

A close-up, low-angle photograph of a bicycle's front wheel and handlebars on a gravel path. The path is made of light-colored gravel and has a dark asphalt line running alongside it. The background is a soft-focus green landscape with sunlight filtering through the trees, creating a bokeh effect.

Daylesford to Tylden Rail Trail Feasibility Project

Incorporating an Economic Assessment of options for the
extension of the Daylesford Spa Country Railway

November 2021



This report was prepared for Hepburn Shire Council by TRC Tourism.

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Acknowledgement

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

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Executive Summary

Hepburn Shire Council is seeking advice about the feasibility of a walking and cycling trail along the rail corridor between Daylesford and the Council boundary at Tylden. The proposal is part of a longer rail trail concept from Daylesford to Hanging Rock in the adjacent Macedon Shire.

Part of the proposed rail trail route from Daylesford to Bullarto is occupied by the Daylesford Spa Country Railway, a popular tourist heritage railway consistently operated by a community organisation for over 25 years.

Hepburn Shire Council is concurrently considering a proposal to extend the Daylesford Spa Country Railway operations to Trentham. This extension would impact on an existing section of rail trail, the Domino Trail, between Lyonville and Trentham, as well as impacting on the feasibility of the broader Daylesford to Tylden rail trail.

TRC Tourism and Michael Connell and Associates Economists have undertaken a trail feasibility analysis and economic impact assessment of the rail trail and extended railway, considering their interrelated impacts.

The Economic Impact Analysis considered what was determined to be the two most feasible options:

1. A walking and cycling trail within the rail corridor from Daylesford to Bullarto and then a traditional 'rail trail' on the disused rail bed from Bullarto to Tylden with the existing heritage railway continuing to operate to Bullarto only.
2. A walking and cycling trail within the rail corridor from Daylesford to Trentham and then a traditional 'rail trail' on the disused rail bed from Trentham to Tylden. This would allow for the extension of the heritage railway to Trentham. There is a direct conflict between establishing a high quality rail trail for walkers and cyclists and the operation and extension of the existing heritage tourist railway.

Rail trails attract a particular type of walking and cycling user that seek comfortable easy routes through scenic and attractive settings with a good level of associated facilities and services. The most attractive section of the proposed rail trail is from Musk to Trentham where the rail corridor forms an easy route through interesting and varied scenery and is assessed to be the highlight feature and most attractive part of the proposed rail trail experience.

This report has identified limited opportunities to achieve the high-quality standard of trail, and this shows:

- the only acceptable option for the trail in the section from Daylesford to Bullarto where the existing train operates is within the existing heritage rail corridor, travelling alongside the existing railway
- there is potential to accommodate both a walking and cycling trail and an extended tourist railway in the section from Bullarto to Trentham however this will compromise the trail user experience, environmental values and incur additional costs when compared to a trail on the disused rail bed
- a walking and cycling trail can readily be constructed along the section from Trentham to Tylden.

This means that an optimal walking and cycling route - a rail trail - is not compatible with the existing and proposed use of the railway corridor between Daylesford and Trentham. An alternate walking and cycling route in the Bullarto to Trentham section would compromise the attractiveness of the rail trail and reduce participation in the experience.

The economic analysis shows that the first option (rail trail only) has the best return on investment for Council.

The analysis shows the second option, which combines the walking and cycling trail with the extended railway, generates a higher level of economic benefit, but a lower return on investment. There is a higher economic benefit because the capital investment in the two projects is much larger than in either single project. Despite a predicted lower participation rate in the rail trail experience there is still a greater number of participants overall across the two attractions than for option one.

Given the Musk to Trentham section of the proposed Daylesford to Hanging Rock rail trail is the most interesting and attractive section of the whole route, it is essential this be developed to the best possible standard for the overall proposal to be a success.

It should be noted there are significant tenure and technical design issues which need to be considered and resolved before a final decision can be made on which option and route will be achievable for the project.

Main findings:

- Implementing a rail trail between Daylesford and Tylden as part of the overall Daylesford to Hanging Rock Rail Trail is a feasible and desirable outcome with benefits for HSC residents, locals and regional tourism
- A rail trail between Daylesford and Tylden should be given priority over other uses and located as much as practicable on the disused rail bed that runs between the existing stations
- Extending the existing DSCR from Bullarto to Trentham would compromise the rail trail experience because a more expensive and less attractive cycle and walking trail would be required.

Recommendation:

Council should maximise the opportunity for a rail trail which uses the existing rail bed between Bullarto and Trentham.

Next steps:

- Council determines its support and commitment to either a rail trail, rail extension or both together. This decision will direct the next planning, design and consultation steps
- progress the concept alignment for a rail trail between Daylesford and Tylden to detailed design investigating implications for Native Title, flora and fauna, heritage, cultural heritage, engineering and site based testing
- develop a clear and robust communications strategy for design, planning and delivery of the identified project
- develop a partnership approach with Macedon Ranges Shire Council to allow for a collaborative approach to planning and designing the complete Daylesford to Hanging Rock Rail Trail. Consider joint funding applications and site analysis to ensure a consistent and cost-effective approach
- investigate measures required for biosecurity along the rail corridor where there are active farms
- investigate management and maintenance requirements and delivery arrangements for the selected option.



Passing Cloud Winery Platform at Musk

1 Introduction

1.1 THE BRIEF

A rail trail has been proposed that connects Daylesford to Woodend, Kyneton and Hanging Rock to provide shared trail experiences that connect visitors with rural landscapes, towns and heritage. The experience will link to events, local food and produce. Like all rail trails, it is proposed to reuse an old, decommissioned railway alignment to create a shared-use pathway for pedestrians and cyclists. The Rail Trail will cross over two municipalities, Hepburn Shire and Macedon Ranges Shire.

Concurrently with the rail trail proposal the Hepburn Shire Council is investigating the potential to extend the Daylesford Spa Country Railway's (DSCR) current operations a further 9.15 kilometres to Trentham. The Railway currently operates between Daylesford and Bullarto. There is an existing station building at Trentham that is suitable for use as a terminus. The route for the Railway extension incorporates part of the same rail corridor as the proposed Rail Trail.

Hepburn Shire Council (the Council) made the decision to incorporate the DSCR Feasibility Project into the investigations required for the Daylesford to Hanging Rock Rail Trail (Daylesford to Tylden) Feasibility Project. This feasibility study will explore options associated with the two proposals.

Glossary of terms

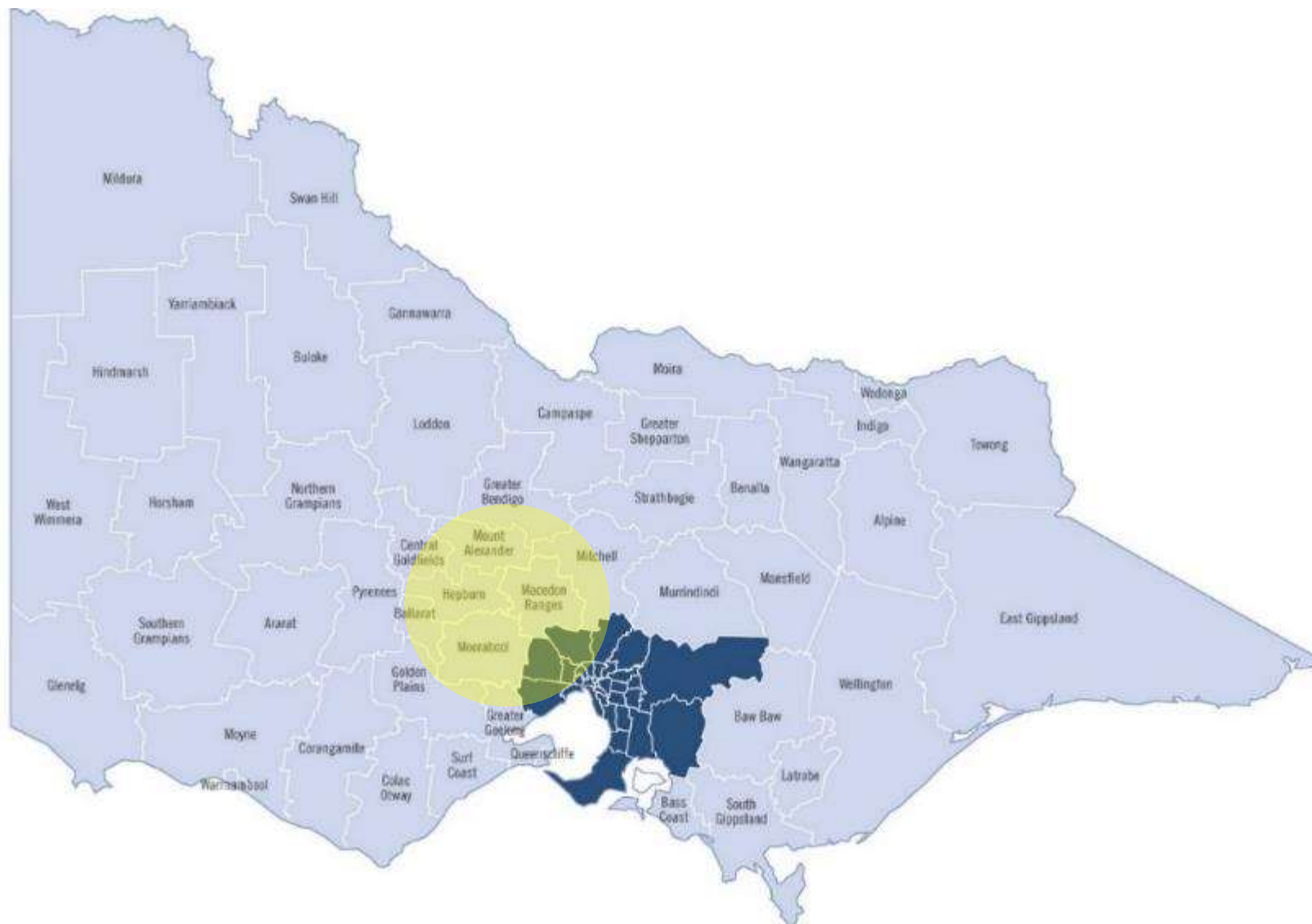
Rail Corridor: The area of land set aside by law for railway use. It may be fenced, and generally extends from fence to fence either side of the track, or everywhere within 15m of the outermost rails.

