14 June 2024

North East Rail Trail
Revised Business Case

dorset
COUNCIL

This Revised Business Case for the North East Rail Trail was prepared by TRC Tourism to progress the development of the North East Rail Trail by Dorset Council.

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Acknowledgement

We acknowledge the Indigenous peoples of the lands, waters and communities we work together with. We pay our respects to their cultures; and to their Elders – past, present and emerging.

COVER IMAGE

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Version control

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Amended North East Rail Trail Business Case	3.0	14 June 2024	CR, JM, MC

Content

Executive Summary

Summary

This business case updates the 2014 Business Case that explored the costs and benefits of constructing a rail trail for cyclists, walkers and the community in general on the NE Tasmania rail corridor between Launceston and Scottsdale.

Since that time, changes to the scope of the trail, changes to the user markets (tourists and visitors) and equipment such as e-bikes have led to a need to revisit the business case and update the assumptions and scope.

The trail will now begin (or end) in the western end at Lilydale Falls. This change has been brought about by planning considerations that will leave the Lilydale Falls to Launceston component of the trail available for the potential return of a tourist railway.

The proposed rail trail will now travel 40 kms from Lilydale Falls to the old station at Scottsdale where it will join the completed section from Scottsdale south east to Billycock Hill.

The entire proposed trail will be in the order of 66 km long when completed – providing the market with an easily consumable trail experience over two days (some can do it in one day should they choose).

Highlights from the original business case remain including the outstanding scenery, the 700 m long tunnel and the proximity of the trail to many small communities, each with their individual character. The region is also famous for food and wine and the trail presents an opportunity to increase access to and exposure of the region's epicurean offering.

The benefits of the proposed rail trail only accrue as potential users use the trail.

This business case provides insights into the current visitor economy and the markets that are likely to use the trail. Additionally, it provides strong evidence of the cycle tourism economy and the benefits it can bring regional communities when done well.

The growth in cycle tourism has also occurred due to the rise in popularity of e-bikes. The technology allows people who had not ridden previously, or who had given up cycling, to come back into the market and explore trails around the world such as the North East Rail Trail.

This report provides an economic impact assessment and cost benefit analysis of the proposed North East Rail Trail in Tasmania.

The economic assessment covers the construction phase and the operations phase when the trail is open and operating. The operation of the trail is modelled, with 10-year estimates developed for trail users (local residents and tourist visitors to the region). The detailed analysis is for Option 1 Unsealed Trail.

Trail users and spending

Trail users comprise locals in the LGA in which the trail sections are located and tourist visitors who ride on the trail. Tourists are split between internationals, domestic overnights and day visitors. Estimates are based on TRA data on the visitor mix (2019) for each LGA where the trail is located.

Trail users are segmented into local users and tourist users:

- Year 1 is projected to have 21,469 total users, with 12,190 being local users and tourists accounting for 9,279 of the trail's users
- By year 10, total users are expected to have grown to around 39,500 users (20, 561 locals and 18,951 tourist users)
- The growth occurs with the increased interest in cycling by locals and tourist visitors and the promotion of the trail experience.

Spending in the region by trail users was modelled and estimated.

- Tourist users are expected to spend approximately $4.330 million in year 1, increasing to $7.549 million by year 10
- Local trail users obviously spend at a much lower rate.[1] In year 1, local users are projected to spend $427,000, growing to $720,000 over the 10-year period
- Total spending in the region increases from $4.757 million in year 1 to $8.268 million in year 10.

Construction phase benefits

Three trail surface options have been identified and costed by Dorset Council. Option 1 – unsealed trail surface provides the cheapest construction and lifecycle costs over the 10-year period analysed in this Business Case. It is assumed that the trail surface type would not impact the number of people using the trail or the experience on offer.

Construction impacts for trail surface option 1 (Unsealed Trail) were analysed.

During the construction of the trail a total of 13.3 FTE jobs would be generated (10.3 FTE direct jobs and 3.0 FTE indirect/induced jobs). For total jobs, 4.4 are in onsite decommissioning of rail infrastructure on the proposed trail and 8.9 are associated with trail construction and other construction activities (bridge upgrades, crossings and tunnels etc).

During the construction period a total of $1.488 million in regional income would be generated in the Dorset and Launceston regions ($1.299 million direct income and $0.189million indirect/induced). [2]

Trail operations – North East Rail Trail extension

Trail users and their spending in the region will have a major impact and generate an increase in jobs and regional income.

- The analysis shows the total jobs (direct and indirect/induced) generated in the region by the operations of the trail. The number of jobs increase as the trail is promoted and recognised, and businesses develop servicing the trail (e.g. bike hire)
- Total jobs increase from 25.1 FTE in year 1 to 43.8 FTE jobs in year 10. The jobs are generated by the spending of trail users while they are in the region. The increase reflects the progressive growth in trail users over the period.

Benefit cost analysis

A cost benefit analysis was conducted for the project. The benefits of the trail comprise:

- the increase in regional income
- health benefits – the reduction in health costs associated with exercise (trail rides/walking)
- the valuation of the trail experiences, based on a shadow price (per trail user) as there are no user charges for the trail
- the improvement in productivity (for persons in employment) associated with exercise on the trail.

See Appendix A for definition and sources.

Costs comprise capital costs of construction and asset maintenance costs over a 10-year period. For Option 1 Unsealed trail, these comprise:

- decommissioning and construction costs of $4.281 million
- maintenance costs (10 years) of $1.162 million.

The benefits are quantified (in $ million 2024 prices) over a 10-year period. These benefits total $42.211 million over this period:

- regional income ($30.125 million)
- health benefits ($5.266 million)
- user valuation ($5.555 million)
- productivity benefits ($1.265 million).

The benefits from the trail are compared with the capital costs for the new trail development. Benefits are discounted by 3 discount rates (3%, 7%,10%).[3]

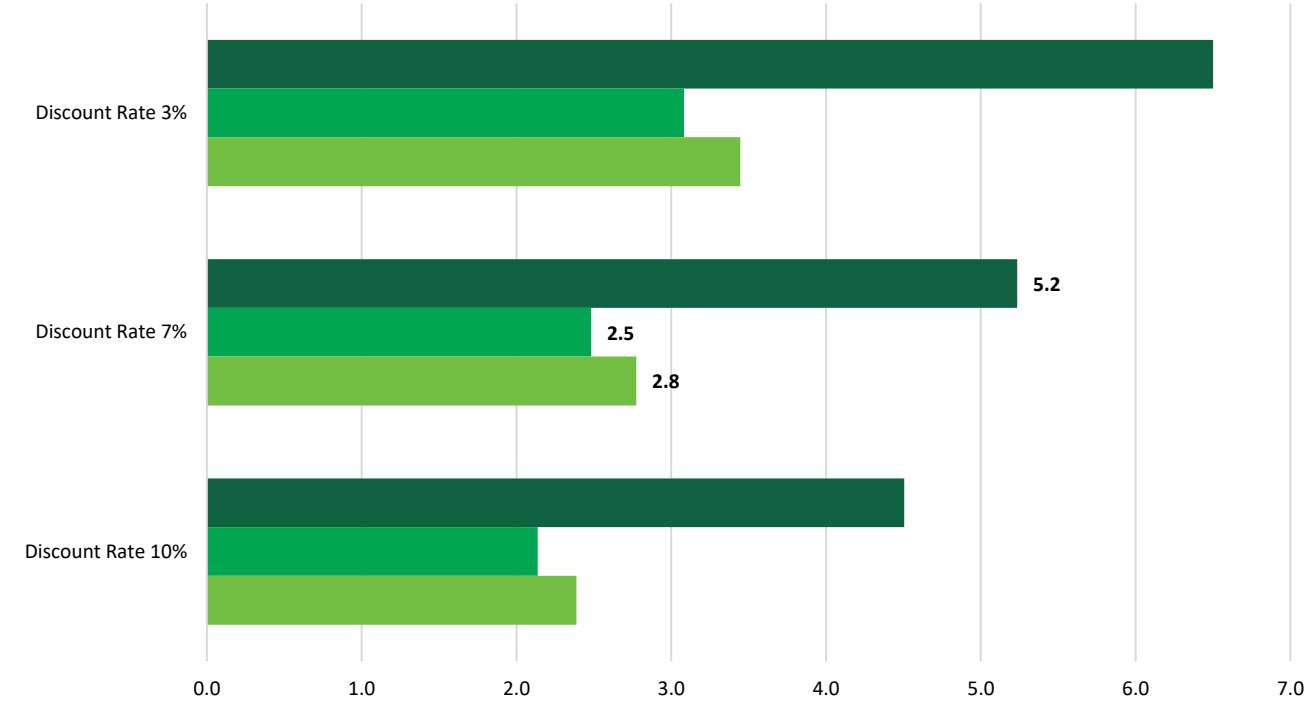
[1] Spending by locals is limited to refreshments during or after a ride.
[2] This assumes the construction workforce would come from the region and adjacent areas.
[3] These discount rates are those required by state governments and the Australian Government for business cases and cost benefit assessments.

Benefit cost ratios

For option 1, when the benefits and construction/maintenance costs are considered, the project yields a benefit cost ratio (BCR) of 6.5 for a 3% discount rate, a BCR of 5.2 for a 7% discount rate and 4.5 for a 10% discount rate.

Comparison of options: The following chart compares BCRs for the 3 trail construction options.[4] These comparisons assume that the user numbers, spending and measured benefits of the trail operations are the same for each trail composition option. For a 7% discount rate (the rate that is used for many infrastructure projects), the BCRs are Option 1- 5.2; Option 2- 2.5; and Option 3 - 2.8.

Figure 1. **Benefit Cost Ratios – Comparison of Trail Options**



	Discount Rate 10%	Discount Rate 7%	Discount Rate 3%
Option 1 Unsealed	4.5	5.2	6.5
Option 2 Asphalt	2.1	2.5	3.1
Option 3 Spray Seal	2.4	2.8	3.4

Source: MCa Modelling April 2024.

[4] Appendix B shows the benefit cost details for Option 2 and Option 3.

1 Introduction

This business case has been developed to revise the 2014 Preliminary Demand and Economic Benefit Assessment report completed for Northern Tasmania Development Corporation to understand the costs and benefits of the revised proposed North East Rail Trail from Lilydale Falls to Scottsdale.

Since the 2014 report, significant changes have occurred to the scope of the project, the market demand for rail trails and cycling experiences, and both the cost of developing the trail and the visitor's spending patterns. This business case updates those elements and provides a summary of the costs and benefits of developing the trail.

1.1 The scope

Since the 2014 business case was completed, changes have occurred to the scope of the trail project and accordingly the business case. The primary change is the reduction in rail trail length from that originally proposed. The full trail was to have included conversion of 89.6 km of disused rail corridor between Launceston and Billycock Hill in North East Tasmania. The trail was to pass through both City of Launceston and Dorset Local Government Areas.

The revised proposal that now has planning permission is for the trail to begin at Lilydale Falls – approximately 30 km to the north of the original start of the trail. The trail will then follow the proposed alignment through to Scottsdale where it will join the existing NE Tasmania Rail Trail. Some of the trail east of Scottsdale has also been constructed since the 2014 business case.

The revised trail still presents a strong opportunity to create an inspiring experience through the lush forests and farmlands of NE Tasmania as well as showcasing a long tunnel which cyclists will pass through. The strategic alignments identified in the 2014 business case are still relevant. The trail will still link many of the townships in the region including Lilydale, Tunnel, Lebrina, Nabowla and Scottsdale and will provide a market ready piece of infrastructure that supports other experiences in the region.

A lot has changed in construction and decommissioning costs in the 10 years since the original plan was produced. Dorset Council have prepared costs for the approximately 40 km of trail to be constructed that includes decommissioning costs, and three surface types to determine not only construction costs, but also lifecycle costs over a 10-year period.

The costs for the 40km of trail under the least capital-intensive surface type approximate those of 2014 of the construction of 90km of trail.

1.2 Purpose of this report

This report provides an updated assessment of the benefits and costs of the proposed NE Tasmania Rail Trail in its revised scope. It considers the type and extent of the existing visitor markets and makes projections on the likely visitation to the trail over a 10 year period based on a range of inputs including Ausplay Survey data.

The report provides spending projections based on the projected visitor demand for the trail and using Tourism Research Australia data.

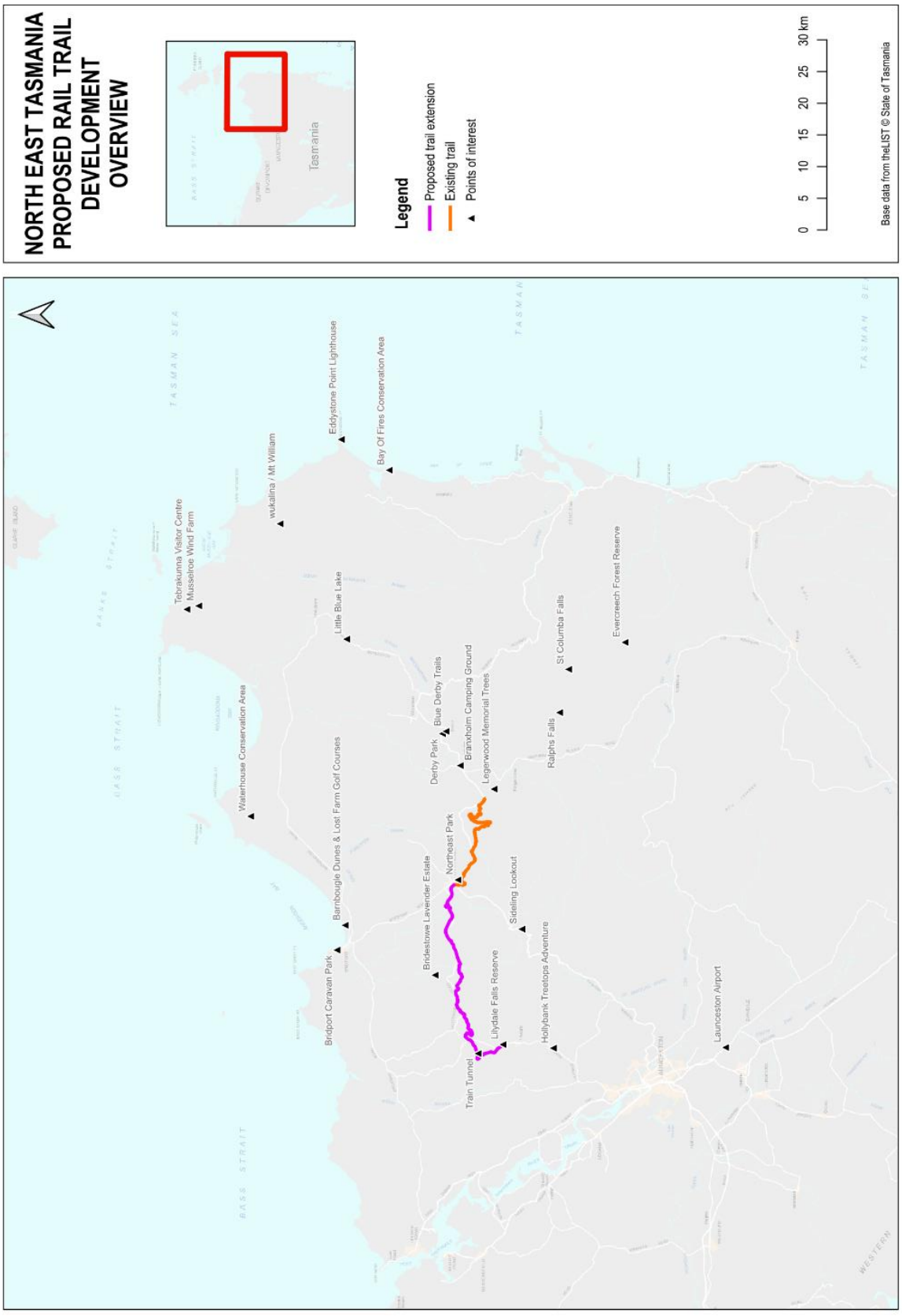
The economic assessment provides employment benefits both directly from construction, and ongoing trail operations, by sector and both direct and induced jobs. Further, regional income derived, and the cost benefit ratios will provide Council and other parties with the information they need to make investment decisions and apply for grant funding to support the trail's extension and operations.

Alignment of the proposed rail trail is still strong. It remains a priority for the Visit North Tasmania Regional Tourism Board noting in the 2022/2023 Annual Report that the North East Rail Trail remains a place-making priority for the region.

1.3 The existing North East Rail Trail

The proposed 40-kilometre trail from Lilydale Falls to Scottsdale is to join into the existing 26 km North East Rail Trail. The trail heads southeast from Scottsdale and currently terminates in Tulendeena (Billycock Hill).

