



PUFFING BILLY RAILWAY





THE JOURNEY SO FAR AND LOOKING TO TOMORROW

Puffing Billy is one of Victoria's major tourist attractions. Loved by visitors and Victorians alike, it is a highly valued tourist destination supported by the efforts of a very large, passionate and committed group of more than 900 volunteers.

No longer is Puffing Billy just a train ride mainly for Melburnians, it is now a major tourist attraction which embraces and values its volunteers and draws an international and national audience of visitors.

Puffing Billy is now the world's largest volunteer based heritage steam railway tourist attraction, larger than any other on a global scale.

Based on current and projected demand and existing infrastructure capability, Puffing Billy is rapidly approaching its visitation capacity of approximately 480,000 visitors.

Due to this extreme visitor demand growth, driven predominantly from international markets over the last four years, the Railway is now planning its operation for tomorrow.

A \$78 million investment in the Railway over 10 years is required to sustain the visitor experience for tomorrow, create 270 additional jobs and generate additional economic value capture of \$19 million.

ONE OF VICTORIA'S MAJOR TOURIST ATTRACTIONS

The Puffing Billy train operates between Belgrave and Gembrook in the Dandenong Ranges and the route takes in the most picturesque and iconic landscapes of the Dandenong Ranges. As part of the journey, visitors take in the history of the Railway operation, engage with the friendly volunteers and immerse into local townships.

Puffing Billy Railway will attract approximately 470,000 visitors during FY17, an all time record for the railway. This compares with 267,000 visitors carried during FY12 and reflects sustained and strong visitation growth.

Visitors to Puffing Billy comprise approximately 60% from international markets and 40% domestic. Key international markets include China, Malaysia, Hong Kong, Taiwan, Singapore, South Korea and India.

Puffing Billy's major attraction peers include The Phillip Island Nature Park, Sovereign Hill and Zoos Victoria. These attractions, in partnership with Puffing Billy, work together to build the visitor economy in Victoria.

Puffing Billy Railway is synonymous with the Dandenong Ranges and it plays a significant role in driving economic benefit to the local communities as a leading tourist attraction. The Railway currently delivers approximately \$10.2 million in value added economic activity, \$6.8 million in wages and 101 paid positions.

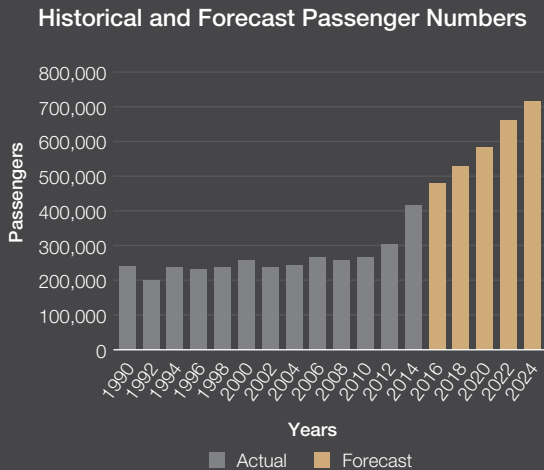
Brand awareness of Puffing Billy is strong particularly with people having an attachment to Puffing Billy from when they were young.

The Puffing Billy experience is not just about a train ride, it's about history, landscapes, leisure, people and place.

ISSUES FACING AN INTERNATIONAL TOURISM ATTRACTION

On the back of this strong **demand growth** the Railway is faced with the challenge of meeting this growth and providing for the ability to accommodate projected growth into the future.

The Railway is projected to meet its maximum passenger capacity next year (2018) of 480,000 visitors per year and, without new investment in strategic infrastructure, will not be able to cope with further demand pressures. [Demand is projected to grow to over 730,000 visitors per year by 2027.]



Tourists now have greater expectations and want a more engaging **visitor experience**. Whilst the core Puffing Billy train ride experience is attractive, the current ability to have a deeper understanding and interpretive engagement is limited.

The ability to offer a richer visitor experience with detailed interpretation, quality food and beverage offerings, education and engagement with new technology will provide significant opportunities for additional revenue generation (increased yield per visitor), repeat visitation and enhance visitor satisfaction.

With over 900 **volunteers** at Puffing Billy, it is one of the largest volunteer based tourism organisations in the State. The volunteers are central to the operation and overall experience at the Railway. Without the volunteers the Railway could not operate. The support and capacity building of these volunteers is crucial to the on-going operation of Puffing Billy.

The maintenance and operation of heritage assets come at a high cost. Whilst the Railway funds its operating costs and has an annual profit after depreciation, its ability to fund major capital works and significant upgrades is limited. A partnership capital **funding** approach is therefore required to ensure that Puffing Billy remains a vital attraction in the future visitor economy.