Rail Bed: The ballast layer supporting the sleepers of a railway track.

Rail Trail: Shared-use path recycled from abandoned railway corridors. They can be used for walking, cycling and horse riding, and traditionally travel along the rail bed

Walking and Cycling Trail: A shared use path providing a travel area separate from motorised traffic for bicyclists, pedestrians, wheelchair users, joggers, and other users.

Figure 1. Victorian rural and regional council map highlighting Hepburn Shire¹



¹ www.viccouncils.asn.au/find-your-council/council-map

1.2 BACKGROUND

The Shire of Hepburn sits in Central Victoria – an area collectively known as the Central Highlands.

The Shire covers 1,473km² of land and has many towns that offer country liveability while commuting distance to Melbourne, and visitor experiences attracting people for predominantly short stays.

Towns within the Hepburn Shire include Bullarto, Clunes, Creswick, Daylesford, Dean, Glenlyon, Hepburn Springs, Lyonville, Newlyn, Smeaton and Trentham. There are many other smaller hamlets and rural farming areas within the Shire.

The Shire has a population of over 16,059 people and is bounded by Central Goldfields Shire, Mount Alexander Shire, Macedon Ranges Shire, Moorabool Shire, City of Ballarat and Pyrenees Shire.

The proposed rail trail will cross over two municipalities, Hepburn Shire and Macedon Ranges Shire. The overall length of the proposed rail trail is approximately 43.1km. Around 26.5km (61.5% of the entire distance) is within the Hepburn Shire and 16.6km (38.5% of the entire distance) is within the Macedon Ranges Shire.

VicTrack owns Victoria's rail transport land, assets and infrastructure and make underused land and buildings available through the VicTrack lease program including for the development of rail trails.

VicTrack's *Preserving our rail history: A blueprint for the future* supports rail heritage history and through its *Release of Surplus Material* policy which allows for transfer of state-owned parts, equipment and resources (including rail, ballast, sleepers and turn-outs) as they become available.²

VicTrack has been consulted through the development of this feasibility study regarding the future of the land and the existing leases on the rail corridor.

Figure 1. shows the location of Hepburn Shire within the Victorian Local Government Area context. Hepburn Shire is located within Dja Dja Wurrung traditional country. Dja Dja Wurrung Clans Aboriginal Corporation is centred in Bendigo.

Hepburn Shire has a strong visitor economy currently based upon four Brand Pillars (see tourism section later in this report and trend data in Appendix A):

- Food and Drink - Indulge
- Escape and Rejuvenate – Refresh
- History and Culture – Learn
- Art and Artisans – Make.

Trails including rail trails are an important element of the Escape and Rejuvenate Brand Pillar, and also act as integral components by connecting townships within walking or riding distance (Food & Drink motivation), interpreting historical and cultural nodes (History & Culture i.e. natural springs or First Nation sites and stories of significance).

The Central Highlands Tourist Railway, which operates as Daylesford Spa Country Railway (DSCR) and the Daylesford Sunday Market, have been operating consistently for 40 years.

The railway between Daylesford and Bullarto is one of the few remaining examples of the construction methods and standards of the 20th century branch line railways that linked so many Victorian communities.

The 9 km railway operates railmotors through the picturesque Wombat State Forest from Daylesford to Bullarto attracting over 10,000 patrons annually, mainly families and couples enjoying the attractions offered in the Spa Country. The Sunday Market, which attracts over 180,000 patrons annually, has been operating every Sunday for 40 years until 2020 Covid lockdowns, when only three Sunday markets were cancelled due to public health measures.

² Preserving our rail history: A blueprint for the future, VicTrack Australia 2021

The heritage rail started operating in 1981 initially just two kilometres to the Musk Forest, then was extended in 1990 the full five kilometres to Musk. In 1996 it was extended to Bullarto.

Marketing of the region is undertaken primarily through the Regional Tourism Board Daylesford Macedon Ranges Tourism (DMT).

Regional Development Victoria (RDV) operates in partnership with regional businesses and communities and all tiers of government to deliver the Government's regional development agenda and instigate positive change for regional and rural Victorians. Hepburn is part of the Grampians RDV Region.

A summary of tourism data and strategies for the region are at **Appendix A**.

Figure 2. Proposed Daylesford to Tylden Rail Trail Corridor



1a – 1b Existing Tourist Train Route
2a – 2b Proposed New Tourist and Heritage Train Route
3a – 3b Rail Trail Only

White hatched lines indicate existing rail trail corridor.
Red hatched lines indicate potential alternative or temporary trail routes off the corridor.

1.3 DAYLESFORD MACEDON TOURISM

Daylesford Macedon Tourism (DMT) is the Regional Tourism Organisation (RTO) which represents both Hepburn Shire and Macedon Ranges Shire. Tourism Victoria and local government are the key financial stakeholders in the organisation, which is an independent body and operates as a not-for-profit business.

The four 'brand pillars' for the region are:

- Food and drink (indulge)
- Escape and rejuvenate (refresh)
- History and culture (learn)
- Art and artisans (make).

Both the proposed Daylesford-Trentham-Hanging Rock Rail Trail and Daylesford Spa Country Railway both strongly connect with three of these brand pillars – food and drink, escape and rejuvenate, and history and culture.

Trail experiences in general connect strongly with the Escape and Rejuvenate (refresh) pillar, with a focus on short, accessible walks that provide connection to nature, health and well-being experiences, from slow movement recreation (short walks) to challenge-based pursuits (mountain biking, trail running).

Target Markets

Daylesford Macedon Tourism has identified certain target markets that future visitor economy growth can be based upon. These markets are not exclusive as many markets will travel to and enjoy the experiences on offer in the Shire.

Figure 3. Map of Daylesford Macedon Tourism Region.³



The target markets are:

The Primary Target Market

Affluent females and couples from Melbourne with the strongest age segment (according to Tourism Events and Visitor Economy Branch) being 45-54 years, followed by 65+.

The Secondary Target Market

The 'pre-kids demographic, in their 30s, also an affluent Double Income No Kids (DINK) market, enticed by the shift in product offering.

The local wine industry is important for these markets, as are the 'makers' market, the 'pampering' reputation of the destination and cutting-edge accommodation.

The rail trail is particularly attractive to these target markets. Some of the product offerings on the DSCR such as the Silver Streak dining service and Passing Cloud packages are also attractive for this market as they include local product and unique experiences.

³ Daylesford Macedon Ranges Visitor Guide accessible from www.DMTtourism.com.au



Example of disused rail bridge currently closed.

2 What Makes a Great Rail Trail Destination?

Several factors play into the question of what makes a great trail or rail trail destination. The following list and brief description provide a snapshot of the elements required.

2.1 DIVERSITY OF TRAILS

Whether or not a destination offers a significant diversity of trails depends on its positioning and target markets. In the case of Hepburn, with a defined target market and trail offering, shorter walks that are curated would be ideal.

A diversity of trail types that fit the targeted markets can be achieved in several ways. These may include offering trails to different and particular 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 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.

2.2 ICON AND SUPPORTING TRAILS

Great trails destinations are very 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 Hepburn Shire, the Goldfields Track is likely to be that trail for a more challenging experience whilst a future Daylesford to Hanging Rock Rail Trail (Daylesford to Tylden) would be the “alternative” iconic trail available to a wider range of users able to ride with hybrid bikes, E-bikes or walking without the challenge of hills.

While the iconic trails are important, it is also important to have a variety of supporting trails in the area to keep people in the region as long as possible (increased length of stay generally equates to increased yield) and to develop repeat visitation and contribute to the area’s attractiveness as a trail locality.

The supporting trails will generally be aligned to the product strength of the region.

2.3 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, taxis and connections with Daylesford through the DSCR.

2.4 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) for orientation and wayfinding, and to provide appropriate advice on user behaviour and journey length.

2.5 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 the high numbers of Melbourne visitors easily access the trail?
- Can users use public transport to reach the trail or trail head?
- The role of the DSCR in providing access to the trail.
- Access for all, particularly radiating from towns encouraging community use across all user groups.

2.6 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 including the Daylesford Markets and trail based events
- story-telling and local interaction including interpretation that is well presented.

2.7 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.

2.8 QUALITY PRE-TRIP INFORMATION

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

2.9 SUPPORT BUSINESSES IN FOOD AND BEVERAGE

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 and with access to E-bikes important when catering for international visitors and domestic markets that travel some distance and look for convenience.

2.10 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.

2.11 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 and 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 a future Daylesford to Tylden section of the Daylesford to Hanging Rock Trail is required to implement the recommendations of this report, pursue funding and resources and facilitate collaboration between partners and stakeholders.

Management arrangements will need to have the capacity to provide the leadership and management of cross-tenure trails, lease arrangements with the principle land manager VicTrack, neighbour relations, trail development approval processes and risk management. There will also need to be mechanisms in place to coordinate partnerships (such as commercial operators, volunteer groups such as the Domino Trail, events, tourism, marketing and promotion) to ensure they are consistent in the delivery of the Daylesford to Tylden section of the Daylesford to Hanging Rock trail. The Hepburn Shire Council would be the best placed agency to take the lead role in these future management arrangements.

2.12 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.

Strong engagement can occur in a variety of ways. Most local government areas have strong channels for engagement such as the 'Participate Hepburn' page or through the Victorian State Government's Engage Victoria.