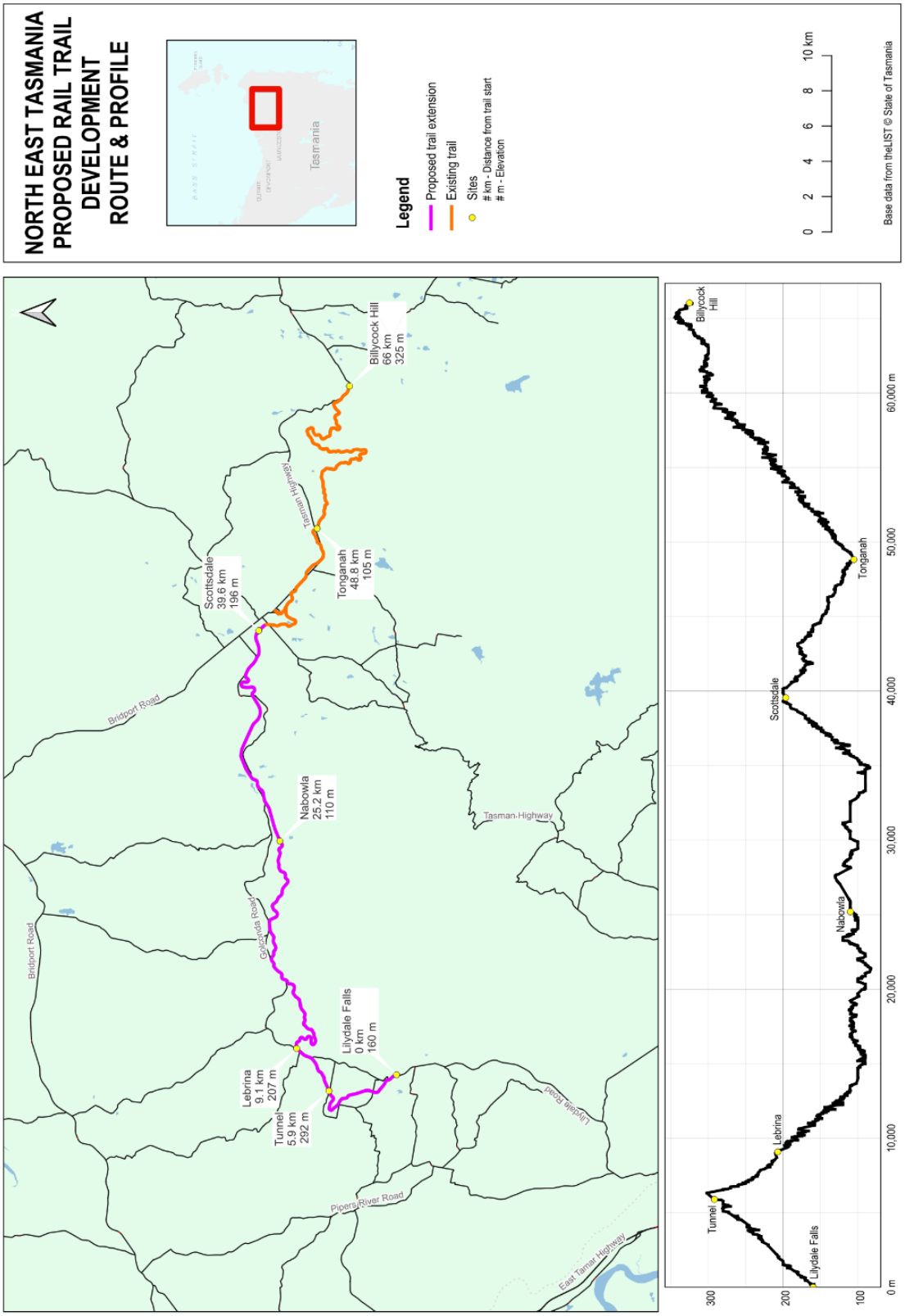
Figure 2. Map of the existing and proposed NE Tasmania Rail Trail



Source: Dorset Council 2024

The following map from the same source shows the proposed rail trail extension.

Figure 3. Proposed extension of the NE Tasmania Rail Trail Lilydale Falls to Scottsdale



Source: Dorset Council 2024

1.4 The proposed trail's attractions

North East Tasmania is known as a beautiful place that has strengths in the outstanding natural features and food and wine as well as outdoor active pursuits such as cycling, walking, trail riding (horses and motorbikes) and golf.

The old rail alignment passes through lush forests as well as through farmlands and villages. The western end of the trail will begin at Lilydale Falls and will include a new car park and trail head facilities as well as the waterfall.

The proposed trail surface will be high quality crushed gravel – a similar surface to many of the popular rail trails in Australia.

The trail will pass through one of the longest rail tunnels in Tasmania and Australia at 700m in length which will be a significant drawcard for visitors to the region.

Other cycling experiences in the region include Blue Derby Mountain Bike Trails and the existing North East Rail Trail east from Scottsdale.

Scottsdale itself is a major regional town with facilities required to be a base for the trail. Further, Launceston is Tasmania's major northern city and will be a feeder for visitors to the NE region.

Scottsdale can be the mid-point for the trail (not in distance but in a 2-day experience) as it offers accommodation, food, brewery, good coffee and the other essential ingredients to make the trip a strong experience.

The proposed trail extension to Lilydale Falls, assuming it is constructed, will provide further incentive and business opportunities for cycle friendly services such as bike shops and transport services.

Nearby, the world class wine region of Pipers Brook presents visitors with opportunities to stay longer in the region and sample some of the food and wine experiences on offer.

Figure 4. Cycling on the North East Rail Trail east of Scottsdale

Source: Rail Trails Australia.

Figure 5. The long tunnel at Tunnel on the proposed trail extension

Source: Rail Trails Australia.

2 Market Analysis

To forecast demand for the North East Rail Trail, we have assessed the potential markets for this type of experience.

Rail trails are a popular option for active families wanting to explore more of the landscape at a slower pace. The access to facilities including toilets, cafes, restaurants and supermarkets is another enticing factor.

The assessment of the potential market for the North East (NE) Rail Trail has been updated to forecast demand for the experience over the next 5, 10 and 15 years. This assessment has considered participation in recreation, usage of trail networks, recent trail developments and visitor preferences, as well as general trends in cycling and walking tourism.

The market for the North East Rail Trail experience will be a combination of those who already walk or cycle while away from home (e.g. visitors), recreational cyclists and walkers (e.g. those who cycle and walk at home) and a broader potential market that does not currently walk or cycle regularly.

2.1 Cycling and walking tourism

Cycling and walking tourism is defined as visits to places outside the participant's home region for a holiday, leisure or sport where cycling or walking are undertaken as either a primary or secondary activity. There are different categories including bushwalking, adventure riding and road cycling.

2.1.1 Growth markets

The cycling and walking markets are growing in Tasmania. In the year ending September 2023, data from the Tasmanian Visitor Survey (TVS) Analyser showed that, from a total of 1.2 million visitors to Tasmania, 56,700 participated in cycling or mountain biking with 60% of those riders undertaking general cycling activities. A total 607,000 visitors participated in bushwalking activities. Of those bushwalkers, 75% walked for less than four hours, 26% walked for more than four hours, and 9.8% went on overnight or longer bushwalking trips.

In the 10 years between reports, there has been a 78% increase in the number of visitors to Tasmania who participated in cycling activities. In 2012/13, (the most current data available when the initial North East Rail Trail Feasibility report was written) 31,800 visitors across Tasmania cycled while in the State. That was a 35% increase on the previous year and continued a trend of strong growth that had been in play since 2009/10.

In the Northern Tasmania region, YE September 2023:

- 388,000 (from a total of 662,000 visitors) went bushwalking
- of those bushwalkers, 77% did walks less than four hours, 29% more than four hours, 8% overnight or longer
- from 38,000 visitors who engaged in cycling and mountain biking activities, 65% cycled
- the largest segment at 40% was adult couples with no kids
- families with older children were the second largest group at 21%
- single travellers made up 14% of the total
- families with young children were 10% of the market.[5]

During the same period:

- from 69,000 visitors to Lilydale, 6,500 (9%) went cycling or mountain biking and 44,000 (64%) went bushwalking
- from 93,000 visitors to Scottsdale, 9,000 (10%) went cycling or mountain biking and 66,000 (70%) went bushwalking.

[5] Tourism Tasmania, TVS Analyser

This is interesting when compared to Derby's visitation for the same period:

- from 79,000 visitors, 14,000 (18%) went mountain biking or cycling, with 8,000 (10%) focussed on mountain biking, and 57,000 (72%) went bushwalking.[6]

2.1.2 Cycle tourism

Cycle tourism encompasses visits outside the home region for the purpose of holiday, pleasure or sport, where participation in cycling is either a primary or secondary activity.

Cycle tourism continues to be an important, growing market within the Australian tourism sector, particularly within the nature-based tourism segment.

In the pre-COVID benchmark year of 2019, Australians:

- Took 2.6 million overnight trips to go cycling, plus 2 million day trips
- They averaged 4.4 nights per trip and spent an average of $189 per night
- About 64% of Australians who went cycling on holiday lived in a capital city
- On average, 2.2% of domestic overnight visitors went cycling. This was higher among 40 to 49-year-olds at 3.6%
- Of family trips, 4.5% went cycling over three-quarters (78%) of people cycling on a domestic holiday did it in a regional area
- Intrastate destinations made up 76% of all cycling trips.[7]

We Ride Australia's 2023 Report, The Australian Cycling and E-Scooter Economy in 2022 showed that 33% of Australians cycled, with fitness the primary motivation, with 18-34-year-olds the most engaged segment, with 43% participating. Their research valued the total economic, social and health benefits of cycling in Australia at $18.6 billion.

Cycle tourism in Australia generated $1.88 billion in direct output over the same period. Approximately 2.4 million trips where cycling was the main purpose, were taken in 2022. Average spend per trip was $550.[8]

Tasmania had the highest average spend per trip, at $1290. This most likely reflects the ongoing investment being made into cycling tourism infrastructure in Tasmania in addition to the cost of arriving in Tasmania.

Expenditure related to cycling on day trips resulted in $346.2 million in direct expenditure in the Australian economy, 2022.

Total visitation to Tasmania continues to recover from the effects of the COVID-19 lockdowns. Post-pandemic recovery is continuing, with interstate and international visitation for the year ending September 2023, up by 31%on the same time last year. Numbers were, however, still down slightly compared to the pre-COVID-19 benchmark year, 2019. However, both visitor nights and spend were higher than pre-pandemic levels and 2022.[9]

2.1.3 Recreational cycling and walking

Recreational cycling and walking are activities that take place from home and do not involve an overnight stay. Participation in recreational activities by Australian and Tasmanian residents aged 15 or more years is currently recorded in the AusPlay National Sport and Physical Activity Participation Report.[10]

In 2022/23, cycling was the sixth most popular activity in Tasmania, with 11.3% of all adults participating. This is very similar to the figure of 11.1% of Tasmanian adults in 2010. However, the actual numbers have experienced a small increase.

Table 1. Participation rates in Tasmania

Activity	Participation rate		TOTAL TASMANIANS (OVER 15 YEARS)	
	2010	2023	2010	2023
Walking	38.4%	47.1%	154,700	212,100
Cycling	11.1%	11.3%	44,600	50,800
Bushwalking		14.1%		63,500
Total			199,300	275,600

It is worth noting the ongoing increase in walking and bushwalking, which have continued to rise since the end of COVID-19 lockdowns.

[6] Tourism Tasmania, TVS Analyser
[7] Tourism Research Australia Cycling Visitor Profile, 2019
[8] We Ride Australia, The Australian Cycling and E-Scooter Economy in 2022
[9] Tourism Tasmania, Tasmanian Tourism Snapshot Year Ending September 2023
[10] Australian Government. Ausplay National Sport and Physical Activity Participation Report. October 2023.

2.2 Accessibility

In 2022/23, Accessibility is recognised as one of the most important drivers of, and opportunities for, the visitor economy. In 2022/23, cycling was the second-most popular sport-related activity for Australian adults with a disability (310,000 participants).

Walking was by far the most popular non-sport-related activity, with 1.7 million Australian adults participating. Bushwalking was the third most popular, in this category with 239,000 participants.

Rail trails are generally a more accessible type of trail, with easy access, facilities available at regular intervals and the ability to select different sections of the trail based on their length and ease of terrain.

An opportunity exists to ensure any rail trail developments factor in accessibility requirements to cater for a significant market that already exists.

2.3 Rail trail features

A key advantage of rail trails is their gradient. Given that most rail lines have a gradient of less than three degrees, this allows and encourages use by almost all cycling market segments, regardless of age and ability.

Rail trails are known for providing comfortable environments that people can enjoy for leisure.[11] Research indicates that rail trail infrastructure appeals predominantly to couples aged 50-plus and families with children, who seek an experience that allows them to spend quality time with friends and family.[12] The rise of E-bikes makes Rail Trail experiences an even more appealing prospect for older visitor segments.

This aligns with Northern Tasmania's largest travel segments, with 69% of all visitors aged 45 and over, and families with children the second largest travel party at 31%.

These markets also align with Northern Tasmania's brand positioning of 'finding your bearings', which invites visitors to find their place and choose their way.[13] Rail trails, and the variety of options they offer to users, are perfectly aligned with Visit Northern Tasmania's positioning pillar Choose Your Own Adventure – "Our region is the ultimate landscape to pursue riding, walking and year-round adventures that connect you with our exceptional natural places".

2.4 Target markets

Visit Northern Tasmania highlights Tasmania's target markets Raw Urbanites and Erudites, both of which are aligned to the quintessential Rail Trail experience.

Raw Urbanites skew towards the 50+ age group, empty nesters and older families. They seek peace, connection, inspiration, captivation, and value natural experiences, a return to basics and local immersion.

Erudites are spread across the age spectrum, with a minor skew towards empty nesters and single travellers. They seek stimulation, enrichment, and value cultural immersion, gourmet dining and natural experiences. Both groups are most likely to travel from NSW or Victoria.

The proximity of the North East Rail Trail to Launceston, and the inclusion of regional centre Scottsdale, plus the proposed expansion that would include Denison Gorge and an historic 700-metre-long tunnel, meet the requirements of the target markets.

2.5 Differentiating cycling

Mountain biking has become a general term for many cycle trail types. However, there are growing markets that are similar, but distinct from mountain biking, which use trails and dirt roads for cycling recreation.

Along with mountain biking, these markets are more broadly described under the label 'adventure cycling'. This is defined as any cycling that travels off bitumen seeking an experience enjoyed on two wheels in nature.

The attraction of adventure cycling is that it enables people to choose who they ride with – generally family or close friends. It can be done anytime, it does not require a minimum level of competency (other than the ability to ride a bicycle), and it allows people to choose trails to match their ability. Those who are self-conscious about their ability can choose where, when and who they ride with.[14]

A region seeking to attract the adventure cycling community needs to be mindful of the diverse perception of adventure cycling among different markets. Creators of nature-based cycling experiences also need to recognise that today's riders demand a higher quality experience and services. With the cycling market becoming increasingly fragmented, the challenge for nature-based cycling regions is to target

[11] Victorian Government, Victorian Cycling Strategy 2018-2028.
[12] Victorian Government, Victorian Cycling Strategy 2012.
[13] Visit Northern Tasmania, Northern Tasmania Destination Management Plan, June 2022
[14] Warburton Mountain Bike Feasibility Study 2019

the biggest user base that best matches the style of riding most suited to the experience offered.

Adventure cycling can be broken down into subset descriptors of mountain biking, bike packing/touring, gravel riding and road riding.

2.5.1 Bike packing / back country touring

This segment is the convergence of mountain biking and backpacking. It delivers the adventurous freedom of multi-day backcountry hiking, combined with the range and added thrills of riding a mountain bike. It's about exploring remote places via a range of roads or singletrack trails, or abandoned dirt roads, carrying only essential gear. Rail trails are a popular option for this type of journey.

Backcountry touring is most often undertaken on a mountain bike or more recently, e-bikes, which deliver better capacity for loading up with luggage while maintaining better stability. Daily distances tend to be shorter for backcountry rides, favouring roughly the 60km mark, and often entailing lots of stopping enroute to admire vistas, local features and providores, or the country bakery.

Bike packing is all about slow travel exploration. It is based around multiday, often multi-week and sometimes multi-month journeys where the focus is on exploration of places, landscapes, towns, and tourist attractions: simply, it is having a grand adventure on two wheels while being mostly self-sufficient. 'Mostly' because while hardcore riders take pride in being an island unto themselves in terms of sufficiency, the profile of bike packing has softened somewhat with riders now often staying at B&Bs, hotels, motels and caravan parks and eating out at cafes and restaurants and contributing to the regional economy.

