

EFFECT OF CESSATION OF TRAMCAR OPERATION ON THE BRISBANE TRAMWAY MUSEUM

Peter Hyde

The Brisbane Tramway Museum is perhaps the leading expert (if that be the correct terminology) in the arcane subject of ceasing and re-commencing tram operation, having now performed the procedure three times.

The first occasion was in the late 1980's when major damage occurred to the 11,000 volt oil circuit breakers feeding our traction substation. The cause of this was never completely identified, but is most likely attributable to a surge arising from a lightning strike to the supply network somewhere nearby.

The opportunity was taken during this service suspension to replace old second-hand span poles and to relay some sections of sleeper track in mass concrete.

Public operation resumed at Easter.

The second occasion was a planned and orderly exercise in 2002 when work began on the construction of two large workshop buildings. This involved extensive earthworks, the partial demolition of the old workshop building and the removal of some 50m of mass concrete track in the middle of our short operating line for installation of points leading to the new shed, and a turnout in the depot access track. Thus it was an inevitable decision that the whole site would have to be closed to the public since, in effect, it became one whole construction site with silt fences and hazards strewn from one end to the other.

The last public operation was on Sunday 16/6/02.

All this and a COTMA Conference site visit due on 29/7/02! (Those who visited will well recall the state the place was in!)

Public operation resumed on 19/1/03.

Sunday visitors rapidly returned and for the period to 30/4/03 attendance was about 50% above the corresponding period the previous year. Group charters did not recover so well. This was due in no small degree to a local media frenzy about threatening the lives of innocent school children by allowing them to travel in buses not equipped with seat belts. This all but eliminated school visits since there were hardly any buses (as distinct from long-distance coaches) available in Brisbane at the time which had seat belts.

We feel that the reason for the rapid recovery of Sunday visitor numbers was that the closure had been advertised as being for a positive purpose and for a specified time. In reality, re-opening was much later than originally advised because prolonged rain played havoc with the construction program, but people understood this. After all, the rain had fallen on them too, despite the prevailing drought!

The third occasion arose from the same issue that impacted other Museums – Public Liability Insurance. Like Adelaide, our last operating Sunday was 27/4/03 and the last operation was a charter on Tuesday 29/4/03. Unlike Adelaide, we were unable to access an insurance scheme for static opening, though the consensus of opinion amongst members was that this would not be successful in any case since the “experience” of the

tram ride is an essential component of a visit to an enterprise such as ours. After all, a tram in a glass case may look as pretty as a stuffed dodo in a glass case, but if the dodo were to move around – imagine the difference.

The Brisbane City Council provided much needed advice and support in negotiations with insurance companies, and finally a suitable policy was obtained – at a cost about \$16,000 more than had been paid previously. Accordingly entry prices were raised to the maximum that we thought the market could bear and family discount tickets were discontinued.

The re-opening of the Museum on Saturday 11/10/03 was timed to be part of a local festival sponsored by the Brisbane City Council and we benefited from the associated publicity. We even offered free admission on the day. Needless to say, with free admission, the day was a great success with souvenir sales almost compensating for the forsaken ticket revenue. Normal Sunday operation resumed the following day.

Ordinary Sunday visitor numbers have been very slow to recover. Charter visits were also slow initially, though staged a sudden recovery in May 2004.

Many people presume that we are still closed since many other rail-based operations in Queensland are in that situation. Also, the summer just ended has been a very unpleasant one – one of the hottest and most humid ever recorded. One the worst day of all, Sunday 22/2/04, when the temperature was just over 42deg, attendance was zero. The first time this has ever happened. There were also severe storms.

We feel that the reasons for the slower recovery this time compared to the previous occasion may be summarised as below.

Closure for Building Work	Closure for Insurance
Identified period Positive purpose Visible works on site Expectation of improved facility Average weather on re-opening	No resolution date Negative publicity Complete absence of activity on site Anticipation of doom Poor weather on re-opening

We believe that the slow initial recovery of charter visits followed by a rapid increase is due to the long lead time involved. Many organizations plan their activities well in advance – up to a year for some seniors' clubs while schools plan by semester. Thus their planning could not even commence until we had actually re-opened. The occurrence of the Christmas holiday period shortly after re-opening also contributed adversely.

As for the future. While there is an expectation of establishing a state-wide insurance policy through the newly formed Association of Tourist Railways of Queensland, we accept with regret that premium costs far in excess of those applying for the last 20 claim-free years are now a permanent feature of our operations. This will have a significant on going adverse effect on our ability to fund restoration and expansion of facilities generally.