The Hepburn Shire Council's Community Engagement Policy (March 2021) is a framework to guide all community engagements regarding trails and trail development. This recognises that the Hepburn community represents an important local user group of all trails – including those flagged as important to the visitor/tourism economy. It also recognises that the Hepburn community offers a resource of creativity and expertise in identifying strengths and challenges, as well as developing solutions.

2.13 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, especially those in the low altitude Hepburn region. 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.



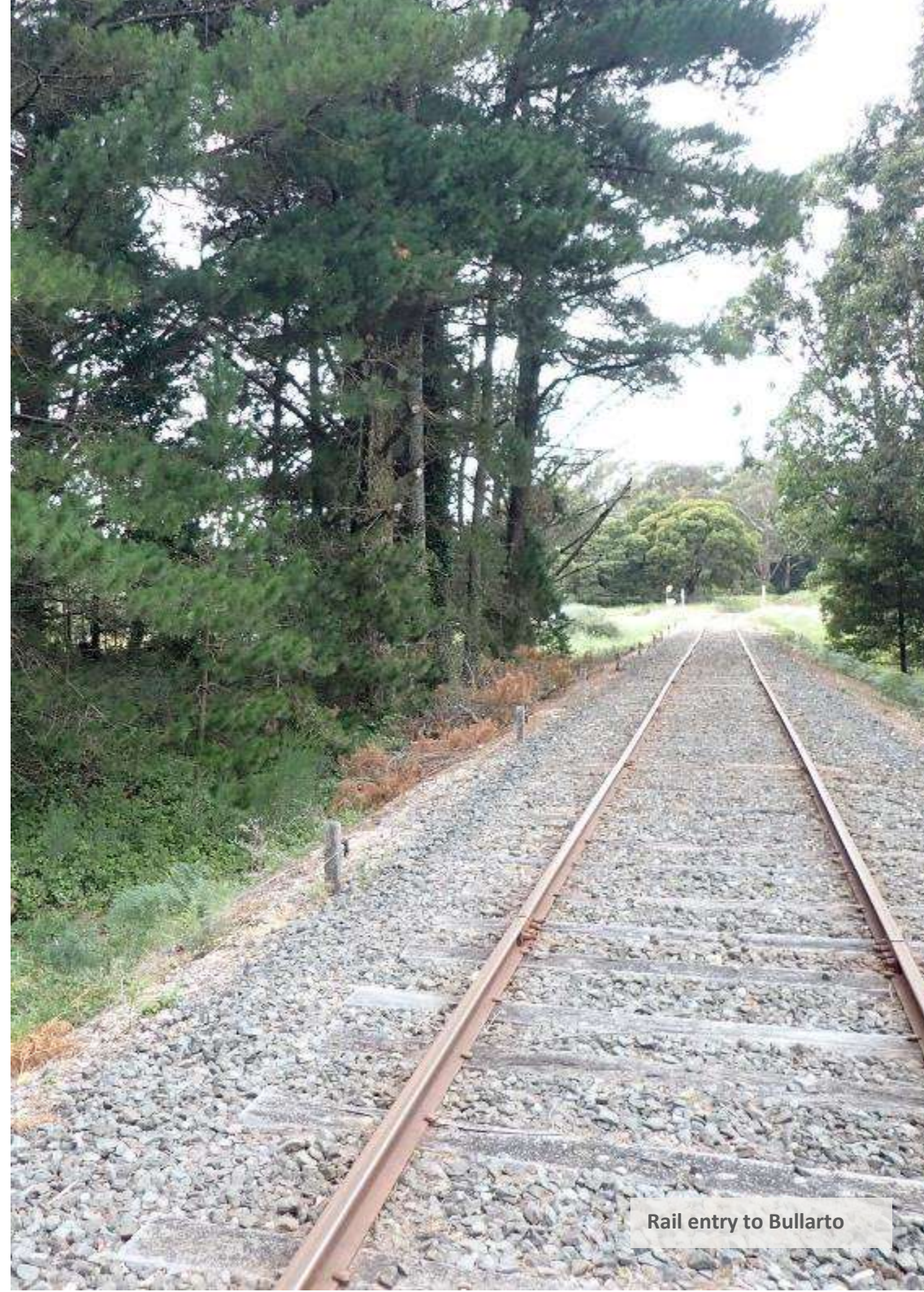
2.14 THE HEPBURN TRAIL FRAMEWORK

The Hepburn Trails Audit report (2020)⁴ focused on the visitor economy potential of trails. The report identifies which trails are likely to have the greatest visitor economy benefits identified within a three-tier trail classification system. This system is used in other destinations and has been modified to reflect the Shire of Hepburn trail offering and target markets.

The proposed Daylesford to Hanging Rock Rail Trail (Daylesford to Tylden) would clearly sit as a Significant Experience in that it would:

- showcase Hepburn as a trails and experience destination
- be a high-quality trail experience that can be offered to the target market
- showcase the natural and cultural elements of the region and the ranges
- be easily accessible from the start and finish with potential to connect with sections along the route
- be well designed, managed and maintained with high quality infrastructure and levels of service
- have a strong focus on visitor information, interpretation and marketing.

⁴ Hepburn Trails Audit: Tourism Development and Linkages 2021



Rail entry to Bullarto

3 The Daylesford to Tylden Rail Trail

The Daylesford to Tylden Rail Trail is part of a larger proposal for a rail trail and shared use trail between Daylesford and Hanging Rock, located in the Macedon Shire. Macedon Ranges Shire Council completed the Daylesford (Tylden) to Woodend, Kyneton and Hanging Rock Shared Trails Feasibility Report in 2019.⁵

3.1 RAIL TRAIL USER MARKETS

Hepburn Shire boasts a myriad of tracks, trails and shared pathways used by a variety of trail users including walkers, hikers, trail runners, cyclists (on and off road) and horse riders.

Each of the user groups, or trail markets, has experience needs. Aligning these to the target markets being sought by the Shire of Hepburn and Daylesford Macedon Tourism will provide a product strength for the Shire. The following table has been adapted to describe the market groups and experience needs of the proposed Daylesford to Hanging Rock Rail Trail (Daylesford to Tylden).

⁵ Daylesford (Tylden) to Woodend, Kyneton and Hanging Rock Shared Trails Feasibility Report 2019



Table 1. Table of users and their experience needs and preferences

| MARKET | DESCRIPTION | EXPERIENCE NEEDS AND PREFERENCES |
|---------------------------|--|---|
| Walkers and Hikers | <ul style="list-style-type: none"> Wide range of users and ability levels including people using trails for exercise, relaxation and leisure activities, or to immerse themselves in nature Some groups using shared trails, rail trails and local paths, some seeking nature and adventure experiences in the region's outstanding scenery and visitor attractions. | <ul style="list-style-type: none"> Safe short trails for daily use Loop trails for easy logistics A range of all-ability access trails Short to long trails for leisure activities both close to town centres and within easy travel from the accommodation. Appealing feature nodes (i.e. waterfalls, viewpoints, historical markers) and desirable destinations including spas and wineries. Linked to nearby activities, attractions Short to long trails in a variety of locations at a range of distances, including multiday Accessible trailheads with adequate parking and facilities including toilets Immersive trails that seek 'wilderness' experiences (even if remaining nearby safety of population centres). |
| Trail Runners | <ul style="list-style-type: none"> People running on trails for exercise, training for events and for adventure. | <ul style="list-style-type: none"> Range of short and long trails in and near town areas, parks and reserves, and along river corridors. Connected trails suitable for running events into the future Range of participative and competitive trail running events. |
| Leisure Cyclists | <ul style="list-style-type: none"> Wide range of users and ability levels including people cycling for exercise, commuting, relaxation and leisure activities and touring This group generally includes 'road riders' but the rail trail surface would preclude high performance road bikes Can include backcountry and gravel grind sub-groups. | <ul style="list-style-type: none"> Safe cycling on shared use trails for daily use Short to long cycle trails for leisure use both close to population centres and at visitor hubs within appealing feature nodes (i.e. waterfalls, viewpoints, historical markers) and desirable destinations including spas and wineries. Appealing destinations. Linked or nearby activities, attractions and accommodation such as wineries, cafes and good food Some may require bike hire or transport services Accessible trailheads with adequate parking and facilities. |
| Horse Riders | <ul style="list-style-type: none"> Likely to be members of local horse-riding clubs Independent riders riding with family groups or other friends. | <ul style="list-style-type: none"> Bridle trails accessible from horse agistment areas/ equestrian centres or with adequate horse trailer parking and unloading facilities Some further dedicated bridle trails with the appropriate facilities and signage |
| General Visitors | <ul style="list-style-type: none"> People on a holiday or visiting friends and relations (VFR) For Hepburn Shire, this is likely to be shorter easy to access trails connecting to the main rail towns of Daylesford, Bullarto, Lyonville and Trentham. | <ul style="list-style-type: none"> Trails of different types to or at points of interest provided by the rail trail experience suited to a range of interests (heritage, environmental, geological, historical, cultural) and abilities Accommodation and hospitality services provided along the way Something different to do while on holiday Equipment, bike and E-bike hire Short-guided tours with interpretation Easily available information and packaged tours/product to provide the experience in an easily accessible way, linking to other local and regional offerings Picnic and toilet facilities close to the trail so that the stop can be an enjoyable one and made easy for them Connections to the Daylesford Spa Country Railway. |
| Local Users | <ul style="list-style-type: none"> Likely to be family groups Wide range of users and ability levels including for exercise, wellbeing, relaxation and leisure | <ul style="list-style-type: none"> Safe short trails for daily use Accessible trailheads connected to towns with adequate parking and facilities including toilets |

Source: TRC Tourism 2021

3.2 THE DAYLESFORD TO TYLDEN RAIL TRAIL OPTIONS AND TRAIL ASSESSMENTS

Rail Trail Options

The proposed Daylesford to Tylden Rail Trail would run between Daylesford Station and the Macedon Range LGA boundary near Tylden (Rippers Lane). The initial concept for the trail is that it would generally follow the original disused rail line between Bullarto and Tylden and follow a route as close as practicable to the current Daylesford Spa Country Railway between Daylesford and Bullarto.