This market is also growing for organised tours.

2.5.2 Gravel riding

Gravel riding encompasses a broad sweep of riding activity but pertains mainly to long distance day rides – usually approx. 100km – that seek out back country, dirt, and fire track roads with little to no traffic. Gravel grinders will often seek high-end ascent profiles and likely compete with friends either in person or through online platforms (such as Strava).

2.5.3 Mountain biking

Mountain bikers use predominantly singletrack trails (often using dirt and fire roads as connecting trails). They seek more technical terrain with features that are increasingly designed and groomed for use (i.e., flow trails, jumps and berms).

There are many different styles of mountain biking from cross country (XC) to all mountain, gravity, flow and downhill (DH), along with niche styles of trails, freeride, freestyle, 4X, and slalom. For the purposes of this business case, the target user would predominantly be cross country riders, which is one of the largest markets and more traditional style of mountain biking focusing on using a mix of singletrack and dirt roads, riding variable terrain both ascent and descent profiles, to experience an adventure ride in natural environments.

2.6 Blue Derby and its impacts

The launch of the Blue Derby MTB experience in 2015 was one of the most influential changes to the cycling and trail scene in Tasmania and Australia since the original North East Rail Trail feasibility study was completed.

Just 27 minutes from Scottsdale, Blue Derby is consistently attracting 60,000 visitors to the region each year. They stay an average of four to five nights. In 2021, it was estimated that the economic impact of Blue Derby for the region was between $15 and $18 million dollars.[15]

With the Blue Derby MTB trail network and other existing trails in Northern Tasmania, this proposed expansion of the North East Rail Trail would strengthen the region's positioning as a cycling destination for a range of markets.

Extending the positioning beyond mountain biking to attract visitors and recreational cyclists and walkers across a broad range of demographics would benefit the region from visitation and liveability perspectives. The slower nature of Rail Trail experiences, connection with nature, locals the adjacent communities all provide experiences being sought by Northern Tasmania's target markets.

[15] www.ridebluederby.com.au, www.abc.net.au/news, www.rdatasmania.org.au

2.7 Strong growth in multi-use trails

Rail trails have been successfully developed in all states of Australia. They are also well established in New Zealand, Europe and North America.

Trail developments have been prioritised on their potential to attract interstate and intrastate visitation and increase length of stay.

The Rail Trails Australia website shows Victoria has the most established rail trails of all states with 48 individual experiences and around 1300km of trails. Tasmania has 20 existing rail trails. Rail trails often evolve into nationally significant experiences drawing significant visitation from interstate and international markets. Trails such as Murray to Mountains (Vic), the Riesling Rail Trail (SA), Brisbane Valley Rail Trail (Qld) or the Central Otago Rail Trail (NZ), have become popular destination targets for cycle tourists worldwide.

Increased participation in cycling and walking, especially in natural environments such as those traversed by rail trails, has thrown further community spotlight on rail trails. A significant advantage of rail trails is that the corridor they occupy joins many small towns and local features providing an economic and social benefit to the smaller communities.

2.7.1 Supporting rural economies

There has been significant government investment into trail networks across Australia over the past 10 years. Generally, governments understand that the economic, social and health benefits to small, regional communities can be significant. Attracting new visitor expenditure, encouraging additional expenditure by locals, creating jobs through construction and maintenance work, and stimulating local businesses by providing opportunities for support services, tours and events are all positive outcomes.

A feasibility study conducted on the 12km Grand Ridge Trail in South Gippsland, Victoria in 2021 demonstrated that even a small 8km extension from Boolara to Yinnar would have significant benefits. Usage would increase by 25% and expenditure was predicted to increase by 21%.

The Yarra Valley Trail (another rail trail development) assessment, released in 2017, showed that close to 80 FTE jobs would be generated and income to the region would increase by $5.955 million.

Still a bastion of rail trail economic success, the 100km+ Murray to the Mountains Rail Trail was referred to in the original North East Rail Trail feasibility study. A study by Tourism North East (Victoria) showed that recreational cyclists coming to the region contributed about $26.2 million in regional output and $13.6 million in regional value, supporting 22.7 jobs.[16]

Established in 2009, the trail attracts upwards of 45,000 users annually. Cyclists account for 59%, most spending 2-3 days on the trail, extending their length of stay and expenditure.

The Otago Central Rail Trail in New Zealand hosted almost 13,000 users in 2022/23, and in NSW in 2021, the Tumbarumba to Rosewood Rail Trail was credited with significant economic benefits just a year after launching. The 21km Rail Trail increased visitation, length of stay and expenditure so significantly that 9 new businesses opened to cater for them.

One operator, Magenta Cottage reported consistent bookings since the opening of the Rail Trail. Average length of stay was 2-3 nights and 98% of her guests were cyclists who had come to ride the trail. Repeat visitation was also cited as a direct benefit, along with bridging seasonal peaks. Some guests had come back up to four times, bringing new visitors with them.[17]

An evaluation of the Rail Trail in 2022 showed spend in the Tumbarumba region had increased by 20% from 2019 to 2020 from $14 million to $16.9 million. This was well above the state average of 12% and substantially more than the average of 0.2% growth in the Snowy Valleys Local Government Area.[18]

Discretionary spend was up by 55% due to the increased visitation in the region, and additional leisure-based activities. It jumped from $2.7million in the June-December 2019 period, to $4.2 million in the corresponding 2020 period.

Spend on consumer staples also increased by 14% from $10.8 million to $12.3 million. This was most likely due to visitors staying in town and staying longer, using the supermarket and other services. Most groups spend around $460 per visit and more than two thirds (68%) would potentially return and were willing to recommend the Rail Trail to others. This suggested the increased economic activity would be sustained.[19]

[16] SGS Economics and Planning (2012), North East Victoria Tourism Gap Analysis
[17] Rail Trails Australia, video, https://www.railtrails.org.au/news/local-economy-thrives-since-the-opening-of-the-tumbarumba-to-rosewood-rail-trail/
[18] NSW Government, Rail Trails for NSW Evaluation Summary, June 2022
[19] NSW Government, Rail Trails for NSW Evaluation Summary, June 2022

2.7.2 Opportunities for business diversification

Rail trails present opportunities for businesses to develop products and services to meet the needs of visiting cyclists and walkers. This includes transport, merchandise, accommodation or provisioning and guiding services. Cyclists generally do several activities while on holiday, making them a strong source of income for regional economies. This pattern of use has resulted in the diversification of the tourism product mix in some regional areas.

2.7.3 Regional revitalisation

Available research demonstrates rail trails have been highly successful in developing cycle tourism product and delivering significant economic, social, environmental, and cultural benefits to regional Australia. Quality rail trails and riding experiences bring cyclists and walkers to regions and small communities. We have seen from other destinations that riders will travel, sometimes to previously unknown destinations, if the rail trail is appealing. Visitors using the rail trail bring money to a region and drive local economic activity. In other destinations cyclists on rail trails often stay longer and spend on average more than other visitors over the length of their stay. The development of rail trails has resulted in revitalization of villages and businesses, the creation of new businesses and adaptation of farms and other buildings as character accommodation. Small communities such as those between Launceston and Scottsdale have the potential to offer these services and become vibrant centres along the trail.

2.8 Economic benefits of cycling

In Australia in 2022, cycling and e-scooters contributed an estimated $18.6bn in economic and social benefit to the economy.

Cycling engagement alone in Tasmania led to the following economic contribution.

Table 2. Economic contribution of cycling[20]

TASMANIA	DIRECT	INDIRECT	TOTAL
Output	$213m	$327m	$541m
Value add	$113m	$156m	$270m
Jobs (FTE)	1,047	823	1870

2.9 Social and health benefits

A well-built, well-planned rail trail that is set in an attractive environment will actively encourage people to exercise more to maintain their health. This will contribute to physical and mental health improvements, assisting with disease prevention particularly cardiovascular, musculoskeletal, respiratory, nervous and endocrine systems as well as reducing obesity, hypertension, depression and anxiety.

In Australia in 2021, cycling generated an estimated $954 million in health and social benefits, including $313m net avoided financial health system costs, and $101m in value of life years gained.

[20] We Ride Australia, The Australian Cycling and E-Scooter Economy in 2022

3 What Makes a Great Rail Trail Destination?

Cycling is now well established as a tourism product and key travel motivator. This has followed from increased participation in outdoor recreation, and increased travel with outdoor or adventure components. The rise of E-bikes has also brought new markets both back into, and into cycling.

Walking and cycling holidays and their related services are now familiar products in the tourism industry. This is demonstrated by the ongoing development of trails and associated products in Australia and New Zealand.

Several factors contribute to a great trail or rail trail destination. Following is a brief description of the elements required.

3.1 Diversity of trails

A destination's optimal level of trail diversity depends on its positioning and target markets. In the case of the proposed North East Rail Trail expansion, a multi-use leisure trail with access to quality natural, cultural and dining experiences is ideal. The option to complete the entire trail or complete sections will also be a motivating factor for users.

A diversity of trail types that fit the targeted markets can be achieved in several ways. These may include offering trails to different and trail markets such as walking, hiking, multi-use, cycling and mountain biking. Rail trails cover a range of these markets all within one corridor. As well as different types of trails, they should also be offered to people with different fitness, skill levels, abilities and equipment.

Local people have a strong interest in local trails, the rail trail will provide great opportunity for fitness and wellbeing through exercise and use of open space and the outdoors. This may include degree of difficulty in use, length of trail, the number of points at which people can stop for refreshments or rests, or technical equipment requirements.

3.2 Icon and supporting trails

Great trails destinations are likely to have drawcard trails that provide the 'hook' to bring people into the region to experience a trails-based holiday. In the case of the North East Rail Trail, it would complement Derby, the Bay of Fires and other rail trails in northern Tasmania.

The existing North East Rail Trail is already the longest of these, at 26 kilometres. The proposed expansion – an additional 40km taking users to Lilydale Falls, Denison Gorge and the historic 700m tunnel – would cement the North East Rail Trail's status.

A variety of trails helps to keep people in the region as long as possible (increased length of stay generally equates to increased yield). It encourages repeat visitation and contributes to the area's attractiveness as a trail locality.

3.3 Concentration of trail opportunities

Transport between rail trail sections can be a barrier for visitors seeking a one-way or section-based trail experience. The nature of historic rail corridors is that they connect historic towns where trail heads can be linked to accommodation and hospitality and other services. These services could include shuttles, commercial tour operators and taxis.

3.4 High quality infrastructure

Rail trails, particularly when placed on the disused rail corridor, are environmentally sustainable and generally sit well within the landscape, usually without the need for vegetation clearance, disturbance to wildlife and changes to land use. Contemporary, professional trail construction promotes good design with a strong emphasis on sustainability and enjoyable user experiences.

Importantly, rail trail design and associated infrastructure, including trails surfaces and bridges, can in many situations be lightweight and should be fit for purpose for pedestrians, bikes and in some cases horses.

Heavy emergency or maintenance vehicles can access the trail via road crossings and access points, the location and frequency of which are considered in conjunction with emergency services during the detailed design phase. Supporting infrastructure includes trail heads, toilets, information and car parks which are important particularly for the type of users attracted to rail trails. These services are often already located within the small towns along the way.

Rail trails and infrastructure should be designed and managed to be comfortable and safe for the proposed users and a culture of shared use should be promoted and encouraged. To contribute to the comfort, safety and enjoyment information should be clear and accessible (on signs and online sources). It should assist orientation and wayfinding while providing appropriate advice on user behaviour and journey length.

3.5 Accessibility

Rail trails need to be accessible to user markets with transport and access needs to be aligned to those using the trail. Considerations include:

- Where and how would visitors easily access the trail?
- Can users utilise public transport to reach the trail or trail head?
- Access for all, particularly radiating from towns encouraging community use across all user groups.

The region already has many shuttle and bike transport services that could amend their services to include this proposed rail trail.

3.6 Distinctive experiences

Destinations attracting strong growth and market position offer something distinctive that positions them uniquely in the market. Generally, that point of difference will include:

- showcasing the natural or cultural landscape in which the trails sit and enable the users to have a memorable experience
- the experience of riding the corridor through the ranges and along historic embankments, cuttings, bridges, over rivers and watercourses and through rural settings
- the proximity and nature of supporting infrastructure and services that add to the overall experience – including accommodation, wineries, breweries, local produce and food and beverages
- events and other activities
- story-telling and local interaction including interpretation that is well presented.

3.7 Attractive natural and cultural setting

The setting in which the rail trail is located is vitally important to attracting visitors. Trail destinations often use hero marketing shots of trails to showcase the area. This includes forests and waterfalls.

Trails based on cultural elements including Aboriginal culture are also important.

3.8 Quality pre-trip information

More and more, visitors are researching their trip based on on-line content. Quality pre-trip information provides prospective visitors with the information they need to decide where is best for them to jump on and jump off the rail trail sections.

3.9 Support food and beverage businesses

Rail trail destinations attract visitors not only for the trail itself but also for the range of support services that can make the trail experience a highlight. The towns along the way have cafes, showcase regional and local produce, have strong beverage offerings including historic pubs, cellar doors and distilleries. These are generally located close to the historic rail transport routes and are easily accessible.

Other businesses include bike and walking equipment shops, repair services, trail shuttles/transport etc.

Rail trail destinations are important equipment rental depots. Access to E-bikes is important when catering for international visitors and domestic markets that travel some distance and look for convenience.

3.10 Strong positioning and marketing

Strong marketing is required to ensure a trail is noticed in what is becoming an increasingly crowded marketplace. Each destination must ensure it positions itself well and aligns its core strengths and experiences to the market and promotes it accordingly.

Consistent application of a brand across the destination and the partners involved is also critical to avoid mixed signals and inconsistent messaging.

Strong planning and collaboration between partners, land managers, businesses and the tourism industry more generally are essential to getting the marketing and positioning delivered well.

3.11 Strong governance

Good governance provides for well made, collaborative decisions based on evidence and aligned to a strong sense of vision and long-term planning. An effective governance structure and mechanism is important for each destination including the trails, and it is important that the governance model is fit for purpose for the area.

Elements of a good governance model include:

- the partners and operators have a clear sense of a vision for the destination
- the partners have a clear understanding of their roles, accountabilities, and work together in that framework
- teams with the right skills and experience to drive outcomes
- Having access to the necessary financial, human and support resources they need to develop and maintain the destination.

Effective governance and management of any existing trails is vital and should be well thought out and planned before expanding trail networks or introducing new trails.

Management arrangements will need to have the capacity to provide the leadership and management of cross-tenure trails, lease arrangements with the principal land managers, neighbour relations, trail development approval processes and risk management. There would also need to be mechanisms in place to coordinate partnerships (such as commercial operators, volunteer groups, events, tourism, marketing and promotion) to ensure they are consistent.

3.12 Community engagement

Strong community engagement with local communities about plans, issues and opportunities helps ensure that the trail experiences are delivered by managers, businesses and community alike. It also helps ensure that local needs are considered in the trail management and development.

3.13 Events

A strong events calendar can help bring trails and a destination to life, particularly in shoulder and off seasons for trail-based visitors, given the year-round attraction of trails including rail trails. Events also assist in providing trail related businesses in the area an income opportunity and provide some business certainty based on a strong calendar of events.

Trails and trail networks represent important assets for commercial and not-for-profit event operators, enabling nature-based events (including challenge walks and trail runs) that drive visitation in large numbers on event dates. Further benefit is derived by events creating destination exposure and driving non-event day visitation pre- and post-event.

4 Global Trends

The following global trends in trails demonstrate an increasing enthusiasm for outdoor activities and a heightened recognition of the significance of establishing sustainable and user-friendly trail networks. They support the concept of the expanded North East Rail Trail.

4.1 Adventure experiences for women

In recent years, there has been a notable rise in the involvement of women in outdoor recreational pursuits, specifically in bushwalking. In Australia, the number of female participants in bushwalking now exceeds that of males[21]. The research suggests that women are increasingly attracted to trail experiences that offer chances to connect with nature and leverage the advantages for both physical and mental well-being.

4.2 Promoting inclusivity and ensuring accessibility

There is a growing recognition of the importance of creating inclusive trails and trail experiences that cater to individuals of varying abilities. This awareness has led to the incorporation of trails designed for diverse abilities in new trail development projects. These elements include high contrast signage, accessible canoe launches, all-terrain and beach wheelchairs, as well as adaptive mountain bikes.

Universal design principles support the enjoyment of infrastructure to all participants and users.