EFFECT OF CESSATION OF TRAMCAR OPERATION ON THE PERTH ELTRIC TRAMWAY SOCIEY

Bob Pearce

Preamble

Back in June 2002, PETS had heard rumours of price hikes with premiums for PLI, but they were nothing like what we eventually discovered. The problem was supposedly to do with September 11 2001 in New York, and the collapse of HIH. PLI was simply unobtainable for low rates anywhere in the world as companies withdrew from the market. (Our insurer, St Paul's had pulled out of the market in Australia, leaving QBE as the only insurer, but charging premiums totally beyond our reach.) Following the return to Perth after the COTMA conference of 2002, where alarming tales of premiums of \$100,000 and more were mentioned, we contacted our Insurance Brokers, Stanley G Plantzos Pty Ltd, specifically Grant Sigvart whom had attended the last two conferences, and requested information regarding what our insurance premiums were likely to be for the next year.

The quotes that came back were shocking to say the least, with amounts between \$45000.00 and \$60,000.00 being the most likely. A price had also been received from an overseas firm (based in the Philippines I think) for about the same price as we paid for 2002 i.e. \$8500. However, further checks showed that the company concerned was not listed with the Australian Prudential Regulatory Authority and we understood that the Australian and WA Governments were not satisfied that any claims made against such a policy would be able to be met.

PETS was advised that the company therefore was not recognised as being an eligible company with which to deal. Given that we have never had a claim against our PLI, you can appreciate we thought we were a little hard done by, and that perhaps the situation was not very fair. Many rail based museum and tourism groups were forced to shut down as their own PLI lapsed. In Victoria, a scheme was set up where the Government took on the PLI cover and at greatly reduced rates from those being quoted in the private sector.

Not being based in Vic, we of course could not apply to be part of that scheme.

Initial Action

As a result, Bob Pearce (Secretary of PETS) went to see the Society Patron, Phillip Pandal MLA, and explained the situation to him, with the suggestion that perhaps the State Government Insurance Organisation might be able to insure us and other similar groups for PLI at affordable premiums. We suggested that the groups should be non-profit and have some community benefit, such as the trams and trains in Whiteman Park.

In October 2002, members were advised through the Society's Newsletter "Carbarn", that the **Public Liability Insurance** (PLI) issue was now causing the Council great concern. Council has been actively seeking affordable PLI for many months, in consultation with other tram and railway preservation groups both in WA and interstate, without success.

At the time of writing this message, we still did not have any idea as to whether we were going to be able to get affordable Public Liability Insurance to continue operating when our current policy became due for renewal in early December. Estimates from our

Brokers still suggested a premium of \$45,000 (or as much as \$60,000), which clearly was not affordable to the Society.

However, our Patron, the Hon. Philip Pandal, MLA, had been working very hard on the Society's behalf to achieve a satisfactory outcome to the PLI crisis. On 5 July, Mr Pandal wrote to the Minister for Government Enterprises, the Hon. Nick Griffith MLA, regarding expanding the role of the Insurance Commission of WA to provide PLI cover for community groups such as PETS.

2.

Mr Pandal was also very active in Parliamentary debates on the PLI issue. The matter of PLI was now becoming fairly politicised with other small community groups having to cease operations because they could no longer afford the sky-rocketing premiums.

On 14 August, the *Insurance Commission of Western Australia (Amendment) Bill 2002* was introduced into the State Parliament. This bill would authorise the ICWA to manage a new Community Insurance Fund, to provide insurance cover to "eligible community organisations" in WA. We were advised that Government had given the Bill "highest priority", and that it was expected to be enacted within the next Spring sitting of Parliament.

By early November, the Bill had been passed through the Legislative Assembly, and awaited Upper House approval. PETS Secretary, Bob Pearce, then wrote to both the Leader of the Government and the Leader of the Opposition in the Legislative Council, requesting that passage of the Bill be expedited through Parliament.

The Bill received Royal Assent on November 20, and we received the up to date guidelines as soon as they became available.

An application was then made to the Department of Treasury and Finance for admittance to the scheme. This had to be submitted through the Whiteman Park Board of Management, which had to agree to support us in our quest before the application could proceed.