The rail corridor between Lyonville and Trentham currently incorporates the Domino Trail, a shared use trail which sits on the rail bed providing a 6 kilometre one way cycling walking and a horse riding experience.

This report is based on initial assessments of the rail corridor including assessment of the rail trail visitor experience and preliminary trail feasibility assessment. The concept is subject to further detailed design and potential engineering assessments and planning and approvals, including culture and heritage, environment and land ownership considerations.

Guiding Principles

The rail trail assessment was guided by the desire to establish a distinctive visitor experience and brand and was guided by the six principles established by the Hepburn Shire Council and Macedon Ranges Shire Council for the whole Daylesford to Hanging Rock Rail Trail.

3.3 GUIDING PRINCIPLES FOR THE DAYLESFORD TO HANGING ROCK RAIL TRAIL EXPERIENCE

| | |
|---|--|
| 1 | The Daylesford to Hanging Rock Rail Trail experience will become a distinctive brand for visitor and community trails within one hour of the Melbourne CBD. |
| 2 | The trails will contribute strongly to community spirit and wellbeing by being fun, enjoyable and safe and well used by visitors and locals of all ages and be popular with children. The trails will encourage a culture of shared use similar to successful Victorian low volume shared use trails. ⁶ |
| 3 | The Daylesford to Woodend, Kyneton and Hanging Rock shared use trail will provide the links and connections to future Hepburn trails and will ensure visitors and the local community (including commuters) are well served with good trails. |
| 4 | Safety and the comfort of all trail users on the Daylesford to Hanging Rock Trails will be fundamental to the experience and will be evidenced by an increase in trail use for recreation, tourism and healthy travel by users of all ages and ability. |
| 5 | Trail experiences will be designed to encourage shared, low volume cycling, walking and running across a range of abilities, and with a trail surface suitable for most bike types. Trail routes will be planned off roads where possible with great trail experiences being the priority. Sections of the disused rail corridor from Carlsruhe to Tylden will be designed to incorporate safe horse riding. |
| 6 | The management, maintenance, marketing and information services for the trail will be facilitated through an effective and sustainable management model. Trails will protect, enrich and contribute to regional biodiversity. |

⁶ www.ridehighcountry.com.au/rail-trails/murray-to-mountains

3.4 RAIL TRAIL OPTIONS BY SECTION, INVESTMENT REQUIREMENTS, CONSTRAINTS, AND ESTIMATED COSTS

The following section describes the characteristics and issues for each section of the proposed rail trail in Hepburn Shire, and preliminary assessments of what would be required to develop a rail trail focussed on the very best trail for the market and considering development constraints.

Details of the proposed costings are also included, based on a preliminary assessment of the rail corridor and reflecting the needs and requirements of the rail trail market, what is achievable and with consideration of emerging environmental, community and sustainability issues.

The cost estimates relate to rail trail concept maps 1A - 1B, 2A - 2B and 3A - 3B.



Bullarto Trail Station Terminus for the heritage and tourist railway.

Section 1A – 1B Daylesford to Bullarto

Figure 4. Daylesford to Bullarto Complementary Rail Trail alongside existing Daylesford Spa Country Railway



1A - 1B Daylesford to Bullarto “Complimentary Trail” 9.5 km

DSCR 9 km train service Daylesford to Bullarto with corridor managed by DSCR as a heritage asset. Concept for rail trail adjacent to existing railway.

| LENGTH | Trail requirements/considerations | Trail assessment / Key observations | Opportunities/Constraints |
|--------|---|---|--|
| 9.5 km | <ul style="list-style-type: none"> Generally flat path required with minimal slope. Trail to avoid major/fast roads and follow the rail corridor where possible. Attractive path options providing users with the forest, rural scenery and connections with visitor attractions including Passing Cloud Winery and local produce. Asphalt path connections from the trail head station/market area in Daylesford and in small sections through towns and stations to provide access for all. Some diversion off the rail corridor via quiet roads (option west of Musk). Links to other visitor features such as the Lost Children Memorial near Musk. | <ul style="list-style-type: none"> Rail corridor after leaving Daylesford includes broad open ground and forest tracks ideal for rail trail construction. Minimum 2.5 m wide crushed rock path suitable for a range of bikes but not suitable for high end road bikes. Beyond Musk the rail corridor passes Olive Groves and enters Crown Land, forest and forested watercourses. Preliminary site assessment has indicated options are available include bridging over the small water course adjacent to the olive grove or construction of a boardwalk keyed into the side of the railway embankment. Beyond this area there is trail access through Crown Land forested areas which will require environmental assessment, application, approvals and likely offsets. To the west of Bullarto, Leitchers Creek will need to be crossed. This could be achieved through a Cable Bridge or a boardwalk keyed in to the side of the railway embankment. Entrance to Bullarto Station through quiet town roads. DSCR operates 9 km of railway via railmotors through this picturesque country from Daylesford to Bullarto. They also operate the Daylesford Market every Sunday from the Daylesford Historic Railway Station. | <p>Innovative design and approvals will be required to provide a sustainable trail enjoyed by the targeted users.</p> <p>The corridor is considered a heritage asset (Heritage Museum accredited by Australian Museums and Galleries Association). DSCR have stated that the identified heritage values of the corridor are not consistent with construction of a walking or cycling track. The rail corridor is not listed on the Victorian Heritage Register.</p> <p>DSCR are the lease holders with VicTrack for the section where they operate the rail motors.</p> <p>DSCR suggested an alternate route which would use existing roads and forest tracks. This route would require crossing the Daylesford to Trentham Road. The route includes some attractive features but traverses hilly country. The distance from the rail corridor and relative difficulty does not provide the rail trail experience sought by the market.</p> <p>The area beyond Musk provides constraints to good trail development. The best access is along the corridor and within the areas of adjacent Crown Land. A built boardwalk solution keyed into the embankment would require the support of DSCR and additional engineering assessments to ensure the integrity of the embankments.</p> |

Preliminary Rail Trail Costs Estimates: 1A - 1B Daylesford to Bullarto 9.5 km

“Complimentary Trail” alongside the existing tourist train operations

Placement of the trail can be found close to or within the rail corridor alongside the existing tourist train operation (Daylesford to Bullarto). Some challenges include crossing wetland and forested areas requiring approvals and infrastructure design, e.g., cable bridges and boardwalks. Concerns have been raised by DSCR about the impact of this construction on the Heritage Rail status of the rail corridor. DSCR has also expressed the opinion that trails will detract from the tourist train experience in this section and had previously advised that there is no space anywhere along the existing rail corridor for trails to share cuttings or the embankment with trains.

Estimated Cost \$3,338,400 to \$4,119,300*

Trails off the existing corridor

Crossing and utilising existing roads and forest track (note this option is considered unsuitable as it involves crossing the fast Daylesford to Tylden Road more than once and uses hilly roads and tracks). **Option not further investigated as unsuitable for a rail trail**

***Preliminary costs include allowance for planning, environment and cultural assessments and has not included detailed design and potential engineering assessments.**

Section 2A – 2B Bullarto to Trentham

Figure 5. Issues and options analysis between Bullarto and Trentham where DSCR have proposed a tourist train extension



2A – 2B Bullarto to Trentham 9km

Attractive open forest, river corridors, water frontage and through the new National Park established from Wombat State Forest. The Domino Trail currently utilises the disused rail alignment from Lyonville to Trentham.

| LENGTH | TRAIL REQUIREMENTS / CONSIDERATIONS | TRAIL ASSESSMENT / KEY OBSERVATIONS | OPPORTUNITIES / CONSTRAINTS |
|---|--|--|--|
| 3.5 km Add 3 km using road alternative | <ul style="list-style-type: none"> This section includes the proposed extension of the DSCR from Bullarto to Trentham. sections close to the rail alignment. Wet areas commence at the first bridge crossing requiring alternative access or rebuilding. Some vegetation clearances would need to be assessed. The wet areas create issues for trail access if the trail is off the embankment. An off corridor low level boardwalk for 250 metres would be required to resolve the wet areas issue. | <ul style="list-style-type: none"> Attractive open forest enabling the trail to be constructed in sections close to the rail alignment. Wet areas commence at the first bridge crossing requiring alternative access or rebuilding. Some vegetation clearances would need to be assessed. The wet areas create issues for trail access if the trail is off the embankment. An off corridor low level boardwalk for 250 metres would be required to resolve the wet areas issue. operations and change in land use with the rail corridor. Alternative but not preferred road option would be from Bullarto to use Old Blackwood Road and South Lyonville Road which would extend the trail to 6.7 km adding over 3 km to the journey to Lyonville and would take the trail off the corridor. The on-corridor alignment would encounter the Loddon River where the river is crossed by a substantial embankment on which trail decking could be attached subject to further design and engineering assessments. Beyond the Loddon River the rail corridor is being impacted by springs which would require treatment. The rail trail could resolve this issue with boardwalks. Entrance to Lyonville has existing leases and encroachments on to the rail corridor. This is not a big issue for the rail trail as alternative access can be provided to the historic Radio Spring Hotel and the next trail section. | <p>DSCR are happy to consider sharing the corridor with a rail trail. They would require a lease over the actual rail bed so other parts of the corridor could be leased to Council for the rail trail.</p> <p>This section is not a DSCR “heritage” area so there is more flexibility about how the corridor is developed.</p> <p>There are properties within this section that have encroached on the rail corridor with a dam and gardens 1 km from Bullarto and Wombat Forest Organics have operations on both sides of the corridor.</p> <p>DSCR have been consulted about the Loddon River crossing and agree that subject to further engineering assessments the rail trail could share the Loddon River embankment with any future train operations.</p> <p>Neighbour negotiations are required due to the encroachment of gardens and dams. Wombat Forest Organics have some concerns regarding their farm.</p> |