4.3 How the trail experience is evolving

Trails have the potential to be integrated into active transport routes to work, school, retail precincts, community and recreation facilities.

Facilitating integration with other transportation services, like trains and buses, will play a crucial role in incentivising individuals and visitors to utilise trails for their daily commuting needs.

There is an increased use of e-bikes, e-scooters and other e-transportation on trails and paths. Moving forward, a significant challenge lies in adapting trail planning, design, construction, and maintenance to accommodate these emerging trail usage patterns, all while addressing potential safety concerns and mitigating conflicts with other trail users.

There is a developing trend for long distance trails such as rail trails, offering trail users options to tailor experiences to their preference including mode of transport and length of experience. Bike packing, cycle touring and multi-day walking routes also provide opportunities for small business development to support these activities and users.

The popularity of trail running, and events is on the rise as individuals seek to venture off the conventional paths and challenge themselves in diverse and demanding terrains.

4.4 Revenue models are changing

In recent years, revenue models for supporting trail development, maintenance, and the provision of supporting infrastructure have become more diverse. These models now encompass user fees, shuttle services, involvement of commercial operators, trail sponsorship, and merchandise sales.

4.5 Online is essential

Online apps are available for navigation, performance monitoring, training, marketing and promotion. Trail users are progressively favouring online apps over traditional paper maps and guidebooks as their primary source of information. These apps offer an opportunity to aid in promoting trails, raising awareness of environmental and cultural heritage values, gathering significant participation data, enabling users to report maintenance issues, and enhancing trail safety. Trail users and tourists are also using social media pages and blog posts to connect with community groups and share information on their trail experience.

[21] Commonwealth Government. Ausplay Australian Sport and Physical Activity Participation Survey 2021.

Lilydale Falls will be a key attraction for potential users of the proposed North East Rail Trail expansion.

5 Estimating Trail User Numbers

This section outlines 10-year projections of trail users and their spending in the region (Dorset & Launceston LGAs).[22] Appendix A outlines the basis of the modelling of user estimates and associated spending in the region. In the modelling, the user numbers grow over time as the trail is recognised and promoted to visitors and locals. Cycling (including mountain biking (MTB)) is a growing activity as the community is increasingly focused on fitness and active leisure. In addition, visitors are interested in active experiences during their stay in a region.

These trail projections are used in the economic impact assessment and in the benefit cost analysis of the trail project.

5.1 Trail users – summary

There is limited direct information on trail users on the existing North East Rail Trail. Trail user numbers have been estimated for a 10 -year period of operations.

Trail users comprise residents in the LGAs adjacent to and accessible to the trail and tourist visitors that ride/walk the trail or segments of it as shown in the table below. Modelling was undertaken to estimate the number of local users and tourists (day visitors and overnight visitors). The assumptions used in the modelling are outlined in Appendix A. Conservative assumptions have been used in estimating users and their spending patterns in the region during their visit and use of the trail.

Table 3. Catchment area of the trail

CATCHMENT	LGAS
LOCAL USERS	
Primary Catchment	Launceston & Dorset
Secondary Catchment	Break O' Day, George Town, Meander Valley, West Tamar
TOURIST USERS	
Internationals, domestic overnight visitors, day visitors	Launceston & Dorset

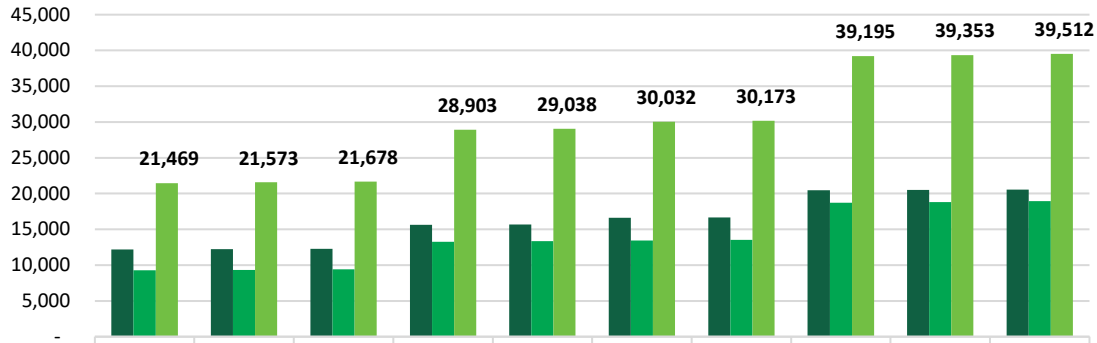
Source: MCa modelling & analysis, April 2024

The following figure shows estimates of all trail users over a 10-year period. Users are segmented into local users and tourist users.

- Year 1 is forecast to have 21,469 total users with 12,190 being local users and tourists accounting for 9,279 of the trail's users
- By year 10, total users are expected to have grown to around 39,500 users (20, 561 locals and 18,951 tourist users)
- The growth occurs with the increased interest in cycling by locals and tourist visitors and the promotion of the trail experience.

[22] Trail users are predominantly cyclists but also include casual walkers that may use segments of the trail.

Figure 6. North East Rail Trail Users



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Local Users	12,190	12,225	12,261	15,654	15,697	16,597	16,644	20,485	20,523	20,561
Tourist Users	9,279	9,348	9,417	13,248	13,341	13,435	13,529	18,711	18,830	18,951
Total All Trail Users	21,469	21,573	21,678	28,903	29,038	30,032	30,173	39,195	39,353	39,512

Source: MCa modelling & projections, April 2024. May be differences due to rounding. Users are mainly cyclists but include casual walkers that may use segments of the trail.

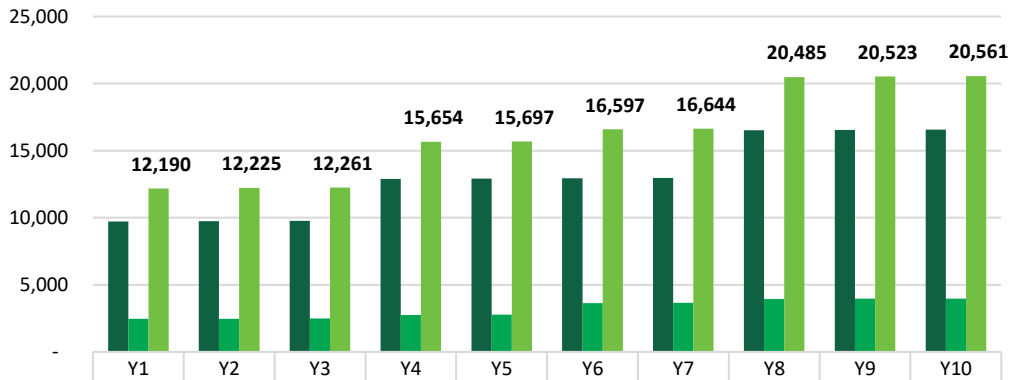
5.2 Local trail users

The chart below shows projections of local trail users over the 10-year period. The primary catchment LGAs (from which most local users come from), include Launceston and Dorset. The secondary catchment includes adjacent LGAs of Break O'Day, George Town, Meander Valley and West Tamar.

- In year 1, the total number of local users is projected at 12,190, of which, 9,728 live in a primary catchment LGAs, and 2,462 live in a secondary catchment LGA
- By year 10, total local users are 20,561 (16,577 from the primary catchment and 3984 from the secondary catchment)
- The projected growth in local users reflects a combination of regional population growth, recognition of the trail and an increased interest in active recreation (cycling and walking activities).

Details for each of the LGAs is provided in table 3.

Figure 7. North East Rail Trail – Local Users (annual no.)



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Total Primary Catchment	9,728	9,751	9,774	12,889	12,919	12,948	12,978	16,530	16,553	16,577
Total Secondary Catchment	2,462	2,474	2,487	2,765	2,778	3,649	3,666	3,955	3,969	3,984
Total Locals	12,190	12,225	12,261	15,654	15,697	16,597	16,644	20,485	20,523	20,561

Source: MCa modelling & projections, April 2024. May be differences due to rounding. Users are mainly cyclists but include casual walkers that may use segments of the trail.

Table 4. Local Trail User Estimates – 10 Years

LOCAL TRAIL USERS (ANNUAL) LGAS	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
PRIMARY CATCHMENT										
Launceston	8,876	8,902	8,928	11,653	11,686	11,719	11,752	15,136	15,165	15,194
Dorset	852	849	846	1,237	1,233	1,229	1,226	1,394	1,389	1,383
Total Primary Catchment	**9,728**	**9,751**	**9,774**	**12,889**	**12,919**	**12,948**	**12,978**	**16,530**	**16,553**	**16,577**
SECONDARY CATCHMENT										
Break O'Day	280	282	283	314	316	415	417	450	451	453
George Town	288	288	288	320	320	419	420	451	451	452
Meander Valley	851	855	858	953	956	1,255	1,259	1,357	1,361	1,365
West Tamar	1,043	1,050	1,058	1,178	1,186	1,560	1,570	1,697	1,706	1,715
Total Secondary Catchment	**2,462**	**2,474**	**2,487**	**2,765**	**2,778**	**3,649**	**3,666**	**3,955**	**3,969**	**3,984**
Total Local Trail Users	**12,190**	**12,225**	**12,261**	**15,654**	**15,697**	**16,597**	**16,644**	**20,485**	**20,523**	**20,561**

Source: MCa modelling & projections, April 2024. May be differences due to rounding. Users are mainly cyclists but include casual walkers that may use segments of the trail.

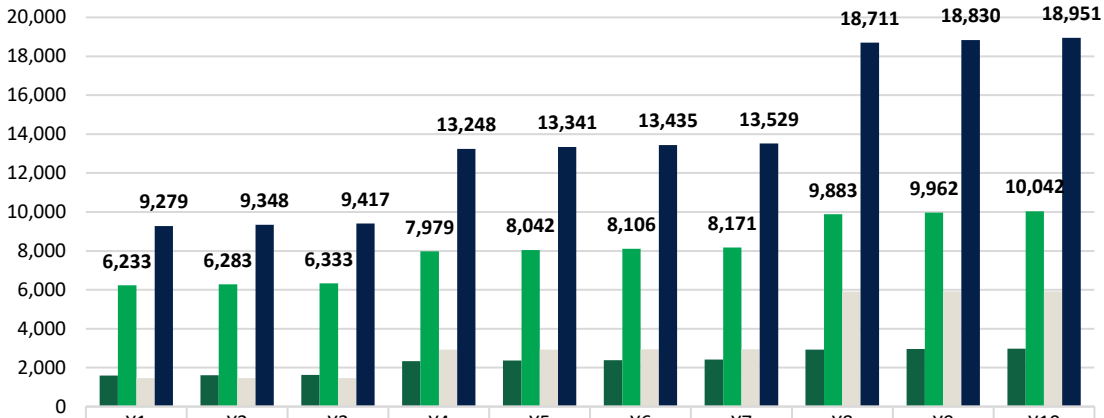
5.3 Trail users - tourists

The figure below shows projections of tourist users by the characteristics of their stay.

- As outlined, total tourist users are projected to be 9,279 in the first year of operation. By year 10, this is expected to increase to 18,951 annual users
- International visitors are projected to account for 1,591 of the users in year 1 and grow to 2,983 users by year 10
- Domestic overnight visitors make up the largest projected proportion of trail users. In year 1, they account for 6,233 users, rising to 10,042 users by year 10
- Tourists on day visits account for the smallest projected pool of trail users (1,455 users in year 1 and increasing to 5,927 users by year 10.

This growth in tourist users reflects the combination of projected growth in total tourist visitors to the region (Launceston and Dorset LGAs), promotion and recognition of the trail and new businesses being established to service users/visitors (e.g. bike hire and other on trail activities/services).

Figure 8. North East Rail Trail Users – Tourists (annual number)



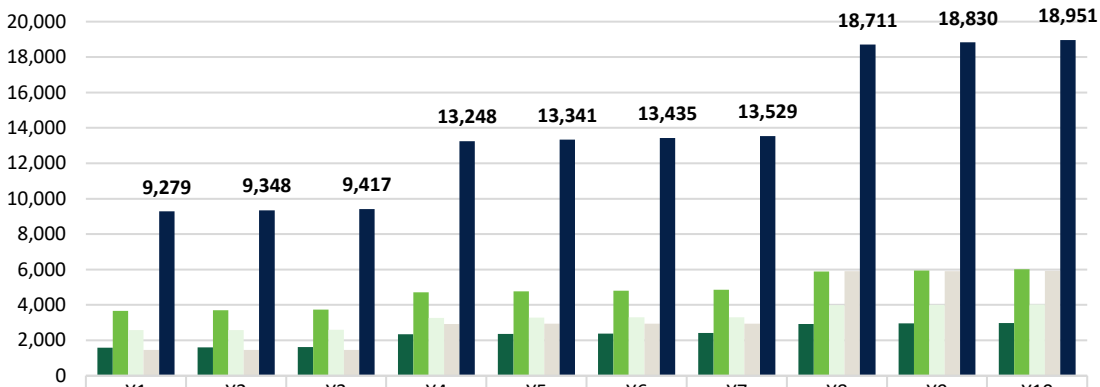
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Internationals	1,591	1,607	1,623	2,342	2,365	2,389	2,412	2,924	2,953	2,983
Domestic O/N	6,233	6,283	6,333	7,979	8,042	8,106	8,171	9,883	9,962	10,042
Day Visitors	1,455	1,458	1,461	2,928	2,934	2,940	2,946	5,903	5,915	5,927
Total Users - Visitors	9,279	9,348	9,417	13,248	13,341	13,435	13,529	18,711	18,830	18,951

Source: MCa modelling & projections, April 2024. May be differences due to rounding. Users are mainly cyclists but include casual walkers that may use segments of the trail.

The figure below further segments domestic overnight visitors into interstate and intrastate.

- Interstate visitors account for a larger proportion of trail users relative to intrastate visitors
- In year 1, interstate visitors account for 3,663 users growing to 6,008 by year 10
- Intrastate visitors are 2,571 users in year 1 and projected to increase to 4003 by year 10.

Figure 9. **North East Rail Trail Users – Tourists (annual number).**



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Internationals	1,591	1,607	1,623	2,342	2,365	2,389	2,412	2,924	2,953	2,983
Interstate	3,663	3,699	3,736	4,717	4,764	4,812	4,860	5,890	5,949	6,008
Intrastate	2,571	2,584	2,597	3,262	3,278	3,295	3,311	3,993	4,013	4,033
Day Visitors	1,455	1,458	1,461	2,928	2,934	2,940	2,946	5,903	5,915	5,927
Total Users - Visitors	9,279	9,348	9,417	13,248	13,341	13,435	13,529	18,711	18,830	18,951

Source: MCa modelling & projections, April 2024. May be differences due to rounding. Users are mainly cyclists but include casual walkers that may use segments of the trail.

