our rail safety policy are signed by the Chairman of the Board and are issued under controlled conditions. The Rail Safety Manager ensures that only the current version of the policy is displayed at all locations and that all relevant persons are advised of any change to the policy.

The review of rail safety is a standard agenda item at the monthly Board meetings. The Rail Safety Manager and/or Safety Committee provides an update on rail safety issues to be discussed by the Board, as well as providing appropriate safety information to assist them in their decision making.

Transport Safety Victoria is responsible for enforcing the Rail Safety Act and it audits our Safety Management System every year to ensure compliance. We also have a Safety Interface Agreement with V/Line, which details our different responsibilities in relation to running trains.

Occupational Health and Safety Act and Occupational Health and Safety Regulations

Steamrail must comply with the Occupational Health and Safety Act 2004 (Victoria) and the Occupational Health and Safety Regulations 2007. Amongst other things, these require that we:

- provide and maintain safe plant,
- maintain the workplace in a safe condition, and
- make sure workers have adequate information, instruction, training and supervision to work in a safe and healthy manner.

We will finalise our OH&S policy and plan during the coming year.

Equipment (Public Safety) Act 1994

Worksafe Victoria is responsible for regulating health, safety and welfare in the workplace under the Occupational Health & Safety Act 2004, but another of its other roles is to regulate high-risk equipment used in public places under the Equipment (Public Safety) Act 1994.

Steam locomotive boilers fall under this Act as “pressure vessels”. Our compliance with the relevant regulations is certified by an annual inspection carried out by a certified boiler inspector. They also ensure we comply with current mechanical standards governing the operation of railway equipment.

Tourist and Heritage Railways Act 2010

The Tourist and Heritage Railways Act 2010 established a regulatory framework to promote the long term viability of not-for-profit organisations providing historical and heritage related rail services, primarily as tourist activities and predominantly in Victoria. Amongst other provisions, the Act has established a voluntary registration scheme for tourist and heritage railway operators.

Steamrail is registered under the scheme, showing our commitment to business best practice and continuous improvement in our operations. It also allows us to access various programs and initiatives made available by Public Transport Victoria. Benefits of working with PTV include cross sector promotion, the provision of specialist workshops and strategic support to individual organisations.

Working With Children Act 2005

The Working With Children Act 2005 ensures that people who work with, or care for, children have their suitability to do so checked by a government body. The Act also covers voluntary organisations like Steamrail.

As a significant proportion of our customers are under the age of 18, we have decided that all our volunteers must have Department of Justice “Working with Children” clearance. This can be applied for through the Post Office and is free for those who intend to work as volunteers.

Insurance

Steamrail maintains a range of insurance with liability limit levels, in accordance with legislative requirements. This includes:

- Public Liability Insurance (\$250m required)
 - \$10m is held by Steamrail,
 - a further \$240m is held by the Victorian Managed Insurance Authority (VMIA) Government Rail Insurance Program (GRIP),
- Employees Compensation via Victorian Workcover Authority,
- Volunteer Worker Insurance.

Insurance required under section 115 of Transport Accident Act 1986 is held directly by the Rail Access Provider.

Others

- The Corporations Act 2001.
- The Federal Privacy Act 1988 and the Privacy (Private Sector) Regulations 2001.
- The Income Tax Assessment Act 1997.
- Tax law covering indirect taxes, including GST, FBT and Superannuation.
- ATO Governance for non profit organisations.

Appendix 3: Our Budget 2009-2013

	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$
Revenue					
Income from Operations	332,573	432,559	878,690	523,345	406,345
Subscriptions & Donations	257,728	57,960	46,520	47,000	47,500
Interest Received	24,517	18,064	19,206	19,500	19,800
Other	48,983	12,479	6,030	6,500	7,000
Total Revenue	663,801	521,062	950,446	596,345	480,645
Expenditure					
Wages & Employee Benefits	(115,505)	(133,489)	(119,212)	(122,788)	(126,472)
Depreciation & Amortisation	(4,617)	(12,132)	(13,153)	(14,000)	(15,000)
Administration & Other Expenses	(146,432)	(95,968)	(96,380)	(99,271)	(102,250)
Restoration & Repairs	(12,815)	(138,066)	(181,947)	(80,000)	(70,000)
Expenditure Directly Attributed to Operations	(96,046)	(251,188)	(350,946)	(108,367)	(81,269)
Fuel & Other Repairs & Maintenance	(288,024)	(98,818)	(115,658)	(121,441)	(31,878)
Total Expenditure	(663,439)	(729,661)	(877,296)	(545,868)	(426,869)
Net Surplus (Deficit) for the Year	362	(208,599)	73,150	50,477	53,776