| LENGTH | TRAIL REQUIREMENTS / CONSIDERATIONS | TRAIL ASSESSMENT / KEY OBSERVATIONS | OPPORTUNITIES / CONSTRAINTS |
|--------|--|--|--|
| 5.5 km | <ul style="list-style-type: none"> The historic Radio Springs Hotel adjacent to the rail corridor at Lyonville is an interesting hospitality addition to the rail trail experience. The Domino Trail is an existing trail between Lyonville and Trentham utilising the disused rail bed. This section includes attractive forest with the Domino Trail well signed and popular with walkers, runners and at times horse riders. Extensive boardwalks off the corridor would be required through the swampy and riparian areas. | <ul style="list-style-type: none"> An old rail bridge crosses the Coliban River. The bridge has been closed for some time and trail users currently cross the river by informal steppingstones. An off-rail corridor would encounter many low-lying areas situated in the flood plain of the Coliban River extending both sides of the embankment. A trail on the disused rail bed (existing Domino Trail) would provide a popular rail trail. The numerous water courses would require crossings including the Coliban River and Domino Creek. Other alternative options considered included existing forest tracks. These tracks would be subject to inundation and any new trails to be established off the corridor would be subject to environmental assessment due to rare plants and animals and the area being a water catchment zone and identified as a potential location for cultural sites. | <p>The corridor passes through forest recently transferred from being the Wombat Sate Forest to the Wombat- Lerderderg National Park and to Blackwood Regional Park closer to Trentham. The changes from State Forest to land managed under the National Parks provide greater protection and also allow for bushwalking. This section includes attractive forest with the Domino Trail well signed and popular with walkers, runners and at times horse riders.</p> |

Preliminary Rail Trail Costs Estimates: 2A -2B Bullarto to Trentham 9km

1) Walking and cycling trail off the existing rail corridor to allow for DSCR railway extension

This route alignment raises serious constraints to achieving satisfactory visitor trail experience, trail sustainability and minimising environmental impact. There are significant watercourses and wetland crossings requiring infrastructure such as boardwalks and new bridges. Environmental approvals would be required considering the presence of endangered species and much of this area will be transferred from State Forest to National Parks. There are some creative options available, such as placing boardwalks alongside rail embankments, but this will be subject to a detailed engineering assessment. In conclusion, this route alignment may be feasible, but is subject to environmental approvals, a detailed design assessment, and will result in an inferior visitor experience.

Estimated Cost \$4,020,600*

2) The placement of the rail trail on the existing rail bed

Clearly the preferred option for high quality visitor experiences. The very best rail trail would follow the level surface and provide great views and comfortable walking, riding, running, cycling and in some cases horse riding. Infrastructure required for this option is reduced however there are still some bridges that require repair and in most cases for low weight loads unless emergency services vehicles and others are required to cross.

Estimated Costs \$2,430,600*

* Preliminary costs include allowance for planning, environment and cultural assessments and has not included detailed design and potential engineering assessments



Section 3A – 3B Trentham to Rippers Lane

Figure 6. Trentham to the boundary with Macedon Ranges LGA, generally over level farming country



3A – 3B Trentham to Tylden (Rippers Lane) 8 km

Open farming country with farming practices operating either side and across rail corridor under existing licence agreements.

| LENGTH | TRAIL REQUIREMENTS / CONSIDERATIONS | TRAIL ASSESSMENT / KEY OBSERVATIONS | OPPORTUNITIES / CONSTRAINTS |
|--------|---|---|---|
| 8 km | <ul style="list-style-type: none"> DSCR do not intend to seek access to operate their railmotor rail service in this area. The building of road crossings would be required to ensure the safety and comfort of the users at three locations. | <ul style="list-style-type: none"> Open generally flat attractive farming country with some wet areas encroaching on the rail corridor. Easy trail building that would suit the users' preferences. | <p>There is established agriculture use of the rail corridor and there will be some resistance to a change in land use and concerns regarding biosecurity risks. Previous investigations into a proposed Casterton to Branxholme Rail Trail and investigation into previous Port Fairy Rail Trail indicated that biosecurity risks were minimal and can be addressed with the provision of fencing and other risk management actions provided.</p> <p>There is interest within the Trentham area to establish visitor attractions associated with the rail corridor including local produce, accommodation and links to other sites such as Trentham Falls.</p> <p>Further negotiations with neighbouring landowners will be required to ensure there is local support and the rail trail remains on the rail corridor.</p> |

3A - 3B Trentham to Tylden (Rippers Lane) 8km

This section would appear less complex however it crosses fast roads and areas of traditional farming with some low lying wet areas and where some farmers have expressed concerns regarding biosecurity and land management issues. These concerns may be addressed through understanding of the issues and providing logical solutions such as fencing, stock crossings and weed and vegetation management as part of the trail development. Biosecurity advice has been sought for other rail trails and has been considered a low risk. The experience of riding or walking through this farm country has its appeal particularly for diversity after visitors have experienced the hilly forested country and historic Trentham.

Estimated Costs \$1,200,000*

*Preliminary costs include allowance for planning, environment and cultural assessments and has not included detailed design and potential engineering assessments

Additional notes on Costs Estimates, Detailed Design, Documentation, Contingencies and Planning Approvals

The preliminary surveys undertaken during 2020 identified options for the development of rail trail experiences that reflect the market and where possible work cooperatively with landowners and the community. Further analysis of the trail corridor will be required to establish a more detailed design for a future rail trail. This will include environmental and cultural assessments as the water catchment areas where much of an off-rail bed would be situated and where important areas of conservation significance requiring assessments permit applications and potentially offsets linked to approvals. Planning and assessments costs were included in the initial indicative budgets. It is anticipated that as more focussed details develop regarding alignments further planning, consultation and engineering costs may be incurred.

Table 2. Cost estimates included in initial costs for planning and assessment

| | |
|--|------------------|
| Biodiversity assessment and native vegetation planning, application approvals and offsets | \$60,000 |
| Engineering, assessment, survey and design for rail and rail trail visitor and rail infrastructure | \$80,000 |
| Heritage place assessment, survey, planning and approvals | \$30,000 |
| Aboriginal Cultural heritage assessment, management, planning, permits and agreements | \$50,000 |
| Rail Trail alignment survey and trail detail design including visitor information and interpretation | \$30,000 |
| Lessee negotiations and biosecurity mitigation planning | \$20,000 |
| Risk assessment and road crossing design | \$20,000 |
| Order of cost estimates | \$10,000 |
| Total Ex GST | \$300,000 |



The road rail corridor where the tourist train operates south east of Daylesford towards Musk

4 Daylesford Spa Country Railway

4.1 BACKGROUND

The Victorian Government's strategy for preserving the state's rail history demonstrates strong support for rich and diverse heritage and visitor railway experiences, and the contribution of these railways to regional tourism spend and visitor numbers.⁷

The Central Highlands Tourist Railway, which operates the Daylesford Spa Country Railway and the Daylesford Sunday Market, has been operating consistently for 40 years.

DSCR is also a museum which includes the Daylesford Railway Complex heritage site (recognised in the National Trust Heritage Register), the railmotor rolling stock and the railway corridor to Bullarto. The railway between Daylesford and Bullarto is one of the few remaining examples of the construction methods and standards of the 20th century branch line railways that linked so many Victorian communities.

The 9 km railway operates railmotors through the picturesque Wombat State Forest from Daylesford to Bullarto, attracting over 10,000 patrons annually, mainly families and couples enjoying the attractions offered in the Spa Country. The railway also runs a fully catered music train, the Silver Streak, that operates on the first Saturday of each month. The Sunday Market, which attracts over 180,000 patrons annually, has been operating every Sunday for 40 years until 2020 Covid lockdowns.

The heritage rail started operating in 1981 initially just two kilometres to the Musk Forest, then was extended in 1990 the full five kilometres to Musk. In 1996 it was extended to Bullarto.

The 2009 bushfire damaged the track and visitor numbers were impacted while repairs were undertaken. It was closed in 2020 reopening with limited services in December. The storms of 2021 damaged sections of the track particularly due to trees falling on the track which is awaiting repair.

DSCR has a strong governance structure in place with a skills-based volunteer Board, an active volunteer base and a small number of paid staff and contractors.

A 2012 Business Plan (updated in 2017) by Linqage International proposed a redevelopment of Bullarto Station precinct to provide an enhanced visitor experience at the terminus including event spaces, school education programs and improved amenities and services. The Business Plan predicted a doubling of patronage over a 3 year period once an additional rail motor was operational and the Bullarto redevelopment completed, with 3% growth beyond that.

This proposal did not proceed and to a certain extent has been replaced by the current proposal to extend the railway experience to Trentham.

The extension of the tourist railway to Trentham is not proposed as a commuter service in the foreseeable future and it is extremely unlikely that there would ever be sufficient demand or frequency of services offered. DSCR is not established to be a regular service provider, with services running Sunday and Wednesday during school holidays, and Saturday on some holidays and long weekends. The last commuter services on the line ceased in 1978.

⁷ VicTrack, *Preserving our rail history: A blueprint for the future*, 2021.

4.2 DAYLESFORD SPA COUNTRY RAILWAY VISITORS

The average total passengers per annum over the four years to end of 2019 was 10,724. On popular days demand can exceed the capacity of the railmotors and the timetable. The railway was closed from March to December 2020 because of Covid lockdowns and partially re-opened in late December 2020. There have been subsequent closures as lockdowns have restricted activities in regional Victoria and prevented visitors from Melbourne.

Passenger numbers for the Sunday (only) operation in January 2021 were strong, with numbers exceeding previous years' figures for single days. The passenger numbers include the Silver Streak (evening dining) and charters in addition to normal timetabled trips.