Table 5. **Tourist Trail User Estimates – 10 Years.**

TOTAL TOURIST USERS	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
OVERNIGHT VISITORS										
Internationals	1,591	1,607	1,623	2,342	2,365	2,389	2,412	2,924	2,953	2,983
Domestic O/N	**6,233**	**6,283**	**6,333**	**7,979**	**8,042**	**8,106**	**8,171**	**9,883**	**9,962**	**10,042**
Interstate	3,663	3,699	3,736	4,717	4,764	4,812	4,860	5,890	5,949	6,008
Intrastate	2,571	2,584	2,597	3,262	3,278	3,295	3,311	3,993	4,013	4,033
DAY VISITORS										
Day Visitors	1,455	1,458	1,461	2,928	2,934	2,940	2,946	5,903	5,915	5,927
Total Users - Visitors	**9,279**	**9,348**	**9,417**	**13,248**	**13,341**	**13,435**	**13,529**	**18,711**	**18,830**	**18,951**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

6 Trail User Spending in the Region

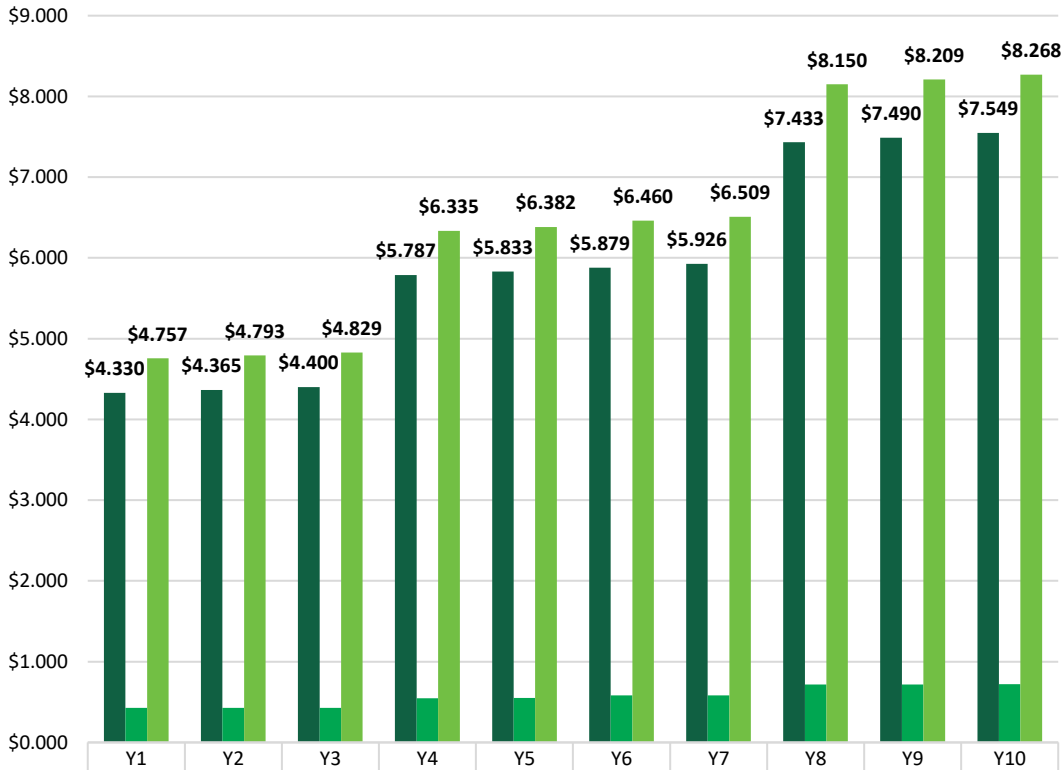
6.1 Summary – spending from all trail users

The figure below highlights varying spending levels across the broad trail user categories. Even though tourist users account for a smaller proportion of trail users, they account for a much higher proportion of spend.[23]

- Tourist users are expected to spend approximately $4.330 million in year 1, increasing to $7.549 million by year 10
- Local trail users obviously spend at a much lower rate.[24] In year 1, local users are projected to spend $427,000, growing to $720,000 over the 10-year period
- Total spending in the region increases from $4.757 million in year 1 to $8.268 million in year 10.

Appendix A outlines all the assumptions used in estimating trail user spending in the region (all spending is in constant 2024 prices).[25]

Figure 10. Trail Users Spending in Region (annual $m 2024 prices)



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Tourist Users Spending	$4.330	$4.365	$4.400	$5.787	$5.833	$5.879	$5.926	$7.433	$7.490	$7.549
Local Users	$0.427	$0.428	$0.429	$0.548	$0.549	$0.581	$0.583	$0.717	$0.718	$0.720
Total All User Spending	$4.757	$4.793	$4.829	$6.335	$6.382	$6.460	$6.509	$8.150	$8.209	$8.268

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

[23] This includes spending on accommodation, food and other visitor services.

[24] Spending by locals is limited to refreshments or simple meals during /after a ride. This has been assumed to be an average of $25 per person (in constant $2024 prices).

[25] Average spending estimates for users are derived from Tourism Research Australia data for Dorset & Launceston LGAs. Averages (tourists): Day visitors = $112; International visitors=$136; Domestic overnight visitors =$188

Table 6. Trail User Spending – Annual ($m 2024 prices)

Trail Users Spending ($m 2024 prices)	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Total 10 Years
TOURIST USERS											
OVERNIGHT VISITORS											
Internationals	$0.651	$0.658	$0.665	$0.959	$0.968	$0.978	$0.988	$1.197	$1.209	$1.221	$9.495
Domestic O/N	**$3.516**	**$3.543**	**$3.572**	**$4.500**	**$4.536**	**$4.572**	**$4.608**	**$5.574**	**$5.619**	**$5.663**	**$45.703**
Interstate	$2.066	$2.086	$2.107	$2.660	$2.687	$2.714	$2.741	$3.322	$3.355	$3.389	$27.127
Intrastate	$1.450	$1.457	$1.464	$1.840	$1.849	$1.858	$1.867	$2.252	$2.263	$2.275	$18.576
DAY VISITORS											
Day Visitors	$0.163	$0.163	$0.164	$0.328	$0.329	$0.329	$0.330	$0.661	$0.662	$0.664	$3.793
Total Tourist Users	**$4.330**	**$4.365**	**$4.400**	**$5.787**	**$5.833**	**$5.879**	**$5.926**	**$7.433**	**$7.490**	**$7.549**	**$58.992**
LOCAL USERS											
Local Users	**$0.427**	**$0.428**	**$0.429**	**$0.548**	**$0.549**	**$0.581**	**$0.583**	**$0.717**	**$0.718**	**$0.720**	**$5.699**
ALL USERS -TOTAL											
Total All Users	**$4.757**	**$4.793**	**$4.829**	**$6.335**	**$6.382**	**$6.460**	**$6.509**	**$8.150**	**$8.209**	**$8.268**	**$64.691**

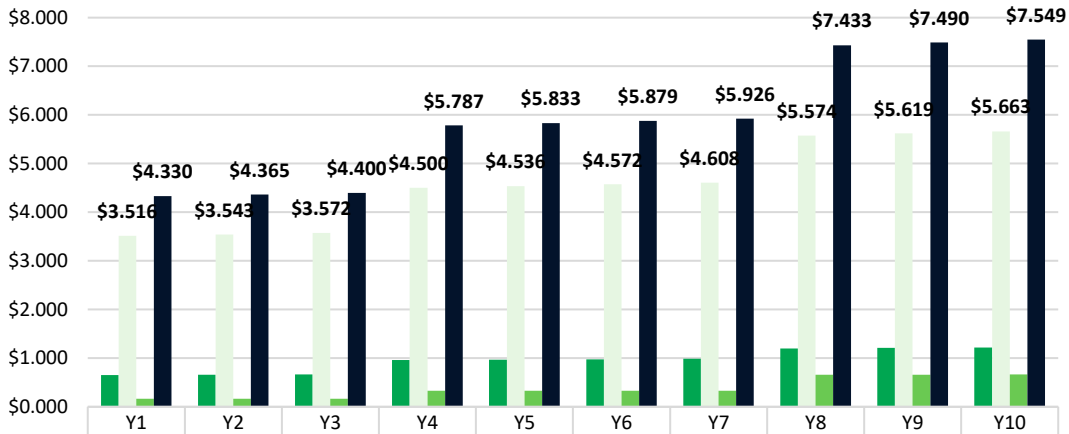
Source: MCa modelling & projections, April 2024. May be differences due to rounding.

6.2 Trail users (tourists) spending

The figure below shows estimated spend levels across the trail user segments.

- International visitors are expected to spend $651,000 in year 1 and this is projected to increase to $1.221 million by the end of the 10-year period
- Domestic overnight visitors not only make up the largest proportion of total tourist users, but also the largest proportion of tourist spend. Domestic overnight visitors are projected to spend $3.516 million in year 1 and this will increase to $5.663 million by year 10
- Day visitors are projected to make up the smallest proportion of tourist visitor spend. In year 1 spend is only $163,000 and this is estimated to increase to $664,000 by year 10
- Total visitor spending increases from $4.330 million in year 1 to $7.549 million in year 10.

Figure 11. Trail Users Spending by Tourist Visitors (annual $m 2024 prices)



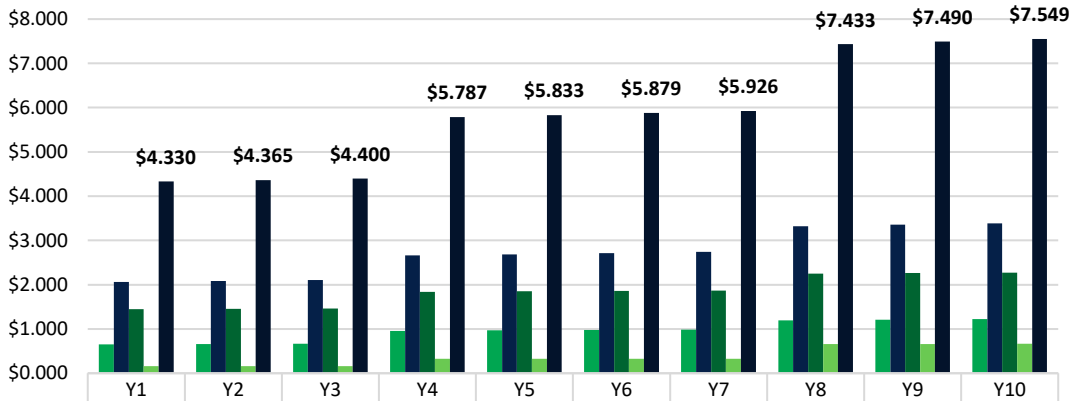
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Internationals	$0.651	$0.658	$0.665	$0.959	$0.968	$0.978	$0.988	$1.197	$1.209	$1.221
Domestic O/N	$3.516	$3.543	$3.572	$4.500	$4.536	$4.572	$4.608	$5.574	$5.619	$5.663
Day Visitors	$0.163	$0.163	$0.164	$0.328	$0.329	$0.329	$0.330	$0.661	$0.662	$0.664
Tourist Users Spending	$4.330	$4.365	$4.400	$5.787	$5.833	$5.879	$5.926	$7.433	$7.490	$7.549

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

The figure below further segments tourist spending by comparing domestic overnight visitors from interstate and intrastate.

- Interstate visitors account for a larger proportion of domestic overnight visitor spend. In year 1, they're expected to spend $2.066 million, which will increase to $3.389 million by year 10
- Intrastate visitors are projected to spend $1.450 million in year 1, increasing to $2.275 million by year 10.

Figure 12. Trail User Spending by Tourist Visitors (annual $m 2024 prices)



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Internationals	$0.651	$0.658	$0.665	$0.959	$0.968	$0.978	$0.988	$1.197	$1.209	$1.221
Interstate	$2.066	$2.086	$2.107	$2.660	$2.687	$2.714	$2.741	$3.322	$3.355	$3.389
Intrastate	$1.450	$1.457	$1.464	$1.840	$1.849	$1.858	$1.867	$2.252	$2.263	$2.275
Day Visitors	$0.163	$0.163	$0.164	$0.328	$0.329	$0.329	$0.330	$0.661	$0.662	$0.664
Tourist Users Spending	$4.330	$4.365	$4.400	$5.787	$5.833	$5.879	$5.926	$7.433	$7.490	$7.549

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

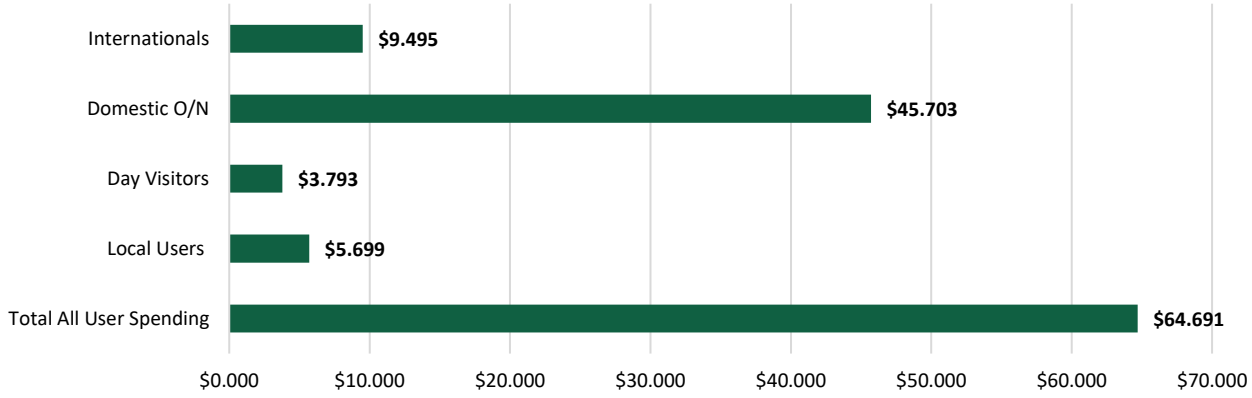
6.3 Spending – 10 years

The following figures show total trail user spending (in constant 2024 prices) over the 10-year period. Spending by all users totals $64.691 million over this period. This comprises:

- local resident users $5.699 million
- international tourists $9.495 million
- domestic overnight tourists $45.703 million, and
- day tourists $3.793 million.

Tourists spend a total of $58.992 million over the 10-year period. Domestic overnight tourist spend ($45.703 million) comprises interstate visitors $27.127 million and intrastate $18.576 million.

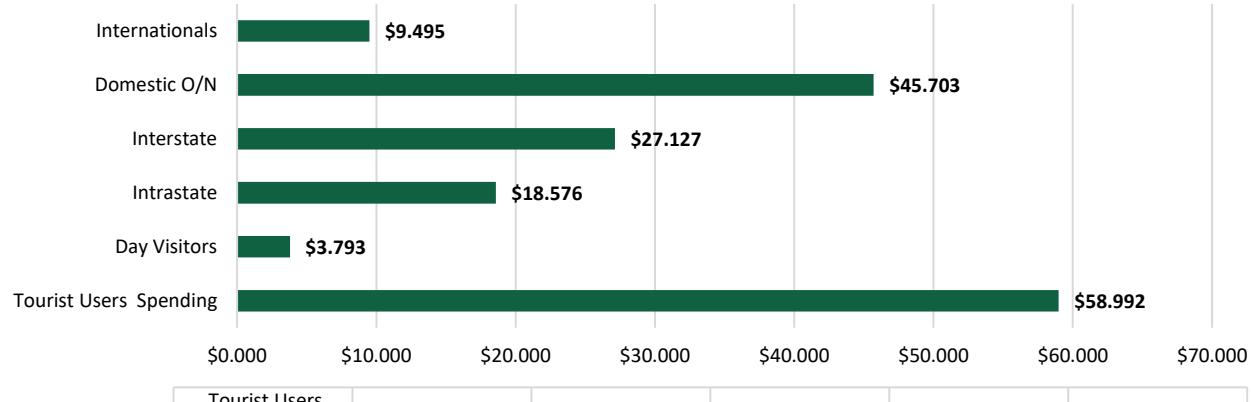
Figure 13. Trail User Spending – Total 10 years ($m 2024 prices)



	Total All User Spending	Local Users	Day Visitors	Domestic O/N	Internationals
Total 10 years	$64.691	$5.699	$3.793	$45.703	$9.495

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

Figure 14. Tourist Trail Users – Total Spending 10 years (4M 2024 prices)



	Tourist Users Spending	Day Visitors	Intrastate	Interstate	Domestic O/N	Internationals
Total 10 years	$58.992	$3.793	$18.576	$27.127	$45.703	$9.495

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

7 Trail Construction – Economic Impacts

The economic impacts of the development of the trail are modelled for both the construction phase and the operations phase. The impacts are measured in terms of full-time equivalent jobs (FTE) and the increase in regional income that is generated by construction activity, and by trail users and their spending in the region.[26]

The following table shows the costs of construction for each trail construction type. These estimates are used in the modelling of construction impacts. The preferred trail construction type (Option 1 unsealed) is the one that is analysed in detail.

MCa's construction model allocates the $value of project costs to a number of categories: on site construction; design & management; materials supply; plant hire and wages. It also includes a gross margin of 20% for the businesses doing the work.

- For estimating direct employment/regional income, the model uses ABS (2023) weekly wage rates (annualised) for the various activities (plus oncosts of 25%)
- Indirect/induced employment & regional income generated by employee spending is modelled based on average employee/consumer spending patterns (CPI 2022 basket), average tax rates of 25% and a 3% savings rate. The model estimates the local value added ($) component of each industry category of spending. The same approach is used in relation to annual wages by activity and oncosts.

Table 7. Trail Construction Costs ($2024 prices)

SUMMARY CONSTRUCTION COSTS (EX GST)	OPTION 1 UNSEALED	OPTION 2 SEALED ASPHALT	OPTION 3 SPRAY SEAL
Decommissioning Costs	**$1,393,700**	**$1,393,700**	**$1,393,700**
CONSTRUCTION			
Bridge Upgrades	$1,350,301	$1,350,301	$1,350,301
Crossings & Tunnels	$477,000	$477,000	$477,000
Signage	$15,000	$15,000	$15,000
Trail Construction	**$840,000**	**$7,417,600**	**$5,023,600**
Other Costs	$205,000	$205,000	$205,000
Total Project Costs	**$4,281,001**	**$10,858,601**	**$8,464,601**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

[26] Regional income is the total net income generated from the activity and covers wages and salaries of employees and profits of businesses within the region. It includes income generated directly within the business and indirect income, which is generated in other regional businesses (wages and profits) from the multiplier impacts of employee spending on the region. In the modelling of income generated, income tax and GST on spending, are both treated as leakages from the region. A significant % of the value of purchases is a leakage outside of the region. MCa's economic model measures the local value added component of the spending in the region.

