

# THE FUTURE SUSTAINABILITY OF THE RAIL TRANSPORT MUSEUM (NSW) AND 3801 LIMITED - REPORT OF VINCE O'ROURKE ADVISORY GROUP

## SECTION 1

### Scope and Mandate of the Vince O'Rourke Advisory Group

The Deputy Premier, Minister for Transport and Minister for Police, John Watkins MP, announced on the 4<sup>th</sup> of August this year the establishment of an Advisory Group charged with the responsibility of investigating ways to facilitate collaboration between the Rail Transport Museum (RTM) and 3801 Limited. This announcement was part of the overall announcement of the first Sustainable Rail Heritage Asset Management Strategy for New South Wales and the Government's commitment of \$20 million to support the implementation of the strategy.

The Advisory Group has been chaired by Vince O'Rourke former Chief Executive Officer of Queensland Rail, and has nominees of Tim Fischer from Tourism Australia, Brian Nye of the Australian Railway Association and the Ministry of Transport. The newly established Office of Rail Heritage provided Executive support to the Advisory Group.

#### 1.1 Membership

The membership of the Group comprised the following individuals:

Vince O'Rourke	-	former CEO QLD Rail (and Chair)
Owen Johnstone-Donnet	-	Tourism Transport Forum
Liz McNamara (alternate Cassandra Wilkinson)	-	Ministry for Transport
Chris LeMarshall	-	Australasian Railway Association
Marianne Hammerton	-	Office of Rail Heritage (Support)

#### 1.2 Terms of Reference

Within the framework of the sustainable Rail Heritage Management Strategy, announced by the Deputy Premier and Minister for Transport, John Watkins on 4<sup>th</sup> August 2006, the Advisory Group will:

- Assess the sustainability of 3801 Limited and RTM by reviewing their business, operating and asset management plans as well as financial forecast (including a review of the past 5 years).
- Identify options for improved collaboration between 3801 Limited and the RTM in view of the above considerations.
- Provide advice that would ensure a sustainable operating plan for the locomotive 3801.

## **SECTION 2**

### **METHODOLOGY**

#### **2.1 Advisory Group Meetings**

The Advisory Group met six times in total. The meetings were attended by all members and were held on the following dates:

- 23<sup>rd</sup> August
- 11<sup>th</sup> September
- 10<sup>th</sup> October
- 17<sup>th</sup> October
- 24<sup>th</sup> October
- 6<sup>th</sup> November

#### **2.2 Meetings with the Boards of RTM and 3801 Limited**

The Advisory Group also met with the Boards of RTM and 3801 Limited at the beginning and then towards the end to get feedback on the findings and consider this process an important input to their deliberations. The meetings were conducted on these dates.

RTM: 15<sup>th</sup> September and the 16<sup>th</sup> November 2006

3801 Ltd: 20<sup>th</sup> September 2006 and the 17<sup>th</sup> November 2006

The Advisory Group also undertook a site visit to 3801 Limited at Eveleigh.

The outcomes of these meetings provided the Advisory Group with insights into the operations of both organisations and the sustainability challenges facing them into the future.

#### **2.3 Sustainability assessment by John Hearsch**

An independent expert, Mr Hearsch was contracted to undertake an assessment of RTM and 3801 Limited with respect to their capacity and capability. John Hearsch is an experienced former rail operations executive. He brought current heritage operations experience to the task through his membership of the Emerald Tourist Railway Board, representing the Victorian Minister for Transport. This statutory corporation is responsible for the operation of the well known 'Puffing Billy' tourist railway in Victoria's Dandenong Ranges.

The Advisory Group set terms of reference for this assessment. It is important to note that the assessment was a snapshot of the RTM and 3801 Ltd at that point of time and not intended, given the time constraints, to be a fully detailed organisational review. In particular Mr Hearsch was to assess the sustainability of 3801 Limited and RTM, reviewing their past five years and forward projections through analysis of:

- corporate business and marketing plans
- organisational structures, governance, staffing and volunteer strategies

- train operations
- safety systems and accreditation
- Asset management plans including conservation management practice
- Business performance and financial forecast with particular reference to
  - Sources of revenue (passenger, commercial, government etc)
  - Expenses, including recurrent maintenance
  - Capital expenditure
  - Marketing spend

In addition, the analysis also incorporated the findings of the review of engineering systems of both organisations undertaken by Alan Gardner.