To date, of the estimated 2.9 million visitors to the Daylesford and Macedon regions approximately 10,000 visit the railway each year – only about 0.4% of regional visitors. Advice from DSCR based on their online booking portal is that most rail customers are from the eastern and northern suburbs of Melbourne, with much of the balance from central Victoria. There are relatively few interstate visitors.

The 2017 Business Plan noted that of the 180,000 Sunday Market patrons, 94% were from Victoria, with 13% of the Victorians coming from Daylesford, 33% from the local region and 30% from Melbourne. It is likely the railway attracts a lower proportion of locals than the markets.

Advice from DSCR is that only 2% of passengers consider themselves “train buffs” and the majority are family groups and couples. Cyclists can take their bicycles on the train however to date there are reportedly few one-way journeys purchased, presumably because there is no attractive return route for cyclists.

4.3 CAPACITY OF THE RAILWAY

The largest railmotor in the fleet currently has a capacity of 94 passengers per trip. There are usually 5 trips on a Sunday. This gives a theoretical capacity of 470 passengers per day under normal operations, which may be reduced by pandemic related health measures. Historically on some peak days actual patronage reached in excess of 460 passengers - 98% of capacity.

This gives a theoretical annual capacity for Sunday operations of 24,440 passengers each year. Given there are also Wednesday operations, Silver Streak dining experiences and other charters there appears to be sufficient capacity in normal operations to cater for a potential growth in demand.

Despite this, there is unmet demand on peak days when guests are turned away. This demand could be met through the addition of trailers to the railmotors. This could double the capacity of some trains on peak days. Adding a trailer to two of the five services on 20 busy Sundays each year could add 180 passengers on those days which is an additional 3,600 passengers annually.

Adding trailers increases operational complexity and may impact on timetabling as turn-around operations take more time.

The current journey times are a one hour return to Bullarto or a 40 minute return to Musk. With the proposed extension to Trentham the return trip would be one and a half hours with an additional half hour if trailers were used. Additional rolling stock (and train crew) would allow for overlapping services with trains crossing at Bullarto Station.

At present 95% of customers purchase a return ticket. There may be an increased number of one way trips in the future if patrons combine the rail with walking and cycling experiences. Depending on capacity issues and pricing of one way trips this could negatively impact on overall passenger numbers and revenue.

4.4 GROWTH POTENTIAL POST EXPANSION

Extending the length of the railway experience to Trentham is likely to increase visitor numbers in the following ways:

- There will be a greater number of services with short return trips to Musk or Bullarto being possible while longer services to Trentham are beyond the Bullarto Station. On busy days this additional timetabling will satisfy demand not currently being met.
- The option of alighting in Trentham for a Daylesford service will attract additional customers.
- Having the rail connecting two destination towns adds potential for transit journeys as an alternate method for accessing the towns.
- Additional experiences such as the Radio Springs Hotel at Lyonville and similar attractions in the other towns will attract additional customers. Packaging these experiences with the destinations or tour operators will further increase use of the railway.
- Connections to walking and cycling trails will attract new customers to use the train to access these experiences and shorten their effort. One way train trips with cycling returns to the origin are likely to become popular. Packaging these experiences with tour operators will further increase use of the railway.
- Silver Streak dining services will benefit from the recent partnership with professional food and beverage operators with the longer (one and a half hour return) journey better suited to a dining experience.

These factors suggest there is potential to increase visitation with the extension of the railway experience all the way from Daylesford to Trentham.

Combining the railway with regional walking and cycling experiences potentially makes it of interest to the 60% of Australians that participate in cycling and 91% that participate in walking for recreation. With compelling must do packages for walkers and riders there is potential for this market to exceed the capacity of the railway to supply services.

⁸ Tourism Research Australia, Tourism Recovery Scenarios December 2020

4.5 VISITOR NUMBER SCENARIOS

A wider visitor market is potentially attracted by the extension of the railway to Trentham and additional visitor experiences that interact with the train, as described above. There is a latent capacity in the railway which can be realised through its extension, rolling stock enhancements and timetabling changes. These factors combine to indicate there is strong potential to significantly increase visitor numbers by both capturing an increased proportion of existing visitors in the region and attracting new visitors to new experiences.

A conservative estimate of visitor numbers post extension of the railway would start with an immediate return to pre-Covid numbers, that is 10,000. This assumption is supported by patronage in January 2021 being close to pre-Covid levels despite a reduction in the number of services.

Domestic tourism is predicted to return to pre-Covid levels in Victoria by September 2022⁸, with international tourism recovering by October 2023. Given the long lead time involved with the rail project we can assume this recovery will be in place before the extension is operational.

Beyond this time, forecasts for growth in tourism in Victoria were for an average of 3.5% pa growth over ten years, a significant slowing of growth over the previous years⁹.

Using existing passenger data and assumptions and modelling for each of the development options (See **Appendix C**), TRC and MCA have developed two scenarios for growth of railway patronage.

⁹ Tourism Research Australia, Visitor nights forecast 2019

Table 3. Passenger Number scenarios

| PASSENGER NUMBERS | NO EXTENSION | WITH EXTENSION |
|---------------------------|--------------|----------------|
| Post extension, year 1 | 10,000 | 12,000 |
| year 2 | 10,150 | 15,000 |
| year 3 | 10,302 | 18,750 |
| year 5 | 10,614 | 24,258 |
| year 10 | 11,434 | 28,811 |

The continuation of the existing operation to Bullarto with no extension is expected to see a starting visitation at the existing level of 10,000pa, with subsequent modest growth at 1.5%.

With the extension of the railway to Trentham a higher growth scenario is estimated with a starting point at 12,000pa and significant growth over the first four years as new products are realised (25% pa growth for 4 years) followed by an annual increase of 3.5%pa.

All of the 10,000 base case visitors should be considered existing visitors to the region. It is assumed 40% of the additional customers will stay overnight in the region because of their participation in the railway experience.

Ultimately the upper limit for passenger numbers is dependent on timetabling and train capacity. Operating on additional days such as Saturdays and public and school holidays could also increase passenger numbers but would also place more pressure on the volunteer pool. The ability of the current and future DSCR volunteer pool to respond to this additional scheduling would need to be determined. For more on future governance and operations see Section 4.9.

4.6 REVENUE

Current fares are adult \$20, child \$15 with a \$35 family pass. Average fare per passenger varies dependent on the mix of tickets sold on a particular day, but for scheduled Sunday services the average fare is between \$9.50 and \$12.50. The overall average for 2019 was \$14.00, reflecting the greater returns of the Silver Streak and charter operations. Income to DSCR from the Silver Streak will reduce when food and beverage services are offered by a third party.

With the increased length of the experience a higher fare could be charged at an assumed average of \$20 per rail user.

Further detail of these assumptions and the detailed economic analysis is contained in the MCa Daylesford to Hanging Rock Economic Impact Assessment in Section 6.

4.7 COMPARISON WITH OTHER HERITAGE RAILWAYS

There are around 25 operating heritage railways in Australia, with many of these being in Victoria. Table 3 shows pricing for a selection of these experiences.

Most railway experiences have packaged options including food and other experiences, as well as numerous fare types including first class, child and concession. For clarity only the basic adult and family return fares are shown as a basis for comparison between the operations.

Most of the railways have a standard timetable but also run services on demand or for special holidays. Most of the steam trains are subject to restrictions during fire danger periods. The Gulflander has seasonal closures.

All the listed railways are operated by not for profit community organisations except for the Gulflander and Kuranda Scenic which are operated by Queensland Rail, and the West Coast Scenic Railway and Puffing Billy which are both ultimately owned by the relevant state governments.

Pricing for the existing Daylesford Spa Country Railway is consistent with other experiences of similar length such as Walhalla and the Yarra Valley railways.

Pricing for the expanded rail experience to Trentham could increase to those achieved on the nearby Victorian Goldfields Railway at Castlemaine.

The 2020 Business Case was based on a starting average fare per passenger of \$20.00. The standard adult fare would need to be in the order of \$30 to achieve this return if the split of ticket sales remains similar to the existing.

The Business Case also assumes a 3% pa rise in the ticket price beyond the starting year. In practice this is not practical as it results in prices which are complex for cash transactions (e.g. \$21.22). Annual price rises can also impact on the reputation of the destination. A better approach would be to make a larger increase associated with the opening of the extended railway and then limit price increases to every 3 to 5 years.

A ticket price of around \$30 adult, \$22 child and \$50 family would be required to achieve the \$20.00 average fare. This pricing model would be in line with other tourist rail journeys. Increasing Silver Streak and charter operations would further assist to realise this outcome.

This fare level gives an operating profit so fares could be kept below this level if this was seen as desirable.