7.1 Employment impacts

The following table shows the jobs generated in the construction of the trail (Option 1).

- Overall, 13.3 FTE jobs would be generated (10.3 FTE direct jobs and 3.0 FTE indirect/induced jobs). For total jobs 4.4 are associated with decommissioning of rail infrastructure on the trail and 8.9 are associated with trail construction and other construction activities (bridge upgrades, crossings and tunnels etc.)
- Of the 10.3 direct jobs, 7.3 are in onsite decommission/ construction, 1.7 are in materials supply, and 1.2 in design and project management.

Table 8. Jobs Generated in the Construction Phase (FTE No.)

OPTION 1 SUMMARY JOBS	DIRECT JOBS	INDIRECT/INDUCED JOBS	TOTAL JOBS
DECOMMISSION			
Construction on Site	2.4	0.7	3.1
Design & Management	0.4	0.1	0.5
Plant Hire	0.0	0.0	0.0
Materials Supply	0.6	0.2	0.7
Total Jobs	**3.4**	**1.0**	**4.4**
CONSTRUCTION ON SITE			
Construction on Site	4.9	1.4	6.3
Design & Management	0.8	0.2	1.0
Plant Hire	0.1	0.0	0.1
Materials Supply	1.1	0.3	1.5
Total Jobs	**6.9**	**2.0**	**8.9**
TOTAL JOBS -PROJECT			
Construction on Site (& decommissioning)	7.3	2.1	9.5
Design & Management	1.2	0.3	1.5
Plant Hire	0.1	0.0	0.1
Materials Supply	1.7	0.5	2.2
Total Jobs	**10.3**	**3.0**	**13.3**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

7.2 Regional income impacts

During the construction period a total of $1.448 million in regional income would be generated in the Dorset/Launceston Region ($1.299 million direct income and $0.189 million indirect/induced). The gross business margin of 20% for the business building the trail are included in the regional income.[27]

Table 9. Regional Income Generated in the Construction Phase ($m 2024 prices)

SUMMARY REGIONAL INCOME OPTION 1 ($2024 PRICES)	DIRECT INCOME	INDIRECT/INDUCED INCOME	TOTAL INCOME
DECOMMISSION			
Construction on Site	$306,614	$44,612	$351,226
Design & Management	$48,780	$7,097	$55,877
Plant Hire	$4,181	$608	$4,789
Materials Supply	$70,242	$10,220	$80,463
Total Regional Income	**$429,817**	**$62,538**	**$492,355**
CONSTRUCTION ON SITE			
Construction on Site	$620,092	$90,223	$710,316
Design & Management	$98,651	$14,354	$113,005
Plant Hire	$8,456	$1,230	$9,686
Materials Supply	$142,057	$20,669	$162,727
Total Regional Income	**$869,257**	**$126,477**	**$995,733**
TOTAL REGIONAL INCOME -PROJECT			
Construction on Site	$926,706	$134,836	$1,061,542
Design & Management	$147,431	$21,451	$168,882
Plant Hire	$12,637	$1,839	$14,476
Materials Supply	$212,300	$30,890	$243,190
Total Regional Income	**$1,299,074**	**$189,015**	**$1,488,089**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

[27] This assumes the construction workforce would come from the region and adjacent areas.

8 Trail Operations – Economic Impacts

MCa's *Regional Economic Impact Model* is used to estimate impacts in the region of trail operations over a 10 year period:

- The inputs are the spending in the region by the various categories of trail users, which is then allocated by industry category
- The model estimates the local value added associated with each type of spending and the wages share of these industries. Estimates are then generated of direct jobs (full time equivalent) in the businesses where trail users spend
- The model also produces estimates of indirect/induced jobs generated by the spending of these direct employees with other businesses in the region
- Regional income (direct and indirect/induced) estimates are also provided.

Appendix B contains a full description of the model.

8.1 Jobs in the region.

The following table show the total jobs (direct and indirect/induced) generated in the region by the operations of the trail. The number of jobs increase as the trail is promoted and recognised, and business develops servicing the trail (e.g. bike hire).

Total jobs increase from 25.1 FTE in year 1 to 43.8 FTE jobs in year 10. The jobs are generated by the spending of trail users while they are in the region. The increase reflects the progressive growth in trail users over the period.

The jobs are mainly in sectors servicing visitor – accommodation, food & beverage, retail and recreation services (bike hire, shuttles, guides).

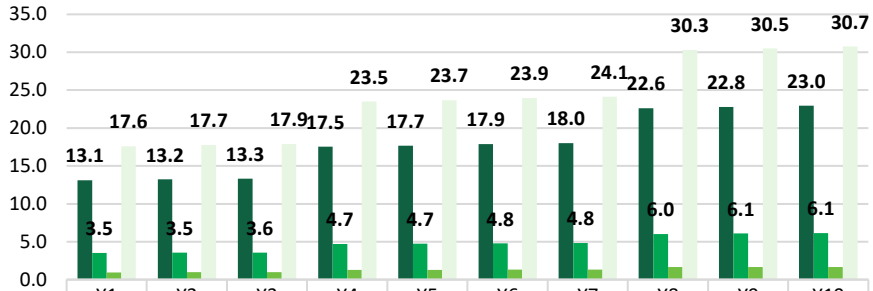
Table 10. Regional Jobs Generated by Trail Users (FTE No.)

TOTAL ALL USERS	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Direct Jobs	17.6	17.7	17.9	23.5	23.7	23.9	24.1	30.3	30.5	30.7
Indirect Jobs	7.5	7.6	7.8	10.0	10.1	10.2	10.3	12.9	13.0	13.1
Total Jobs -All Users	**25.1**	**25.3**	**25.6**	**33.5**	**33.8**	**34.2**	**34.4**	**43.2**	**43.5**	**43.8**
					TOTAL ALL USERS					
Overnight Visitors Total	22.4	22.6	22.9	29.4	29.6	29.9	30.1	36.5	36.8	37.1
Day Visitors	0.9	0.9	0.9	1.9	1.9	1.9	1.9	3.8	3.8	3.8
Locals Total	1.7	1.7	1.8	2.2	2.2	2.4	2.4	2.9	2.9	2.9
Total All Jobs	**25.1**	**25.3**	**25.6**	**33.5**	**33.8**	**34.2**	**34.4**	**43.2**	**43.5**	**43.8**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

The figure and table below show the direct jobs generated by industry. Most of the direct jobs are in tourism industries (year 1 - 13.1 FTE jobs, increasing to 23.0 in year 10), with others in tourism connected industries (year 1 - 3.5 FTE jobs, increasing to 6.1 in year 10).

Figure 15. Direct Jobs Generated by Trail Users (FTE No.)



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Total tourism characteristic industries	13.1	13.2	13.3	17.5	17.7	17.9	18.0	22.6	22.8	23.0
Total tourism connected industries	3.5	3.5	3.6	4.7	4.7	4.8	4.8	6.0	6.1	6.1
All other industries	1.0	1.0	1.0	1.3	1.3	1.3	1.3	1.6	1.7	1.7
Total Direct Jobs (Employees & Proprietors)	17.6	17.7	17.9	23.5	23.7	23.9	24.1	30.3	30.5	30.7

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

Table 11. Direct Regional Jobs Generated by Industry (FTE No.)

TRAIL OPERATIONS: JOBS GENERATED OPTION 1 DIRECT JOBS	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
TOURISM INDUSTRIES										
Accommodation	3.1	3.1	3.2	4.1	4.1	4.1	4.2	5.0	5.1	5.1
Cafes, restaurants and takeaway food services	2.3	2.3	2.4	3.1	3.2	3.2	3.2	4.1	4.1	4.2
Clubs, pubs, taverns and bars	2.9	2.9	2.9	3.9	3.9	4.0	4.0	5.1	5.1	5.2
Transport Services	0.8	0.8	0.8	1.1	1.1	1.1	1.1	1.5	1.5	1.5
Transport equipment rental	0.9	0.9	0.9	1.1	1.2	1.2	1.2	1.5	1.5	1.5
Visitor Services	1.4	1.5	1.5	1.9	1.9	2.0	2.0	2.5	2.5	2.5
Recreation Services (including hire)	**1.7**	**1.7**	**1.7**	**2.3**	**2.3**	**2.3**	**2.3**	**2.9**	**2.9**	**3.0**
Total Tourism Characteristic Industries	**13.1**	**13.2**	**13.3**	**17.5**	**17.7**	**17.9**	**18.0**	**22.6**	**22.8**	**23.0**
TOURISM CONNECTED INDUSTRIES										
Automotive fuel retailing	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Other retail trade	2.8	2.8	2.8	3.7	3.8	3.8	3.8	4.8	4.8	4.9
Education and training	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.6
Total Tourism Connected Industries	**3.5**	**3.5**	**3.6**	**4.7**	**4.7**	**4.8**	**4.8**	**6.0**	**6.1**	**6.1**
All other industries	1.0	1.0	1.0	1.3	1.3	1.3	1.3	1.6	1.7	1.7
Total Direct Jobs (Employees & Proprietors)	**17.6**	**17.7**	**17.9**	**23.5**	**23.7**	**23.9**	**24.1**	**30.3**	**30.5**	**30.7**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

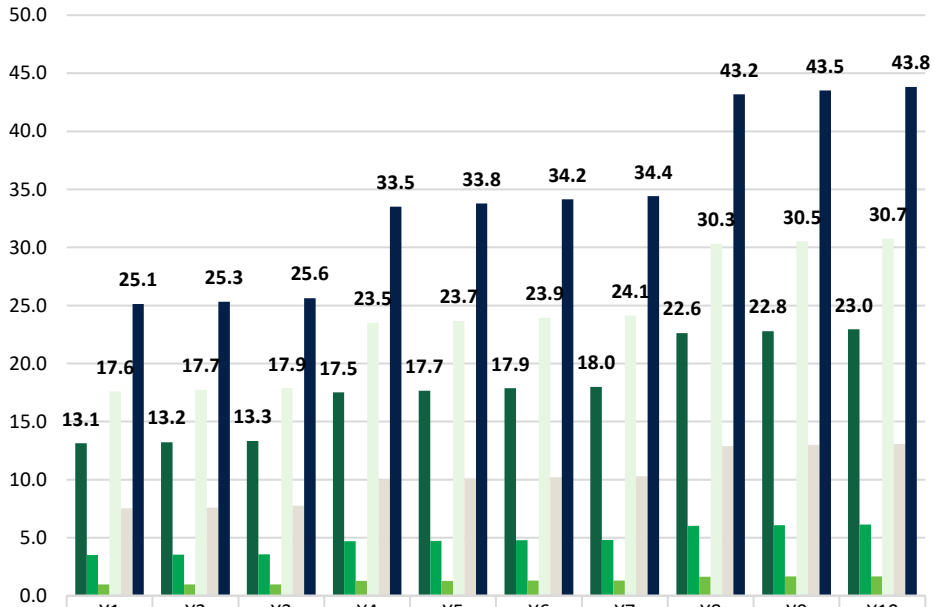
Table 12. Indirect Regional Jobs Generated by Industry (FTE No.)

Trail Operations: Jobs Generated Option 1 Indirect/Induced Jobs	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Food & Beverage	**2.6**	**2.7**	**2.6**	**3.5**	**3.6**	**3.6**	**3.6**	**4.5**	**4.6**	**4.6**
Retail	**2.0**	**2.0**	**2.2**	**2.6**	**2.7**	**2.7**	**2.7**	**3.4**	**3.4**	**3.4**
Health	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Transport	0.6	0.6	0.8	0.8	0.8	0.8	0.8	1.0	1.0	1.0
Communication	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Recreation and culture	1.0	1.0	0.8	1.3	1.4	1.4	1.4	1.7	1.7	1.8
Education	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Insurance and financial services	0.4	0.4	0.4	0.6	0.6	0.6	0.6	0.7	0.8	0.8
Total Indirect Jobs	**7.5**	**7.6**	**7.8**	**10.0**	**10.1**	**10.2**	**10.3**	**12.9**	**13.0**	**13.1**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

The following chart and table show the industry mix of total jobs (direct and indirect) generated by trail users.

Figure 16. Trail Operations All Jobs Generated by Industry (FTE No.)



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Total tourism characteristic industries	13.1	13.2	13.3	17.5	17.7	17.9	18.0	22.6	22.8	23.0
Total tourism connected industries	3.5	3.5	3.6	4.7	4.7	4.8	4.8	6.0	6.1	6.1
All other industries	1.0	1.0	1.0	1.3	1.3	1.3	1.3	1.6	1.7	1.7
Total Direct Jobs (Employees & Proprietors)	17.6	17.7	17.9	23.5	23.7	23.9	24.1	30.3	30.5	30.7
Total Indirect Jobs	7.5	7.6	7.8	10.0	10.1	10.2	10.3	12.9	13.0	13.1
Total All jobs	25.1	25.3	25.6	33.5	33.8	34.2	34.4	43.2	43.5	43.8

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

The following table shows total jobs (direct & indirect/induced) generated over the 10 year period by industry sector. Most of the jobs are in food & beverage, local retail, accommodation and recreation services.

Table 13. Trail Operations – Total Jobs Generated by Industry (FTE No.)

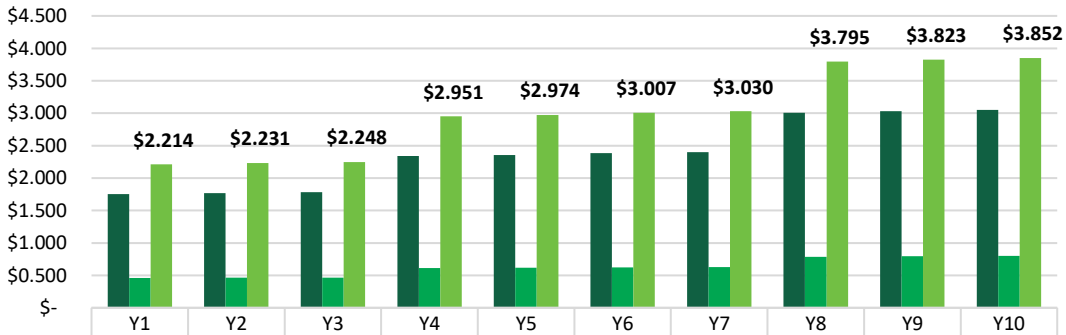
TRAIL OPERATIONS: OPTION 1										
Total Jobs (FTE)	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**
Accommodation	3.1	3.1	3.2	4.1	4.1	4.1	4.2	5.0	5.1	5.1
Food & Beverage	7.9	7.9	7.9	10.5	10.6	10.7	10.8	13.7	13.8	13.9
Retail	4.4	4.4	4.1	5.9	5.9	6.0	6.0	7.5	7.6	7.7
Transport	2.2	2.3	2.5	3.0	3.0	3.1	3.1	4.0	4.0	4.0
Communication	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Health	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Recreation & Culture	2.7	2.7	2.5	3.6	3.6	3.7	3.7	4.6	4.7	4.7
Education & Training	0.6	0.6	0.7	0.8	0.8	0.8	0.8	1.0	1.0	1.1
Insurance and financial services	0.4	0.4	0.4	0.6	0.6	0.6	0.6	0.7	0.8	0.8
Housing	0.8	0.8	1.3	1.0	1.0	1.1	1.1	1.3	1.3	1.4
Other Services	2.4	2.4	2.4	3.2	3.2	3.3	3.3	4.1	4.2	4.2
Total Jobs	**25.1**	**25.3**	**25.6**	**33.5**	**33.8**	**34.2**	**34.4**	**43.2**	**43.5**	**43.8**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

8.2 Regional Income

The following show the regional income generated by trail users and their spending over the 10 year period. Regional income (in $2024 prices) increases from $2.214 million in year 1 to $3.852 million in year 10. Total income over the 10 year period is $30.125 million. Regional income includes wages, salaries, and profits. Direct income is that generated in the businesses directly servicing the trail users. Indirect/induced income is that in businesses servicing consumer needs of the direct employees.