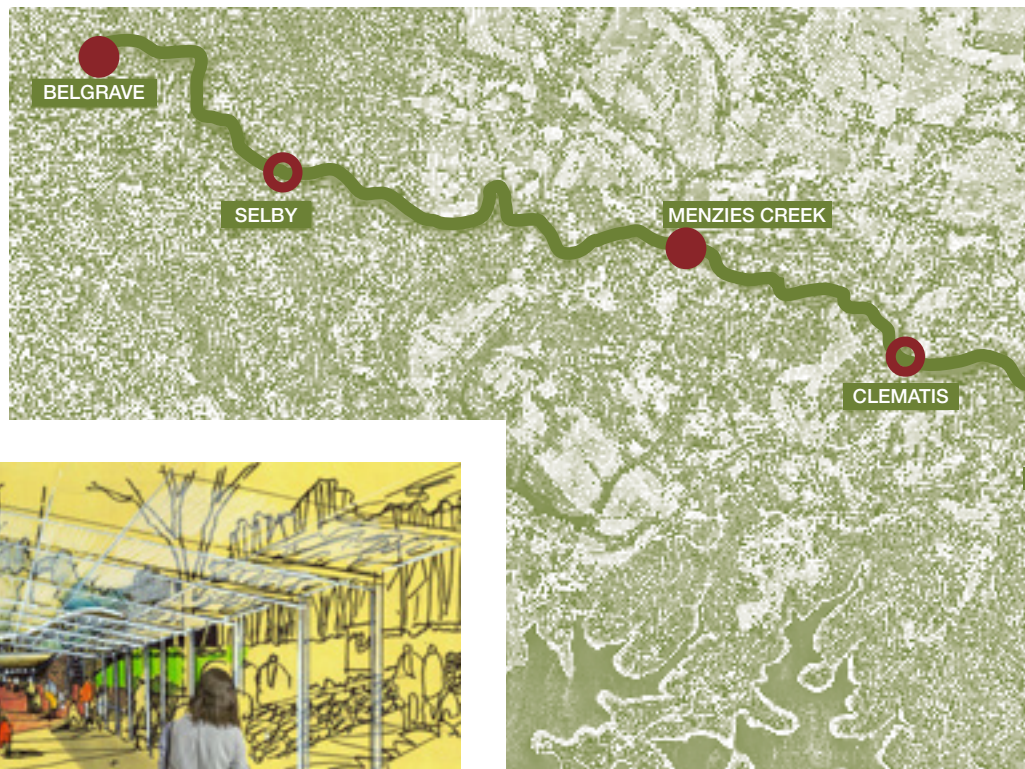
Puffing Billy will reach its maximum visitor capacity in 2018

A STRATEGIC MASTER PLAN FOR TOMORROW'S PUFFING BILLY

The Puffing Billy Railway Master Plan 2017 is the overarching strategic document for Puffing Billy into the future. Overall, the master plan provides for the following:

- The **ability to accommodate visitor demand growth** by increasing the capacity to accommodate more visitors on the eastern end of the railway. Effectively, the Railway will be able to commence operations from a central point and operate on both the eastern and western end of the railway corridor.
- Improvements to the overall **visitor experience** including a Discovery Centre at Lakeside Station, Visitor Centre at Gembrook Station, associated visitor interpretation, quality food and beverage offerings and way finding signage.
- Providing additional opportunities for **revenue generation** as part of the new initiatives which will support the on-going sustainability of the Railway.
- Improvements to **volunteer and staff facilities** to support capacity building and operational efficiencies.
- Upgrades to **bus and car parking, core railway infrastructure and landscape improvements** along the railway corridor.

The total master plan proposals are costed at \$78 million over a 10 year period. Partnership funding is required to deliver the master plan.