The Hearsch Report relied upon both the RTM and 3801 Ltd providing information, reports, plans, financial information and access to various personnel within the respective organisations. The organisations did provide a range of printed information which informed John Hearsch's considerations. To supplement this, interviews were conducted with the organisations, which were transcribed and subsequently endorsed by the respective individuals.

## SECTION III – Findings

### 3.1 Policy Context

The Advisory Group approached the terms of reference having cognisance of several Government endorsed policy positions with respect to rail heritage. The Advisory Group undertook their investigations and deliberations within this context. These policy positions are:

- The **legal status of the locomotive 3801** is clear - it reverts to the RTM's custody on the 27<sup>th</sup> November. This is consistent with Crown Solicitor's advice to the Government that it could not unilaterally decide to amend or suspend the terms of the 3801 Limited lease agreement. The terms of the original vesting agreement remain in force and the Government has no discretion to alter them without the concurrence of the RTM which is not forthcoming. The Advisory Group acknowledges that custody of the locomotive reverts to the RTM on the 27<sup>th</sup> November 2006 and makes its recommendations accordingly.
- The **future of the Large Erecting Shop**, is dependent upon the outcome of the strategic study underway to identify the RailCorp operating railway requirements for the whole of the South Eveleigh site. Any surplus lands will subsequently be vested to the Redfern Waterloo Authority, consistent with Government's policy. The Large Erecting Shop has not figured in the Advisory Group's recommendations.
- The Government's endorsed **Sustainable Rail Heritage Asset Management Strategy** provides for the ongoing future of State owned rail heritage assets in New South Wales. The Strategy introduces the principles of total asset management across the core Government rail heritage collection and requires the network of third

party custodians (of which 3801 Limited and RTM are members) to manage the Government's assets accordingly. The Strategy also establishes the Office of Rail Heritage to oversee implementation and ongoing sustainable management of the Government's core rail heritage collection as well as management of the relationships with the custodial groups. The Advisory Group was conscious of developing advice and proposals which were consistent with the Strategy.

## **3.2 Analysis of Findings**

The Advisory Group findings are drawn from two sources, namely the Hearsch Report and meetings with the RTM and 3801 Ltd Boards. The Hearsch Report provides detailed information on the key elements of sustainability, comparing the activities and approaches of the organisations and making observations on their capability and capacity. Meeting with the respective Boards provided the Advisory Group with the opportunity to test their perspectives on the current and future sustainability challenges facing them. These latter findings were used to form a gap analysis building upon the findings of the Hearsch Report and taking into consideration the Government's endorsed policy direction inherent in the sustainable Rail Heritage Asset Management Strategy.

### **3.2.1 Sustainability Assessment**

The Advisory Group developed essential elements of future sustainability that apply to any rail heritage organisation having custody of Government assets. A summary of the elements and findings against each are found below.

#### ***Organisational structures, governance, staffing and volunteer strategies***

Key finding:

##### **RTM: Governance**

Membership of 1840.

Democratically elected Board of 10; Constitution now has provision for appointment of up to 3 non-elected Directors.

Has a Finance and Audit Committee in place and a proposed Board Committee structure.

##### **Organisational Structure**

Has Board of Directors overseeing an on-site Management Committee.

Board makes strategic decisions with mainly volunteers in key management positions, paid Maintenance Manager.

Has adopted a proposed future structure consistent with Corporate Plan with implications for financial and transition management.

##### **Volunteer Strategies**

Has 300 volunteers. Have recently undertaken a survey of volunteer skills and drafted a volunteer strategy which covers induction and training, safety and code of conduct. As yet, while co-ordinated through the Board, there is no one formally assigned to the management of volunteers.

There is a crossover of volunteers who work for both companies, particularly in crewing.

### **3801 Ltd: Governance**

Membership of 16, by invitation

Governance rests with Board of 8 and delegated responsibility to General Manager and management team.

Has a Board Risk and Safety Committee which focuses on rail safety and OHS but does not cover risk.

Provision made originally for membership of ARHS NSW and RTM but this ended in 2005 with change to Constitution.

#### **Organisational Structure**

Has a General Manager and Executive Committee comprising Divisional Managers

#### **Volunteer strategies**

Has 130 volunteers co-ordinated through a Volunteer Liaison Manager (who is also a Volunteer). No evidence of any input to the Board or Management decision making.