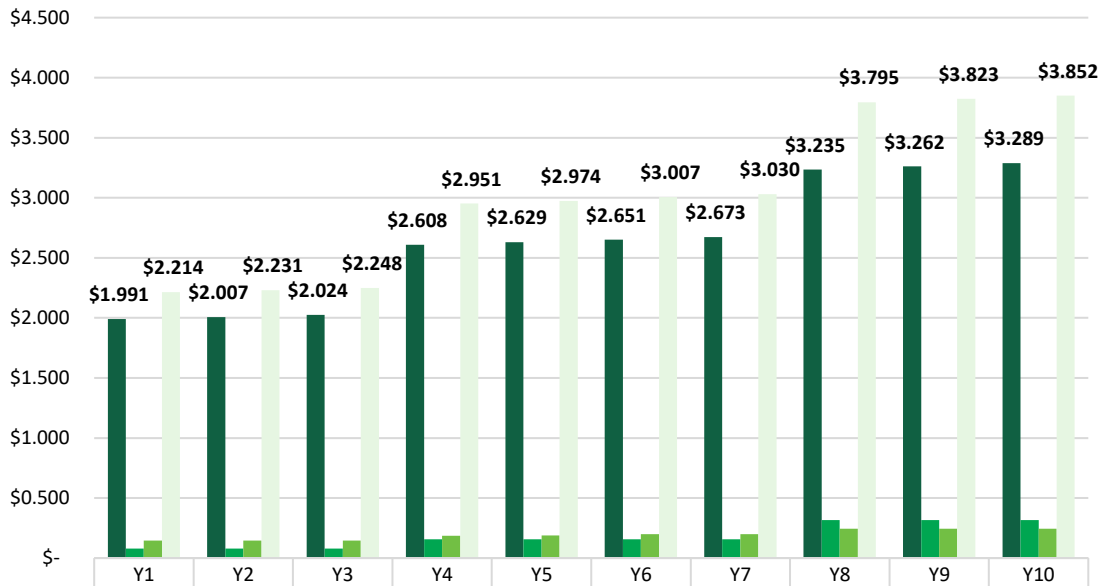
Figure 17. Trail Operations – Regional Income ($m 2024 prices)



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Direct Income	$1.754	$1.768	$1.781	$2.339	$2.356	$2.383	$2.401	$3.007	$3.030	$3.052
Indirect/induced income	$0.460	$0.463	$0.467	$0.613	$0.617	$0.624	$0.629	$0.788	$0.794	$0.800
Total Regional Income	$2.214	$2.231	$2.248	$2.951	$2.974	$3.007	$3.030	$3.795	$3.823	$3.852

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

Figure 18. Trail Operations – Total Regional Income by User Type ($m 2024 prices)



	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Overnight Visitors	$1.991	$2.007	$2.024	$2.608	$2.629	$2.651	$2.673	$3.235	$3.262	$3.289
Day Visitors	$0.078	$0.078	$0.078	$0.157	$0.157	$0.157	$0.158	$0.316	$0.316	$0.317
Locals	$0.146	$0.146	$0.146	$0.187	$0.187	$0.198	$0.199	$0.245	$0.245	$0.246
Total Regional Income	$2.214	$2.231	$2.248	$2.951	$2.974	$3.007	$3.030	$3.795	$3.823	$3.852

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

Table 14. Regional Income Generated by all Trail Users ($m 2024 prices)

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	TOTAL 10 YEARS
TOTAL INCOME											
Direct Income	$ 1.754	$ 1.768	$ 1.781	$2.339	$ 2.356	$ 2.383	$ 2.401	$ 3.007	$3.030	$ 3.052	$23.871
Indirect/ induced income	$ 0.460	$0.463	$0.467	$ 0.613	$0.617	$0.624	$ 0.629	$ 0.788	$ 0.794	$0.800	$ 6.254
Total Regional Income	**$ 2.214**	**$2.231**	**$ 2.248**	**$2.951**	**$ 2.974**	**$ 3.007**	**$ 3.030**	**$ 3.795**	**$3.823**	**$ 3.852**	**$30.125**
INCOME BY USER											
Overnight Visitors	$1.991	$ 2.007	$ 2.024	$ 2.608	$ 2.629	$ 2.651	$ 2.673	$ 3.235	$3.262	$ 3.289	$26.368
Day Visitors	$ 0.078	$ 0.078	$ 0.078	$0.157	$ 0.157	$ 0.157	$ 0.158	$ 0.316	$ 0.316	$0.317	$ 1.812
Locals	$ 0.146	$ 0.146	$0.146	$ 0.187	$0.187	$ 0.198	$0.199	$ 0.245	$ 0.245	$0.246	$1.945
Total Regional Income	**$2.214**	**$2.231**	**$2.248**	**$2.951**	**$ 2.974**	**$3.007**	**$3.030**	**$ 3.795**	**$3.823**	**$3.852**	**$30.125**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

9 Benefit Cost Analysis

Benefit cost analysis is the approach used to assess a project or investment and the returns that it will deliver. In an assessment of a trail the measured benefits to the community are compared with the total costs (initial investment in the construction and the estimated costs of maintaining the trails). Benefits and costs are compared over a 10 year period.[28]

9.1 Project costs

The following are the construction costs associated with the development of the trail (3 options). For the preferred construction, Option 1 Unsealed Trail, these comprise decommissioning and construction costs of $4.281 million, and maintenance costs (over 10 years) of $1.162 million.

Table 15. Trail Construction Costs of Three Options ($2024 prices)

SUMMARY CONSTRUCTION COSTS (EX GST)	OPTION 1 UNSEALED	OPTION 2 SEALED ASPHALT	OPTION 3 SPAY SEAL
Decommissioning Costs	$1,393,700	$1,393,700	$1,393,700
Bridge Upgrades	$1,350,301	$1,350,301	$1,350,301
Crossings & Tunnels	$477,000	$477,000	$477,000
Signage	$15,000	$15,000	$15,000
Trail Construction	$840,000	$7,417,600	$5,023,600
Other Costs	$205,000	$205,000	$205,000
Project Costs -Total	**$4,281,001**	**$10,858,601**	**$8,464,601**
Maintenance Cost 10 Years	**$1,161,970**	**$621,250**	**$1,805,650**

Source: Dorset Council Estimates, April 2024

Option 1 has been chosen as the preferred option due to the lower cost and the expectation that the trail surface if properly constructed will not impact the user experience as most cyclists will have hybrid or mountain bikes and e-bikes suitable to a fine crushed and rolled gravel.

9.2 Benefits of trail operations

9.2.1 Modelling benefits

The benefits of the trail comprise:

- the increase in regional income generated by user spending
- health benefits – the reduction in health costs associated with exercise (trail rides)
- the user valuation of the trail experiences, based on a shadow price (per trail user) as there are no user charges for the trail, and
- the improvement in productivity (for persons in employment) associated with exercise on the trail29 (See Appendix A for definition and sources.).

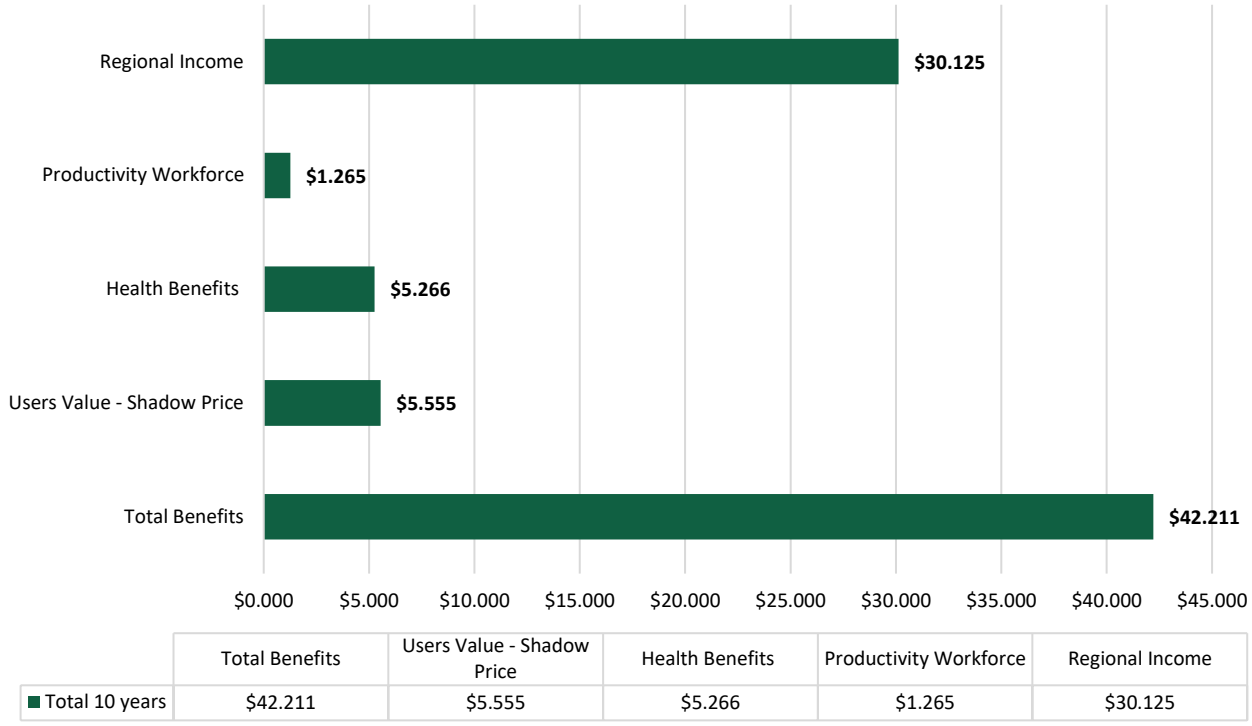
[28] It is normally a requirement for funding provided by the Commonwealth and State Governments for projects, that a cost benefit analysis be prepared.

[29] As there are no charges for using the trail, a consumer valuation of the user experience is measured by providing a shadow price (what a user might be willing to pay). For this analysis, a shadow price of $20 per person was applied (see Appendix A).

The benefits are quantified in the tables below (in $ million 2024 prices) over a 10-year period.
These benefits total $42.211million over this period:

- regional income ($30.125 million)
- health benefits ($5.266 million)
- user valuation ($5.555 million)
- productivity benefits ($1,265 million).

Figure 19. Project Benefits – Total 10 Years



	Total Benefits	Users Value - Shadow Price	Health Benefits	Productivity Workforce	Regional Income
Total 10 years	$42.211	$5.555	$5.266	$1.265	$30.125

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

Table 16. Measuring Benefits – Trail Operations

BENEFITS (INCLUDED IN ANALYSIS)	DESCRIPTION	VALUE 10 YEARS ($ MILLION 2024 PRICES)
Regional Income	Increase in regional income generated by users and their spending in the region.	$30.125
Health Benefits	Reduced health costs (public & private) associated with exercise activity. Benefits calculated for local users & tourists.	$5.266
Consumer/User valuation (shadow price)	Based on a shadow price of $20 per trail user ($2025 prices). Valuation for local users & tourist users.	$5.555
Productivity Benefit	Exercise improves a person's productivity and reduces absenteeism. Valuation for local users & tourist users.	$1.265
TOTAL BENEFITS		**$42.211**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

Table 17. Benefits of Trails ($m 2024 prices)

BENEFITS OF TRAIL	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	TOTAL 10 YEARS
Regional Income	$2.214	$2.231	$2.248	$2.951	$2.974	$3.007	$3.030	$3.795	$3.823	$3.852	$30.125
Productivity Workforce	$0.091	$0.091	$0.091	$0.121	$0.121	$0.126	$0.126	$0.165	$0.166	$0.166	$1.265
Health Benefits	$0.377	$0.379	$0.380	$0.504	$0.506	$0.524	$0.526	$0.688	$0.690	$0.693	$5.266
Users Value - Shadow Price	$0.398	$0.399	$0.401	$0.531	$0.533	$0.553	$0.555	$0.725	$0.728	$0.731	$5.555
Total Benefits	**$3.079**	**$3.100**	**$3.121**	**$4.107**	**$4.135**	**$4.210**	**$4.238**	**$5.374**	**$5.407**	**$5.441**	**$42.211**

Source: MCa modelling & projections, April 2024. May be differences due to rounding.

9.3 Benefit cost analysis

Annual benefits ($2024 prices) are estimated for a 10 year period and these benefits are then discounted to calculate an aggregate present value to compare with the construction and maintenance costs. Several discount rates (3%, 7%,10%) are used for this present value calculation. These discount rates are those required by state governments and the Australian Government for business cases and cost benefit assessments.

The following analyses construction costs and benefits over the 10 year period for the trail. The benefits for trail are compared with the capital costs for the new trail development. Benefits are discounted by the 3 discount rates.

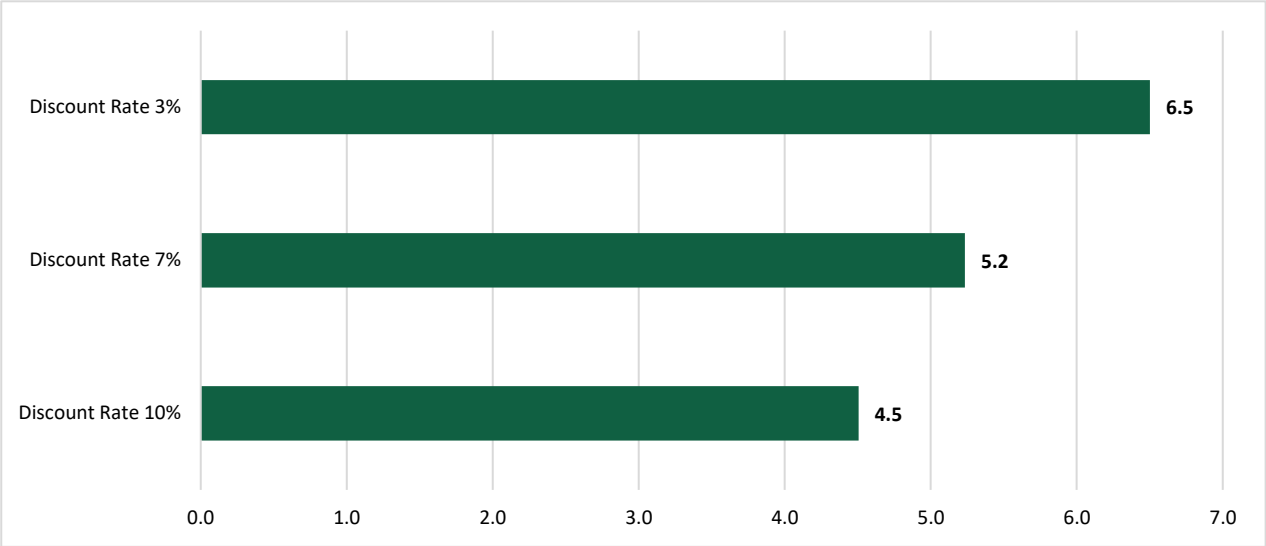
For option 1, when the benefits and construction/maintenance costs are taken into account, the project yields a benefit cost ratio (BCR) of 6.5 for a 3% discount rate, a BCR of 5.2 for a 7% discount rate and 4.5 for a 10% discount rate. Benefit cost ratios compare the aggregated discounted benefits over 10 years with the total project costs over this period.

Table 18. Benefit Cost Analysis – North East Rail Trail Extension

OPTION 1 UNSEALED TOTAL PROJECT REGIONAL COST BENEFIT ($2024 PRICES) PERIOD : 10YEARS	DISCOUNT RATE 3%	DISCOUNT RATE 7%	DISCOUNT RATE 10%
A. PROJECT COSTS			
Capital Costs	**$4,281,001**	**$4,281,001**	**$4,281,001**
Costs - Maintenance (10 years)	$1,161,970	$1,161,970	$1,161,970
Total Costs	**$5,442,971**	**$5,442,971**	**$5,442,971**
B. PROJECT BENEFITS			
Direct Benefits - User Value (Shadow Price)	$ 5,554,771	$5,554,771	$ 5,554,771
Regional Income Increase (users)	$30,125,291	$30,125,291	$30,125,291
Health Benefits (exercise)	$5,265,922	$5,265,922	$5,265,922
Workforce Productivity	$1,264,821	$1,264,821	$1,264,821
Total Benefits	**$42,210,805**	**$42,210,805**	**$42,210,805**
Total Benefits ($) Present Value	$35,388,987	$28,491,815	$24,526,617
Net Present Value ($) Total Benefits	**$29,946,016**	**$23,048,844**	**$19,083,646**
NPV/Cost	**5.5**	**4.2**	**3.5**
Benefit Cost Ratio (BCR)	**6.5**	**5.2**	**4.5**

Source: MCa Modelling April 2024.

Figure 20. Option 1 Trail Development – Benefit Cost Ratio (BCR)



Source: MCa Modelling April 2024.