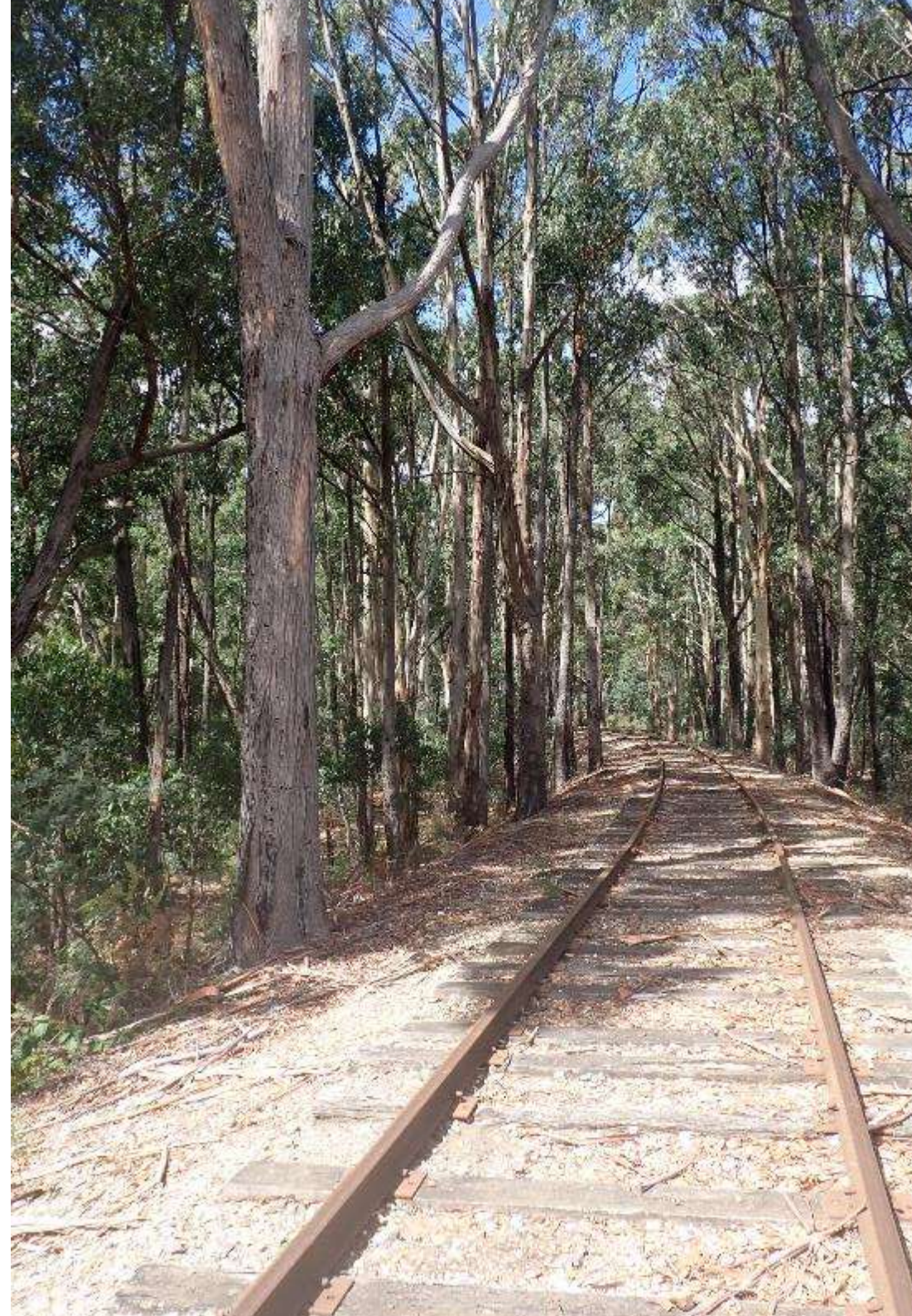


Table 4. Other heritage railways

| | ADULT TICKET PRICE \$ | FAMILY TICKET PRICE \$ | DISTANCE KM LENGTH OF OPERATING RAIL LINE | FREQUENCY | COMMENTS |
|---|--------------------------|---------------------------|--|--|---|
| DSCR now | 20 | 45 | 9 | Wednesdays, Sundays and holidays | railmotor, scenic |
| DSCR future | 30 | 50 | 18 | Wednesdays, Sundays and holidays | railmotor, scenic |
| Red Cliffs Historical Steam Railway | 8 | 20 | 1.5 | once monthly | narrow gauge, steam |
| Walhalla Goldfields Railway | 20 | 50 | 4 | three day per week | narrow gauge, scenic |
| Yarra Valley Railway | 18 | 50 | 4.5 | Sundays plus Wednesday in school holidays | long tunnel, railmotor, scenic |
| Mornington Railway | n/a | 60 | 5.5 | Sundays | steam and diesel |
| Bellarine Railway | 16 | 45 | 16 | Sundays and events | steam and diesel |
| Puffing Billy Steam Railway | 61 | 153.50 | 24 | Weekly Friday, Saturday, Sunday | steam, narrow gauge, scenic |
| Victorian Goldfields Railway | 50 | 110 | 17 | Sundays, Wednesdays and school holiday Saturdays | steam |
| Kuranda Scenic Railway, Cairns, Qld | 76 | 190 | 75 | Daily | scenic, can be packaged with Skyrail Cableway |
| Zig Zag Railway, Lithgow, NSW | 25* | na | 7 | Daily* | *Currently closed, reopening late 2021 |
| Mary Valley Rattler, Gympie, Qld | 62 | 165 | 40 | Wed, Thurs, Saturday, Sunday | steam and railmotor |
| Gulflander, Normanton, Qld | 115 | na | 150 | weekly | railmotor |
| West Coast Wilderness Railway, Strahan, Tas | 115 | 260 | 34 | Daily | steam, narrow gauge, scenic |
| Pichi Richi, Port Augusta, SA | 95 | 237 | 39 | Saturdays and holidays | steam, narrow gauge, scenic |

4.8 CAPITAL AND OPERATING COSTS

DSCR have advised that estimates of capital and operating costs were updated for the May 2020 Addendum to the Strategy and Business Plan. We have therefore used these figures in our financial and economic benefit analysis.

Operational costs will not rise significantly with the doubling of the track length as much of the base costs are already incurred for the existing operation.

Asset maintenance costs will increase although the new section of track is planned with concrete sleepers and this will reduce relative costs compared with maintaining the existing heritage rail track. Expanded facilities at Bullarto, and the additional stations at Trentham and Lyonville and other stations will add to maintenance liabilities.

The cost estimate provided by DSCR is \$8.4 million, this does not include any discount for material such as sleepers, ballast and rail lines provided by VicTrack from track upgrades.

A separate assessment by a suitably qualified engineering company would be required to check these capital and operating estimates.

DSCR has estimated capital works required for the rail extension proposal however has not indicated a likely source for this funding. They have had discussions with VicTrack and the Victorian Government in the context of the Vintage Rollingstock Strategy. There does not appear to be any item in their estimated operational costs to allow for the repayment of loans for the financing of capital works. The current Victorian Government process of preparing a Vintage Rolling Stock Strategy may lead to greater levels of funding and support to organisations such as DSCR.

4.9 FUTURE GOVERNANCE AND OPERATING CONSIDERATIONS

DSCR is the operating name of the Central Highlands Tourist Railway, a charitable company registered with the Charities and Not for profits Commission.

DSCR established the railway in two stages and has operated it for many years. They have also re-established operations on the line after significant bushfire and storm events, most recently in June 2021.

DSCR is managed by a Board and currently has a part time Sunday Markets Manager with the railway operation managed by volunteers. The Company has a Strategy and Business Plan with a clear vision and mission for the organisation and a comprehensive analysis of the strengths and opportunities for the business.

This study has not included a review of organisational governance however based on available documentation and discussions with their representative, the organisation appears to be well managed and capable of delivering its current operations and potentially future plans.

The VicTrack strategy for the future of the heritage and visitor railway industry notes that there is an important need to attract an increasing number of diverse and skilled volunteers as the current workforce is ageing, and this volunteer pool is central to the viability of the industry.¹⁰ Despite this trend, DSCR has advised they have a good mix of age groups and are confident of maintaining a future volunteer workforce. Volunteer management is a key focus of their strategic planning. DSCR has also indicated that the organisation will not necessarily be volunteer led in the future.

¹⁰ VicTrack, *Preserving our rail history: A blueprint for the future*, 2021.



Much of the rail corridor passes through attractive forest area.

5 What the Community is saying

To gather an understanding of community views regarding the future of the rail corridor the Hepburn Tracks and Trails – Have Your Say was undertaken by Council. The survey sought community views regarding:

- A **walking and cycling rail trail connecting Daylesford to Hanging Rock** in partnership with Macedon Ranges Shire Council.
- **extending the existing heritage tourist rail** from Bullarto to Trentham.

676 community responses informed a strong understanding of local values and interests.

The survey concluded on 16 August 2021 and received 676 responses with the majority coming from the Hepburn Shire Council area. The respondents indicated a strong interest in the rail corridor and its future use.

The important values and aspects of the rail corridor included:

- the existing DSCR tourist train experience
- opportunity to connect with communities along the corridor
- the existing trail experiences including the Domino Trail
- tourism benefit based around tourist trains
- experiencing and conserving the natural environment
- the contribution the corridor makes to liveability
- future tourism activity based around shared use trails.

In addition, agricultural production, future access for production across the rail corridor and the value of free and safe open space for outdoor recreation activities including families were considered important values.

The community responses indicated a desire for both the extension of the Daylesford Spa Country Rail and creation of a rail trail and importantly there was strong support for both activities. Whilst generally comments supported the two activities a common theme emerged that the rail trail should not have to use roads and should be close to or part of the corridor and provide great, comfortable and safe experiences particularly for families and children.

The respondents saw the creation of an iconic experience for the Shire as an important benefit together with providing high-quality informal recreation outcomes. Additional comments included biodiversity considerations, the provision of connections between communities and the potential economic benefits.

When asked about any concerns regarding future developments associated with the rail trail or rail extension responses included the cost of building the assets, the management and maintenance of the assets and the ability for local government to deliver and complete planned projects.

The potential impacts on natural, cultural or historic heritage were considered important, as well as the potential impact on people's homes, businesses, quality of life, lifestyles and safety.

The respondents were asked which proposed activities, being the DSCR and the rail trail, appeals to them. The results showed a strong preference for both activities. Whilst there was an interest in the train's operation, there were also concerns that a train operation on its own would exclude the community from enjoying the open space and recreational activity and if it can't be complementary it shouldn't happen. The rail trail should be a free public space and not exclusive unlike a future train operation, this reflecting the importance of public space for communities, visitors and families to recreate and exercise.

There were many comments relating to both activities and around safety, comfort and enjoyment with the condition that both activities could proceed on condition

that the rail trail experience isn't compromised, doesn't involve roads and should be safe and comfortable for users. A complementary rail trail would need to be suitable for families, kids and for tourists that don't like to ride up and down hills. If the DSCR was operating without a complimentary purpose-built rail trail then there would be no space for walking or cycling.