Subsequent Action:

This application had to be made through Whiteman Park Management, because we operate there, and the park is a body managed and controlled by the Department of Planning and Infrastructure (A WA Government Department). We had to provide various information, including what service we offer to the public and how it benefits the community. We needed to show our income from the last two years, and our expenditure over the same period, and why we could not afford to pay such a high premium for PLI, still be able to operate, and pay our bills as they fell due. We also had to explain that we were not simply looking for a better or cheaper premium.

The Position December 11, 2002

We could not obtain re-insurance for PLI at an affordable rate, and our Policy lapsed at 4.00pm December 11, 2002.

I must stress that we are talking PLI here, all our other insurances: Personal Accident and Illness (PA & I), Fire, Theft, Property, etc were still in place and current.

We advised the park management prior to the policy lapsing, what our situation was, and asked that our lease be suspended from the date and time of the PLI policy lapsing. This was accepted by the Park Board.

We also advised the Office of Rail Safety (Department of Planning and Infrastructure) of the situation and as a result, because we no longer have PLI, our accreditation to operate the tramway ceased and would not recommence until we had PLI again. However we advised the ORS that we have PA & I insurance, and we wished to continue with our required track and overhead maintenance.

3.

We were then advised that we could not do any maintenance on our track or overhead outside the Car barn area. We could however do maintenance on the trams, bogies and other mechanical equipment, but nothing of an electrical nature, and providing we do not move trams under electrical power, and only if the work is situated within the Car barn, Workshop or Engineering area.

That unexpected development became the subject of discussion between PETS, the ORS and Whiteman Park for resolution, however remained unresolved.

We also wrote to Western Power regarding our status, asking what we could and could not do with electrical equipment (tram motors, compressors, controllers, etc) and waited their reply. Dependant upon the outcome of talks with the ORS, would determine what impact any reply from Western Power would have.

Workdays continued with the last Wednesday happening on the 18th, while the last Sunday for the year was the 15th. The workdays would kick off again on January 12 2003 and we hoped to have the situation resolved so that essential track works could be done, as well as overhead maintenance.

The Society had commenced operations in 1985, from the Car barn to Mussel Pool, and to the Entrance and the Village and Railway Station in 1986. Other than for scheduled shutdown periods, and non-operating days, the trams had operated continuously since that time. It was very sad to know that we now had trams that couldn't be operated —not even in our own Car barn.

Tram services have resumed at Whiteman Park!

During January 2003, we received notice from the State Government's Community Insurance Fund (SGCIF) that a premium for PLI had been set. Once this was paid, we could then apply to have our accreditation re-instated and recommence operations. Following the Society's acceptance of the Public Liability Insurance premium quoted by the SGCIF, our new policy came into effect on 14 February.

This was made possible by a generous subsidy of 45% of the premium provided by Whiteman Park. Our Lease was immediately re-activated and Rail Safety Accreditation re-instated.

Recommissioning inspections of infrastructure were then carried out, and the necessary work done to bring the Tramway to a safe operational standard. Unfortunately this took rather longer than expected, as there had been significant vandalism to the rail bonds

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during our suspension period, which necessitated intensive repair work. Recommissioning services were completed on W2 No.393 and W4 No.674 ready for services to start.

Office of Rail Safety (ORS) personnel made checks on site on 26 March, and approval was given for normal tram services to resume. The first public running took place on Saturday 29 March – over 3.5 months after our services were suspended. **So at last we were back in business!** [The Lord Street Entrance line was not included in the recommissioning as this would have unduly delayed the resumption of services, and much-needed revenue; work there has continued, and it was anticipated that this section would be recommissioned for occasional, limited running – as previously – in early May '03.]

Our dedicated Wednesday Team of workers were highly commended for their excellent work in getting the track, overhead, traction power supply system, and trams ready in quick time, and ensuring all recommissioning work was fully documented.

4.

Increased Costs:

Our premium for the new policy was \$20100.00, which was made up of approx \$17500 policy, then Stamp Duty and GST. The subsidy of 45% of the premium was about \$7425.00, which meant that PETS paid \$12675.00.

This was a direct increase of some \$4175.00.

Insurance 2004

In late 2003, we advised the Insurance Council of WA (ICWA) (the body that was actually administering the Insurance Scheme), by letter, that although we had investigated what premiums were likely to be for 2004, we were not able to afford them as they seemed to be still in the \$45k + level. We asked what would the premium cost be for the next year, if we could be insured by the ICWA?