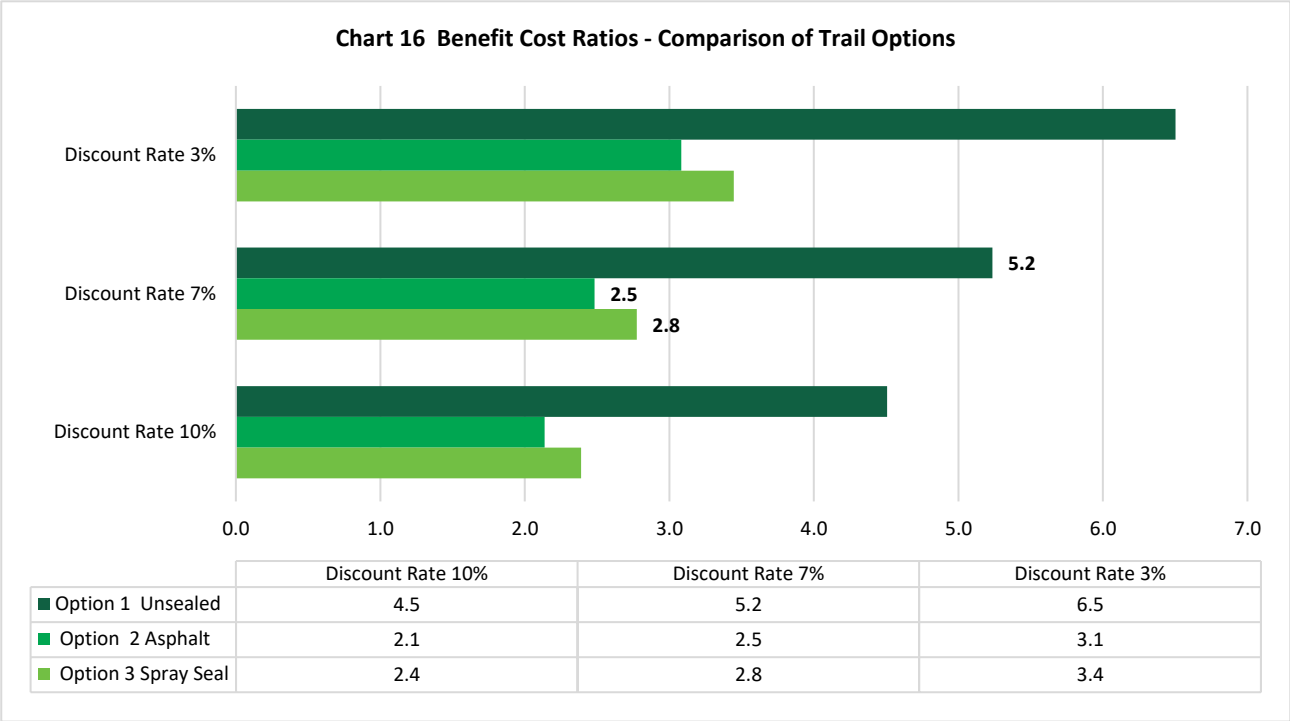
9.4 Comparison of trail options

The following figure compares BCRs for the 3 trail options.[30] These comparisons assume that the user numbers, spending and measures benefits of the trail operations are the same for each trail composition option. For a 7% discount rate (the rate that is used for many infrastructure projects), the BCRs are

- Option 1- 5.2
- Option 2- 2.5
- Option 3- 2.8.

[30] Appendix C shows the benefit cost details for Trail Construction Types 2 and 3.

Figure 21. Benefit Cost Ratios – Comparison of Trail Options



	Discount Rate 10%	Discount Rate 7%	Discount Rate 3%
Option 1 Unsealed	4.5	5.2	6.5
Option 2 Asphalt	2.1	2.5	3.1
Option 3 Spray Seal	2.4	2.8	3.4

Source: MCa Modelling April 2024.

APPENDIX A. Modelling Assumptions

VARIABLE	DESCRIPTION	SOURCES
1. Trail Locations	**LGAs**	
Lilydale to Scottsdale in north-east Tasmania (40 kms)	Dorset LGA	
2. Trail Users -Locals	**Estimate local users for each trail**	
Local Residents	Estimate of local residents using the trail. Use the trail segment which is located in or adjacent to their LGA. • Primary Catchment (LGAs): Dorset & Launceston • Secondary Catchment (LGAs): Break O Day; George Town; Meander Valley; West Tamar	MCa modelling based on population data and likely catchment for trail use
Potential users: persons who cycle in each LGA (primary catchment & secondary catchment)	LGA population 10 years from Tasmanian Govt projections. Population projections examined for 10 years 2026 to 2035. Potential users bike users • Cyclists in the LGA: apply cycle participation rate 13.4 % (average for 7 years 2016-2022) to LGA population. • Mountain bikers in the LGA: apply participation rate 2.1% (average for 7 years 2016 -2022). • Modelling assumes that trail users will mainly be cyclists on bikes or MTBs. • Walkers will mainly be persons walking on parts of the trail. <Bushwalkers participation rate 9.1% (average for 7 years 2016-2022.> User numbers grow in line with populations growth	Tasmanian Government*: Draft medium series population projections for Tasmania* - Treasury population projections 2023 *Ausplay Data Tables, April 2023* <Sports & Recreation Participation> MCa modelling
Likely to use the trail (% of cycle & MTB user population)	Percentage probability assigned to each LGA: • 15% of cycle population for the 2 primary catchment LGAs; and 10% for 4 secondary catchment LGAs. • 40% of MTB population for the 2 primary catchment LGAs; and 20% for 4 secondary catchment LGAs.	MCa assumptions
Average uses per year <Based on accessibility of trail to population centres; increase over time as trail experience becomes known.>	• Cycle: Ranges from 4 to 6 for the 2 primary catchment LGAs; and 2 to 3 for 4 secondary catchment LGAs. • MTB: Ranges from 5 to 10 for the 2 primary catchment LGAs; and 3 to 5 for 4 secondary catchment LGAs. • <MTB users more likely to go out on trail>	MCa assumptions

Variable	Description	Sources
3. CYCLE TRAIL USERS – TOURISTS	ESTIMATE TOURIST USERS FOR EACH TRAIL	
Tourists (in trail locations)	Tourist numbers for each LGA: international overnights; domestic overnights (interstate & intrastate); and day visitors. **Assumed annual growth over 10 years:** International overnights (1%). Domestic overnights (interstate 1% & intrastate 0.5%); and day visitors (0.2%).	TRA Local Government Area Profiles, 2019 • Dorset LGA • Launceston LGA
Potential users: tourists who may be cycle tourists	Cycle tourists – 21% of visitors in each category. *"Approximately 21% of the Australian adult population have participated in a cycle tourism activity in the past year".* Applied to projected visitor numbers to each LGA (Dorset & Launceston).	• TRC: *Cycle Market Insights note*. • *Cycle Tourism Insights Sept 2021, Angus & Associates* **https://www.mbie.govt.nz/dmsdocument/19860-cycle-tourism-insights-new-zealand-and-australian-summary-september-2021-pdf**
Likely to use the trail during their visit. **<% of cycle tourists using trail >**	% of cycle tourists (depends on nature of trail) • International overnights: 7% to 12% • Domestic overnights: 4%-6% • Day visitors:0.5%-2% % using increases over time as the trail becomes promoted & known.	MCa assumptions

VARIABLE	DESCRIPTION	SOURCES
3. CYCLE USER SPENDING IN REGION ($2024 PRICES)		
Local Trail Users	Average spend refreshments: $35 per user ($2024 prices) – Launceston LGA; $20 per user Dorset LGA. **Regional average: $25 per user (used in modelling)**	MCa assumptions
Tourist trail users – day visitors	Trail use is the reason for the visit. Average spending/person based on TRA data for 2 LGAs - averaged. Spending levels per day: Dorset & Launceston (simple average = **$112/person** <Launceston=$140; Dorset =$84>.	MCa assumptions *TRA Local Government Area Profiles, 2019* Dorset LGA & Launceston LGA. <Average spend in $2024 prices>
Tourist trail users – international overnights	Average stay associated with trail use: 3 nights. Spending levels per day: Dorset & Launceston - simple average = **$136/person** <Launceston=$104; Dorset =$169>. (Using average spend <not commercial accommodation rate> reflects that some may being staying with friends & relatives and others in commercial accommodation.)	MCa assumptions *TRA Local Government Area Profiles, 2019* Dorset LGA & Launceston LGA. <Average spend in $2024 prices>
Tourist trail users – domestic overnights	Average stay associated with trail use: 3 nights. Spending levels per day: Dorset & Launceston - simple average = **$188/person** <Launceston=$191; Dorset =$185>. (Using average spend <not commercial accommodation rate> reflects that some may being staying with friends & relatives and others in commercial accommodation.)	MCa assumptions *TRA Local Government Area Profiles, 2019* Dorset LGA & Launceston LGA. <Average spend in $2024 prices>

VARIABLE	DESCRIPTION	SOURCES
4. BENEFITS (FOR BENEFIT COST ANALYSIS)		
Regional Income	Increase in regional income generated by users and their spending in the region	Estimates generated from MCa's regional impact model.
Health Benefits	Reduced health costs (public & private) associated with exercise activity and fitness. Based on average trail ride per person of 12kms & health cost saving of **$1.60 per km ($19 per average ride).** Benefits calculated for local users & domestic tourists - $2024 prices. <Mountain bike estimate used for all riding on trail>	*Mountain Biking in Australia: An Economic and Participation Analysis (AusCycling),* GHD Advisory, March 2021 *Green Space Interim Framework for Valuing Green Infrastructure and Public Spaces*, NSW Department of Planning and Environment, March 2022. MCa assumptions.
Consumer valuation of Trail Experience	Based on a **shadow price of $20 per trail user** ($2024 prices) Indicative valuation for local users & domestic tourist users, as no fees charged for trail use.	MCa assumption. Users would be willing to pay $20 if fees were applied.
Productivity Benefit	Exercise improves a person productivity and reduces absenteeism. Assumed that 60% of all trail users are in employment and the benefit is valued at **$7.60 per ride.** Valuation for *local users & domestic tourist* users. <Mountain bike estimate used for riding on trail>	*Mountain Biking in Australia: An Economic and Participation Analysis (AusCycling)*, GHD Advisory, March 2021 *Social Value of Community Sport & Recreation - Value Assessment Report,* KPMG 21 October 2021 (for City of Melbourne

APPENDIX B – Economic Impact Model

The MCa economic impact model is a regional model, which assesses the impacts of a project or new infrastructure on the region in which it is located. The model works in the following way.

It takes estimated visitor spending in the region (net of 10% GST, which is treated as a leakage out of region) and allocates it across a number of industry sectors based on the average spending patterns of tourist visitors.[31] The model takes account that a significant part of this total spending leaks outside of the region (as it comprises inputs into the goods and services sold by local businesses - and these inputs come from outside the region).

- **Direct Jobs**: the model estimates the proportion of this spending by each industry sector and that which represents local value added and income to local employees and income to local business owners. Job numbers are then derived by industry sector using average wages (plus labour on costs) for each sector. The sector jobs generated are then aggregated to get the total direct jobs figure. These jobs are full time equivalent (FTE) jobs and may represent part of job spread across many businesses in the region (rather than additional jobs in a few enterprises in each sector).
- **Indirect/Induced Jobs**: these are the jobs generated by the spending of the employees, who are in the direct jobs. The spending of these direct employees is calculated net of both income tax (based on average tax rates) and savings (an average savings rate). The model allocates this spending (net of 10% GST) across industry sectors based on the spending patterns of a local resident (not a visitor).[32] The model then estimates the proportion of this spending by sector that represents incomes to local employees and income to local business owners and job numbers are then derived by industry sector using average wages (plus labour on costs) for each sector. The sector jobs are then aggregated to get the total indirect jobs figure. These jobs are full time equivalent (FTE) jobs and may represent part of a job spread across many businesses in the region (rather than jobs concentrated in a few enterprises in each sector).
- **Regional income**: is the total net income generated from the activity and covers wages and salaries of employees and profits of businesses within the region. It includes income generated directly within the business supplying the services to visitors and indirect income, which is generated in other regional businesses (wages and profits) from the multiplier impacts of employee spending in the region. In the modelling of income generated, income tax and GST on spending, are both treated as leakages from the region.

[31] For an overnight visitor this comprises spending on accommodation, food, recreational services, and other retail. For a day visitor this comprises spending on food, recreational services and other retail.

32 The spending pattern of employees is based the ABS CPI 2022 product mix.

APPENDIX C. Benefit Cost Analysis – Trail Surface Options 2 And 3

The following table provides the Benefit Cost analysis for the trail construction types 2 and 3.

Table 19. Benefit Costs Analysis – Trail Surface Option 2

OPTION 2 ASPHALT TOTAL PROJECT REGIONAL COST BENEFIT ($2024 PRICES)	DISCOUNT RATE 3%	DISCOUNT RATE 7%	DISCOUNT RATE 10%
PERIOD : 10YEARS			
A. PROJECT COSTS			
Capital Costs	**$10,858,601**	**$10,858,601**	**$10,858,601**
Costs - Maintenance (10 years)	$621,250	$621,250	$621,250
Total Costs	**$11,479,851**	**$11,479,851**	**$11,479,851**
B. PROJECT BENEFITS			
Direct Benefits - Consumer Value	**$ 5,554,771**	**$5,554,771**	**$ 5,554,771**
Regional Income Increase (users)	$30,125,291	$30,125,291	$30,125,291
Health Benefits (exercise)	**$5,265,922.53**	**$5,265,922.53**	**$5,265,922.53**
Workforce Productivity	$1,264,821	$1,264,821	$1,264,821
Total Benefits	**$42,210,805**	**$42,210,805**	**$42,210,805**
Total Benefits ($) Present Value	$35,388,987	$28,491,815	$24,526,617
Net Present Value ($) Total Benefits	**$23,909,136**	**$17,011,964**	**$13,046,766**
NPV/Cost	2.1	1.5	1.1
Benefit Cost Ratio (BCR)	**3.1**	**2.5**	**2.1**

Source: MCa Modelling April 2024.

Table 20. Benefit Cost Analysis – Trail Surface Option 3

OPTION 3 SPRAY SEAL TOTAL PROJECT REGIONAL COST BENEFIT ($2024 PRICES)	DISCOUNT RATE 3%	DISCOUNT RATE 7%	DISCOUNT RATE 10%
Period: 10Years			
A. PROJECT COSTS			
Capital Costs	**$8,464,601**	**$8,464,601**	**$8,464,601**
Costs - Maintenance (10 years)	$1,805,650	$1,805,650	$1,805,650
Total Costs	**$10,270,251**	**$10,270,251**	**$10,270,251**
B. Project Benefits			
Direct Benefits - Consumer Value	**$ 5,554,771**	**$5,554,771**	**$ 5,554,771**
Regional Income Increase (users)	$30,125,291	$30,125,291	$30,125,291
Health Benefits (exercise)	**$5,265,922**	**$5,265,922**	**$5,265,922**
Workforce Productivity	$1,264,821	$1,264,821	$1,264,821
Total Benefits	**$42,210,805**	**$42,210,805**	**$42,210,805**
Total Benefits ($) Present Value	$35,388,987	$28,491,815	$24,526,617
Net Present Value ($) Total Benefits	**$25,118,736**	**$18,221,564**	**$14,256,366**
NPV/Cost	2.4	1.8	1.4
Benefit Cost Ratio (BCR)	**3.4**	**2.8**	**2.4**

Source: MCa Modelling April 2024.

APPENDIX C. References

- Ausplay Data Tables, April 2023 <Sports & Recreation Participation>
- Cycle Tourism Insights (New Zealand) September 2021, Angus & Associates
- *Green Space Interim Framework for Valuing Green Infrastructure and Public Spaces* NSW Department of Planning and Environment, March 2022.
- Local Government Area Profiles, 2019 Dorset LGA, Tourism Research Australia
- Local Government Area Profiles, 2019 Launceston LGA, Tourism Research Australia
- *Mountain Biking in Australia: An Economic and Participation Analysis (AusCycling),* GHD Advisory, March 2021
- North East Rail Trail Preliminary demand and economic benefit assessment 2014. TRC for Dorset Council.
- Profile Cycling Selected LGAs, Tourism Research Australia (Sept 2023)
- *Social Value of Community Sport & Recreation - Value Assessment Report,* KPMG 21 October 2021 (for City of Melbourne
- Tasmanian Government: Draft medium series population projections for Tasmania - Treasury population projections 2023
- Visit Northern Tasmania Annual Report – 2022/2023