#### ***Advisory Group Analysis***

Both operate within Corporations Act, but constitutionally different. RTM allows members voting rights and 3801 Ltd Board draws from its limited membership base.

Governance needs refining to accommodate changing custodial responsibility over core assets, e.g. significant upgrade of Thirlmere and boiler overhaul for 3801 Ltd.

Given the endorsed sustainable Asset Management Strategy, it is essential to ensure that the custodial arrangements in place for the future management of Government assets reflect appropriate control and expertise at governance level.

A key issue going forward is the capability and expertise of Board Members and the development of a strategic partnership with Office of Rail Heritage.

Changing custody arrangements will mean increased scrutiny and involvement of Government.

Any new governance structure should enable an appropriate level of volunteer/member input to decision-making.

Future sustainable operations require an appropriate balance of paid staff: volunteers – there is an opportunity to design an improved balance to under-pin sustainable train operations for the future.

Given the current operating and maintenance expertise of these organisations, there are potential synergies in combining the staff and volunteer experience.

#### ***Corporate business and marketing plans***

Key finding:

- the RTM has a detailed corporate plan for the period 2006-2010. 3801 Ltd has a mission statement but no formalised corporate or business plan.
- Neither organisation has a documented marketing plan.

### **Advisory Group Analysis**

Neither has robust business plans on the table and both are looking to Government for support – RTM, with the prospect of operating the upgraded Thirlmere facility in a sustainable way; 3801 Ltd in its request to the Premier of 23/10/06 for \$300,000 to meet its obligations.

Additionally it is expected that custodians will integrate marketing expertise, operational and asset management planning with their overall business and financial planning.

Given the Government's sustainable Rail Heritage Asset Management strategy, custodians are now expected to plan ahead routine maintenance and capital upgrades where they operate core state assets.

### **Train Operations**

Key finding:

RTM: In 2005/06 RTM operated mainline tours for 45 days, 22 of loop-line steam shuttles 9 days of mainline charter operations and 12 days of locomotive hire to other heritage organisations. This included the co-ordination of heritage train operations for NSW's 150<sup>th</sup> railway celebrations.

RTM have computerised systems for crew rostering, tour programming scheduling, booking, accounting and communicating with RailCorp and RIC for train access.

3801 Ltd: 3801 operated 52 days in 2005/06 and was chartered on 4 occasions while diesels primarily operated on the Cockatoo Run and undertook commercial ballast work. With the main focus being 3801 the Company has effectively standardised arrangements which means less management effort and planning and implementing tour operations. Train operations record systems, crew records and office systems are computerised.

3801 has been operated with a high level of reliability over 20 years reflecting the dedication and professionalism of its staff and volunteers.

### **Advisory Group Analysis**

Evidence from heritage operation experience in Australian (and internationally) suggests that three is a minimum steam fleet; this enables good asset management and maintenance and the capacity to program ahead for the broader tourist market. A larger fleet allows scheduling of services to achieve a balance between conservation and public access. It also provides capacity for regular services across regional NSW heritage precincts.

Integrated operations would be enhanced by the inclusion of Powerhouse Museum rollingstock under an appropriate conservation and operations regime.

Again including the available core Government owned carriage sets in this integrated approach would optimise their use.

While there is an investment planned in an upgraded maintenance facility at Thirlmere, consideration needs to be given to accessing layover facilities in the metropolitan mainline network.

### **Safety systems and accreditation**

The Key Findings:

RTM: Has NSW and Victorian accreditation. Working on revised Safety Management System (SMS) to comply with new National Accreditation Package including development of risk register. Reliance on paper based systems.

3801 Ltd: Has accreditation in NSW; SMS in place and needs to integrate risk register components.

#### **Advisory Group Analysis**

Compliance with the new National Accreditation Package is proposed to take effect for the tourist and heritage railway sector section from 1 January 2007. This is challenging for all heritage operators given the effort involved in improving their SMSs

Having one SMS for the two organisations would make sense from a resourcing, training and risk management perspective. For instance, this would mean more streamlined track access and insurance arrangements.

### **Marketing**

Key finding:

RTM: Successful Southern Aurora operation; planning underway for significant expansion of heritage operations through Legends of Steam program and more charter and corporate clients. Web site used for marketing but secure site for on-line bookings needed to maximise potential market penetration.

3801 Ltd: Has developed niche markets and has preliminary plans for additional products; has secure on-line booking system. Currently, the majority of bookings are taken by telephone or post.