▲ Lakeside Station Precinct

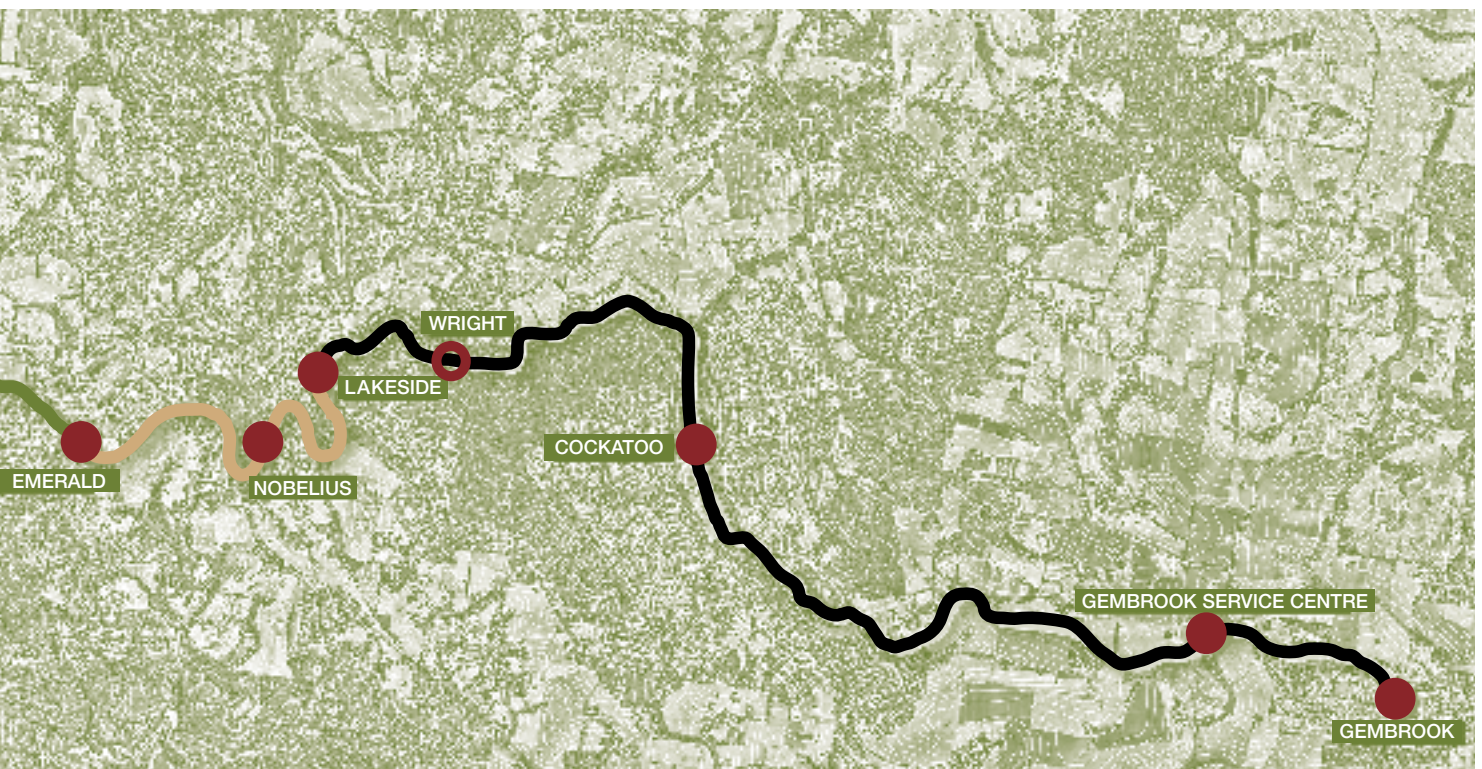
AN INVESTMENT STRATEGY FOR FUTURE PROOFING THE RAILWAY

The business case underpinning the strategy for new investment in the Railway is based on the following principles:

AN INTEGRATED VISION FOR TOMORROW

To ensure Puffing Billy's continued operation into the future and provide for the growth in visitor demand, the following activities have been undertaken:

- **Completion of the Puffing Billy Railway Master Plan** – This provides a strategic vision for the Railway infrastructure, enhancement of the visitor experience and improvements to business strategy.
- **Completion of the Emerald Tourist Railway Board 3-year Strategic Plan** – This provides for key strategic directions to facilitate organisational capacity to deliver on managing and enhancing the Railway into the future.
- **Preparation of a new Act for Puffing Billy Railway (Puffing Billy Railway Act 2017)** – This will replace the current Act which commenced in 1977 and provide a relevant and contemporary legislative framework to manage and develop the Railway into the future.
- **Consolidation of Land Tenure** – Transferring the current two tiered crown land tenure status into one form of land tenure for operational consistency and ease of undertaking project development and operational activities.



- Without strategic investment the operating **visitor capacity** of the Railway would be limited to approximately 480,000 visitors per year.
- The new investment will allow the railway to accommodate current and projected **demand growth** which is anticipated to grow to approximately 730,000 visitors in FY27.
- The Railway would future proof its **financial sustainability** with strategic investment in new revenue streams which would produce increased profitability over 10 years, and potentially during that period, result in cumulative free cash flows of over \$35 million.
- Due to the more efficient **utilisation** of the Railway, Puffing Billy will be able to provide more flexible visitor experience propositions. This will expand product packaging opportunities.
- The new investment would generate **economic benefits** including 270 new jobs in the region and generate additional economic value capture of \$19 million.
- The investment would grow and diversify the **visitor economy** implementing the key objectives and strategies in the Victorian Visitor Economy Strategy.
- Facilitation of an expanded **Volunteer base** to nearly 1100 volunteers (from 900).



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Growing contribution
to the visitor economy
and something Victorians
will be proud of.

Investment in the railway would preserve and enhance Puffing Billy for future generations.

If you were asked... Do you know Puffing Billy Railway?... Your answer would most likely be:

Yes... I remember the great time I had on the Railway as a child...

We would like these fond memories to continue to grow into the future.