The reply was only a small increase in Stamp Duty as per the budget papers of the WA Govt, but the premium would be the same, so that the total cost would be about \$24000.

This was paid of course, but totally funded by PETS. There was no subsidy from Whiteman Park. The 3 months that we did not run meant we lost in the order of \$9000 in revenue, plus the additional premium of \$4175, which equaled \$13175.

Whiteman Park management had a change of policy during the time we couldn't operate, and abolished the gate fees and admittance charges to the park. A saturation advertising campaign was carried out, more or less timed for the recommencement of the electric tram and railway train services, and visitors to the park turned up in droves.

The revenue for the period since we recommenced has been well above average, and we have picked up on average higher revenue per month than we were previously getting before the shutdown.

Main Points

1. Without PLI, there was work on the track or overhead able to be done. This was a legal issue, and still remains unresolved for a similar occurrence in the future. The Staff of the ORS were extremely helpful to us in this regard, and investigated how the situation could be resolved.
2. Annual Premiums are still very high, but with more Insurance Companies coming back into the market, it is hoped that prices will come down.
3. We do not know how long the Insurance Council of WA will continue to carry on providing PLI for non-profit groups, and therefore how long PETS will be able to receive cover through them.

Additional Notes

Peter Hyde – Brisbane Tramway Museum Society

The BTMS has survived so far three cessations of tramcar operations. The first in the 1980's when the mercury arc rectifier failed due to a lightning strike. They recovered quickly from this cessation.

The second – due to a shutdown for workshop extensions. Closed down 16/6/2002 and resumed 19/1/2003. Sunday visitor levels returned to previous levels quickly due to the publicity. Group charters did not recover well. Schools scaled back excursions as well about the same time.

The third – the public liability crisis at the end of April 2003. The last operation took place on 29/4/2004. Not affordable insurance – the price was astronomical. Would have had to charge \$100 for entry. After a while, got a policy for \$16,000. For each dollar in admission, 85c goes to paying the insurance. Re-opening coincided with a local festival – free entry, resulting in good sales. Since then, Sunday visits have been very slow to recover. At this time, only three heritage operators in Qld running. Very hard to get the message out. The last summer was very bad weather wise – hot and wet.

Ron White – Tramway Museum, St Kilda SA.

People seem to be very quick to know that you have closed, but very slow to know you are open. Insurance costs are currently horrendous. Tried to stay open as a static museum – using local government insurance – with no trams running. Families with kids walked out at the gate when they found out. If no kids, stayed to look around and were impressed with the collection. Charters still came. Prices were dropped.

Government came to the rescue, but the Museum still had to find \$10,000. Reopened with publicity, via local government, TV radio etc. Re-opened Labour Day weekend – went well. Sunday visitors have not recovered. The rescue was a one-off. It would appear that the AETM will have to find more money.

Bob Pearce – Perth Electric Tramway Society

June 2002 – rumours around of price hikes for public liability insurance. PLI was still obtainable but at shocking prices – very large escalation. A Philippines company quoted, but was not APRA registered – therefore not allowed. PETS was somewhat dismayed with the situation.

When the Victorian Government stepped in for Victorian Heritage operations, PETS Patron, Phillip Pandal followed through with government. There were widespread issues. The Insurance Council of WA (ICWA) set up a Community Insurance Fund, with a high priority of the State Government. While Royal Assent to the bill was received on 20/11/2002, it took some time for the new system to be set up and be operational.

PETS policy lapsed on 11 December and they were not allowed to operate trams. Only a limited scope of work was allowed – lots of repair work done. Operations recommenced on 29 March – 3.5months closure.

David Cawood, Western Springs Tramway

Noted that in NZ, some of the public liability was covered by the Accident Compensation Commission (ACC) and asked if there was any Australian equivalent. A. – No. Group coverage may be possible in the future. A state rail heritage group was recently formed in WA, and a national group may soon be formed.

Note from Warren Doubleday – in Victoria, Heritage Rail is well covered for personal injuries by the Transport Accident Commission, but discounts on policies are not received for this cover. Too small a market in Victoria to make an impact on world based premiums.

Don Campbell, Sydney Tramway Museum

Noted that the Australian market is very small in international terms and that there are no longer, “Government Insurance Offices”.

Leyon Parker, Hobart City Council

Noted the responsibility of local government and its infrastructure. People are not looking where they are walking etc. Local Government owns its own insurer who are very much looking at risk basis. Most claims result from slips, trips and falls.