#### **Advisory Group Analysis**

Tourist market (including international) not yet tapped. An integrated suite of products for different market segments is essential to position rail heritage as an attractive tourism experience, e.g. tailored family and school friendly tours are currently not a target market.

Rail Heritage Central well positioned to provide a single, improved customer interface for bookings to complement telephone, web and mail bookings.

Innovative, skilled marketing expertise is clearly needed to develop new markets and products.

## **Asset Management**

### Key finding:

RTM: Has huge inventory of locomotives and rolling stock, most of which is non-operational. Conservation policy requires fully detailed planning for restoration; mandatory use of conservation Management Plans and related operating protocols.

Implementation of computer based record keeping for its asset management and maintenance is needed, particularly given planned operational activity "ramping" up.

Quality of on-site facilities at Thirlmere needs dramatic improvement and maintenance facility is basic and over-taxed.

RTM has demonstrated a consistent pattern of engagement with State Rail to meet requirements of custodial agreement in relation to assets.

3801 Ltd: Has a mix of State owned, company owned and privately leased rolling stock all in the Large Erecting Shop, of this two are designated heritage locomotives.

Large Erecting Shop base needs upgrading and does not have lifting (crane) capability. It is currently earmarked for vesting to the Redfern Waterloo Authority, subject to land use plan.

Has "adequate" record keeping and procedural information to attain an appropriate level of maintenance.

3801 Ltd has been less consistent, resulting in some works being undertaken without clear agreement of the asset owner.

### **Advisory Group Analysis**

The relationship between SRA and the Office of Rail Heritage is implementing an asset management plan for core assets including routine and capital improvements. This requires close co-ordination between custodian and asset owner to ensure priorities are reflected in the plan. This transparent process also enables custodians to plan and budget with confidence.

## **Budgeting and Financial Performance**

### Key finding:

RTM 2005/06: surplus of revenue over expenditure of \$34,293, inclusive of funding a number of projects from its own resources.

RTM's Board oversights budget through Finance and Audit Committee has Treasurer managing cash flow and cash management. Board is moving to implement a more formal financial management system.

In the last 5 years RTM have received Government funding (approximately \$360,000) to restore rolling stock for specific purposes such as the 150<sup>th</sup> celebrations.

To date has adopted an approach that almost all re-current costs have to be self-funded. This philosophy is reflected in their last 5 year financial performance and shows modest surpluses (in 2005/06 it was \$34,293).

Any revenue growth has arisen from activities other than train operations such as merchandise sales and membership fees.

3801 Ltd: Applies an analytical process to both its budget and actual financial performance which can be likened to a flexible budgeting system.

Annual revenue has grown in last 5 years, but rate of increase slowing 2002/03 onwards. It comprises passenger and charter increase plus revenue from commercial ballast work for RailCorp (40% in 2005/06). Over the last 5 years, operating costs have varied between 81-90% of total revenue and any generated surpluses have not been significant. This has put pressure on a Company needing to accommodate one-off significant capital items to keep 3801 operational.

Fairly substantial loss in 2005/06 (unaudited result), with 3801 Ltd letter to Premier of 23/10/06 requesting \$300,000.

Given this, the Company's ability to fund significant works of a capital nature such as a new boiler/major boiler repairs is questionable.

In the last 5 years Government has provided funding of approximately \$1.1m for the restoration of the Commissioner's Train and SMR 18 and \$50,000 for 3801 boiler repairs.

#### **Advisory Group Analysis**

To be sustainable any heritage train operator needs a financial management system informed by its short and medium term operational and asset management priorities. Neither 3801 Ltd nor RTM has this level of sophistication.

Neither organisation would appear to have financial modelling capability to support current and future business development.

Commercial experience needs to be built on and enhanced as does marketing.

Both organisations continually "struggle" to survive and do not have the capability to fund major capital works, e.g. boiler upgrade of 3801.

Separately they do not have the ability to develop and grow to ensure long term sustainability of heritage assets and businesses.

#### **3.2.3 Summary**

In summary: neither RTM nor 3801 Ltd have the capability or capacity to be sustainable in their own right into the future and alignment of Government's assets and investment will not be optimised for the benefit of the New South Wales public.

### 3.3 Current context/emerging challenges

Apart from the more immediate issues raised by 3801 Ltd and RTM representatives with John Hearsch, there are some further developments and emerging challenges of relevance.

The Sustainable Rail Heritage Asset Management Strategy (endorsed by Cabinet in June 2006) requires the Office of Rail Heritage to care for and ensure community access to core heritage assets through custodial arrangements with precinct and special interest groups throughout NSW. The Office is facilitating collaboration and alignment where possible in the interest of a sustainable rail heritage industry. One of the implications is that there needs to be better planned and programmed use of State owned heritage rollingstock by rail heritage operators for the benefit of communities across NSW, to complement the largely static heritage collections of the precincts and ensure a sustainable balance of operational use and conservation of the rollingstock. For the first time, through the Office of Rail Heritage, an asset management plan is being developed that identifies the maintenance and restoration priorities of all the State owned rail heritage assets. This in turn, will reflect the requirements of heritage train operators. This means there is a greater chance that these icons will be around for future generations to enjoy.

Enhanced Safety Requirements: All tourist and heritage operators are facing significant investment in improved safety systems in order to comply with the new National Accreditation Package from 1 January 2007. Both RTM and 3801 Ltd are on this journey towards compliance and, in due course, meeting the challenge of sustaining improved systems. The impact of the national safety accreditation requirements should not be underestimated.

Future Markets: There is no vision for and no systematic approach whereby the rail heritage industry develops products in response to tourist, family, school and other market segments. The planned upgrade of the Rail Transport Museum at Thirlmere adds some urgency to this challenge. It is essential to apply the necessary innovative and skilled expertise to address this and better position rail heritage industry attractions relative to other attractions on offer. Neither RTM nor 3801 Ltd are well positioned to respond to this broader marketing challenge and opportunity.

Volunteer and Staffing Challenges: There is a broader challenge of the rail heritage industry attracting and retaining volunteers in its own right and in competition with other not-for-profit causes/ventures. RTM and 3801 Ltd have relatively static volunteer groups; again a more sophisticated approach to recruitment and retention of volunteers is integral to sustainable rail heritage operations in the future.

A current feature of the rail heritage industry is the declining levels and ageing of staff with relevant skills and experience. There is an urgent need for the transfer of specific rail heritage related skills from older to younger staff. This is also a focus for the Office of Rail Heritage. There is evidence of a reliance and interdependency between some of the operational staff of RTM and 3801 Ltd for advice and support and a large overlap in drivers involved in both organisations. This practice of sharing access to scarce specialist skills will be an ongoing challenge for the rail heritage industry in Australia.

### 3801 Ltd - Recent Developments

In the course of the Advisory Group process, and further to information provided by 3801 Ltd to John Hearsch about their financial position Board Chairman, John Glastonbury, wrote to the Premier on 23 October 2006 about the Company's position. Of particular concern to the Advisory Group, which has been provided with this correspondence by 3801 Ltd, is the Company's request for funding of \$300,000 and their indication that appointment of a voluntary administrator is under consideration. More recently, at its meeting with the 3801 Ltd Board on 17 November, Advisory Group members present were informed that, while "a number of options" to respond to their situation are under consideration by the Company, some staff levels may need to be reduced.

In short the Advisory Group does not have a clear sense of the 05/06 (currently unaudited) financial position of 3801 Ltd. It has come to our attention that 3801 Ltd has some outstanding creditors from 2005/2006, including the Powerhouse Museum.

### RTM – Recent Developments

Having a track record of "living within their means" is not necessarily positioning RTM well to meet the challenges associated with the Rail Heritage Centre upgrade project at Thirlmere. In this context ORH and RTM, as project partners, both recognise that a quantum leap in capability and capacity (including volunteer base), is needed in order for the proposed attraction to be successful.

## **4. Recommendations**

Having concluded that the current operations of RTM and 3801 Ltd are not sustainable in the short to medium term (without Government funding in any event) the Advisory Group has considered two scenarios for improved collaboration between 3801 Ltd and RTM with the objective of achieving long term sustainability.

### **SCENARIO 1: Locomotive – Specific Collaboration**

26 November: 3801 Limited's 20 year lease ends; 3801 reverts to RTM consistent with Crown solicitor's advice.

- **27 November:** RTM takes Locomotive 3801 to the Hunter Valley Training Centre, Maitland (with some 3801 Ltd crew involvement).
- **December - January:** Project superintendent, Alan Gardner (Puffing Billy expert) undertakes condition assessment of 3801 drawing on skilled Technical Panel comprising Craegh Maywald (3801 Ltd), Jim Martin (RTM), Ross Goodman (Powerhouse Museum), and Clyde Harrison (boiler inspector). Assessment identifies specifics of overhaul program (work to be undertaken and timing), operating life and related maintenance regime until overhaul.
- **December - February:** Office of Rail Heritage, informed by Condition Assessment of 3801 and recommended level of operation, facilitates a shared access to 3801 arrangement for RTM and 3801 Ltd. This requires RTM concurrence and involvement of RTM and 3801 Ltd General/Operations Managers. Program developed for period until 3801 due to return to Maitland (HVTC) which takes into account regular heritage steam events (usually graced by 3801), precinct/regional opportunities and provides reasonable coverage of NSW.

N.B. Powerhouse Museum (PHM) involvement through making their operating steam locomotive 3830 available through this integrated arrangement, would further enhance this scenario.

## **SCENARIO 2: Staged Alignment**

- On or around **26/27 November**, Minister announces key elements of this approach, namely:
  - (Confirms) legal position that locomotive 3801 reverts to RTM
  - (Confirms) Locomotive 3801 goes to HVTC on 27 November 2006 for assessment and upgrade under expert Project Superintendent
  - Shared access to locomotive 3801 by 3801 Ltd and RTM, with RTM concurrence, facilitated by ORH
  - Establishment of Steering Committee to design integrated model for operating State heritage rolling stock and upgraded Rail Heritage Centre at Thirlmere, building on strengths of 3801 Ltd and RTM.
  
- **December - January:** Project superintendent, Alan Gardner (Puffing Billy expert) undertakes condition assessment of 3801 drawing on skilled Technical Panel comprising Craegh Maywell (3801 Ltd), Jim Martin (RTM), Ross Goodman (Powerhouse Museum), and Clyde Harrison (boiler inspector). Assessment identifies specifics of overhaul program (work to be undertaken and timing), operating life and related maintenance regime until overhaul.
  
- **December - February:** Office of Rail Heritage, informed by Condition Assessment of 3801 and recommended level of operation, facilitates a "shared Access to 3801" arrangement for RTM and 3801 Ltd. This requires RTM concurrence and involvement of RTM and 3801 Ltd General/Operations Managers. Program developed for period until 3801 due to return to Maitland (HVTC) which takes into account regular heritage steam events (usually graced by 3801), precinct/regional opportunities and provides reasonable coverage of NSW.

N.B. Powerhouse Museum (PHM) involvement through making their operating steam locomotive 3830 available through this integrated arrangement, would further enhance this scenario.
  
- **December – January:** Steering Committee to design an integrated model (Company) is convened with objective of implementation of the endorsed model by 1 July 2007. Features of the company should include:
  - Volunteer and member involvement
  - Governance which includes rail heritage industry representatives, independent expertise and Government nominees
  - Commercial focus (solid financial base)
  - Coverage of two business entities

- Mainline steam and other heritage rolling stock, involving Government's operating steam rollingstock to be a separate business (supported by one integrated booking system with Rail Heritage Central at Central Station to be public face of sales)
- Thirlmere Rail Heritage Centre, although also managed separately, to come under same Board

Minister nominates an independent Chair to the Steering Committee, and invites two nominees from RTM and 3801 Ltd, one from Powerhouse Museum, two from business/marketing/tourism, one from the Office of Rail Heritage within RailCorp and one from the Ministry of Transport.

RTM and 3801 Ltd involvement to be on a basis that they are not expected to commit to wind-up of their respective companies as a pre-condition.

**SCENARIO 2 (Staged Alignment)** is preferred by the Advisory Group as it:

- Provides a response to the challenge of securing long term sustainable arrangements for assets currently in the custodianship of RTM and 3801 Ltd
- Addresses the fundamental sustainability challenges facing both organisations and creates a new organisation that provides a sustainable long term custodian for the State's rail heritage.
- Broadens the focus from a single icon to include other operating iconic assets while also providing certainty regarding the future operations of the locomotive 3801.
- Institutes "shared access" to loco 3801, making collaboration at operational level mandatory; this requires participants to immediately begin building a partnership that will form the basis of the new organisation.
- Positions the rail heritage industry for development and growth in tourism and community patronage.

However the Advisory Group is also conscious of the significant risks involved in planning for integrated arrangements if the members and volunteers are not sufficiently engaged in the transition.