It appeared that there was an impression that the DSCR could become a train service for commuting and connecting communities, this was not the objective of the tourist train proposal.

5.1 LANDOWNER DISCUSSIONS

The Council has made contact with a number of neighbours and adjacent landowners and officers have met with several farmers along the corridor who have discussed their concerns. These are initial discussions only, and as the project progresses, further engagement with landowners is required to address these issues and concerns.

Some farmers have expressed concern that their ongoing operations will be impacted particularly where their operations are on both sides of the rail corridor.

Their concerns include:

- biosecurity risks where pathogens could be brought in from neighbouring farms that could lead to stock losses
- fire risk with cyclists or walkers throwing cigarette butts
- animal welfare perspectives during lambing where sheep who could be subject to stress by trail users frightening them or entering pastures
- animal welfare perspective where animal rights activists may gain access to their land
- access across and around for stock but also with locking gates etc.

These views will need to be addressed and would be considered in future planning for a rail trail or DSCR extension. Some farmers and landowners also expressed that they are unlikely to gain any benefit from increased tourism as they are in agriculture not tourism. Options have been proposed where the trail could bypass farm properties and run along road reserves instead. The trail may run through streets in the town or on quiet road reserves however it is important that a future rail trail remain the very best experiences possible and also be safe and comfortable for users, particularly families with children.

Concerns may also be alleviated by communicating that trail planning and budgeting will include allowances for improved fencing, stock crossings and weed and fire fuel management as was considered in the Macedon Ranges section of the rail trail. Previous planning for rail trail access across established farmland has included discussions with biosecurity specialists within government agencies and other organisations. These specialists have indicated a low biosecurity risk from current rail trail operations. A thorough investigation into biosecurity considerations is recommended should the proposal be developed further.

These matters will require additional liaison activities throughout the development process to address and alleviate landowners' concerns.

6 Economic Analysis

An economic analysis has been conducted by MCa Economists for the two most likely rail trail options as identified in the feasibility assessment:

Option 1: Walking and cycling trail within the rail corridor Daylesford to Bullarto and a rail trail on the rail bed Bullarto to Tylden and then to Hanging Rock, with the existing heritage railway continuing to operate only along the current 9 kilometre journey.

Option 2: Walking and cycling trail within the rail corridor Daylesford to Trentham and then a rail trail on the rail bed Trentham to Tylden and then to Hanging Rock. This would allow for the extension of the heritage railway to Trentham, with the rail trail taking the less desirable route alignment not along the rail bed for this section.

Option 1 has the highest Benefit Cost Ratio (or return on investment) of the analysed scenarios. All options have a positive benefit cost ratio for the 7% discount rate.

Option 2 assumes a decrease in participation by walkers and cyclists on the rail trail because of the less attractive nature of the route from Bullarto to Trentham. This negatively impacts on the benefit cost ratio for this option.

Option 2 combines the multi use trail with the extended train and therefore generates the highest level of economic benefit in the region, despite a much higher capital spend on the two projects. This combined option also generates a higher number of jobs and the total visitation to the two experiences is higher despite the forecast drop in rail trail participation.

The analysis is based on the initial land and feature surveys, cost estimates undertaken during 2021 and on cost estimates contained in the previous studies by DSCR. The final cost of the project will be subject to further analysis and design by Council.

The economic analysis considered trail users and spending, railway users and spending, and the economic benefits of the construction and economic phases for both options. Employment and spending are calculated for Hepburn Shire so the benefits arising from construction and operations of the railway and rail trail activities are likely to occur mostly within that Shire.

6.1 TRAIL USERS & SPENDING

Option 1: trail users increase from 27,000 in year 1 to around 66,000 in year 10. The major growth is in visitors to the region (day and overnight). Spending in the region (the two LGAs) by trail users increases from \$2.4 million in year 1 to \$6.4 million in year 10.

The major driver is spending by visitors (day and overnight) who ride the trail.¹¹

Option 2: trail users increase from 24,300 in year 1 to around 59,300 in year 10. The major growth is in visitors to the region (day and overnight). Spending in the region (the two LGAs) by trail users increases from \$2.2 million in year 1 to \$5.8 million in year 10.

¹¹ Spending in the region was estimated for trail users and rail passengers. Average spending per person is

based on TRA data for the 2 shires – Hepburn LGA and Macedon LGA

6.2 RAILWAY VISITORS AND SPENDING

Existing railway: passenger numbers are largely static, showing limited growth. They increase from 10,000 in year 1 to around 11,400 in year 10.

Extended railway: the extension of the rail line enables a new experience and increases the capacity of the rail to accommodate significantly more passengers. Based on modelling and growth assumptions, total passengers increase from 12,000 in year 1 to around 29,000 in year 10. The extension is treated as a new experience in the Cost Benefit analysis.

With this new extended experience, total spending increases from \$1.4 million in year 1 to \$3.4 million in year 10. Local and day visitor spending would be mainly in Daylesford and Trentham. Overnight stays and spend are likely to be spread across the 2 LGAS – Hepburn and Macedon.

6.3 CONSTRUCTION PHASE

For Option 1, the multi use rail trail and existing railway, the trail capital costs were \$20.056 million.

For Option 2 (with the railway extension to Trentham) additional costs are incurred in trail construction as the trail must follow an alternate route between Bullarto and Trentham of around \$1.6 million for a total of \$21.647 million.

With only a difference of around \$1.6 million (not including the railway extension costs for the DSCR) jobs generated during construction are similar for both - total 23.4 FTE jobs for Option 1 and 24.3 FTE jobs for Option 2.

¹² Spending in the region was estimated for trail users and rail passengers. Average spending per person is based on TRA data for the 2 shires – Hepburn LGA and Macedon LGA

6.4 OPERATIONS PHASE

Detailed economic analysis was undertaken for each of the trail options.

Option 1 Economic Impacts

- **Jobs:** For the Option 1 trail, a total of 11.8 full time equivalent jobs would be generated in year 1, increasing to 30.7 FTE jobs in year 10. Overnight visitors and day visitors generate most of these jobs due to their spending levels.¹²
- **Measured benefits:** include growth in regional income, health benefits and consumer/user valuation. For 10 years of operations these benefits total \$39.1 million.
- **BCR:** the Option 1 trail delivers a Benefit Cost Ratio (BCR) of 1.26 (7% discount rate).

Option 2 TRAIL ONLY Economic Impacts

- **Jobs:** For the Option 2 trail, a total of 10.6 full time equivalent jobs would be generated in year 1, increasing to 27.7 FTE jobs in year 10. Overnight visitors and day visitors generated most of these jobs due to their spending levels.
- **Measured benefits:** include growth in regional income, health benefits and consumer/user valuation. For 10 years of operations these benefits total \$35.2 million.
- **BCR:** The Option 2 trail delivers a Benefit Cost Ratio (BCR) of 1.05 (7% discount rate).

Option 2 (EXTENDED RAILWAY ONLY) Economic Impacts

- **Jobs:** For the extended rail, a total of 6.7 full time equivalent jobs would be generated in year 1, increasing 16.2 FTE jobs in year 10. Overnight visitor and day visitors generated most of these jobs due to their spending levels.
- **Measured benefits:** include growth in regional income, health benefits and consumer/user valuation. For 10 year of operations these benefits total \$14.4 million.
- **BCR:** the Option 2 trail delivers a Benefit Cost Ratio (BCR) of 1.02 (7% discount rate).

Option 2 (COMBINED TRAIL & EXTENDED RAILWAY PROJECTS)– Economic Impacts

The economic impacts of Option 2 - the Daylesford to Hanging Rock Trail and the total impacts of the extension of the railway to Trentham (a new experience with a major growth in passengers) were examined together.

- **Jobs:** Spending in the region by trail users and rail passengers combined accounts for a total of 17.3 full time equivalent jobs in year 1, increasing to 43.9 FTE jobs in year 10.
- **Measured benefits:** include growth in regional income, health benefits and consumer/user valuation. In combination for 10 years of operations these benefits total \$49.6 million.
- **Costs:** the combined costs of the Daylesford to Hanging Rock trail and the extended railway to Trentham are \$33.9 million (capital cost and maintenance).
- **BCR:** the Option 2 trail and rail projects deliver a Benefit Cost Ratio (BCR) of 1.04 (7% discount rate).

6.5 ECONOMIC SUMMARY ASSESSMENT

Option 1, the rail trail and existing railway, has a higher Benefit Cost Ratio (or return on investment) than the combined Option 2, the rail trail and the extended train, however Option 2 still has a positive benefit cost ratio.

Option 2, combining the walking and cycling trail with the extended tourist railway, generates a higher level of economic benefit in the region. This also generates a higher number of jobs. This is mainly because of the much higher capital spend and also because the overall visitation to the two experiences is higher.



The Domino Trail between Lyonville and Trentham is popular with a range of trail users.

7 Final Assessment

7.1 VISITOR EXPERIENCE

A rail trail that connects Daylesford to Woodend, Kyneton and Hanging Rock could provide one of Australia's great shared trail experiences. The rural landscapes, forests, rivers, springs, towns and heritage are all within 1.5 hours from Melbourne, Australia's second largest city making the rail trail an attractive destination.

The Daylesford to Tylden section within Hepburn Shire has some of the most appealing sections of the rail trail linked to activities, attractions and interesting feature nodes including waterfalls, viewpoints, historical markers and desirable destinations including spas and wineries.

To make the rail trail a success requires a clear and realistic focus on what the market is seeking and delivering on what the rail trail users desire.

There are significant constraints in delivering the very best Daylesford to Tylden section of the rail trail experience if the most attractive sections are to be shared with an active heritage tourist railway service.

In a future scenario where funding was available for both projects to proceed, the attractiveness of the rail trail experience would be significantly reduced if the railway was extended to Trentham. The sections from Musk to Bullarto, and from Bullarto to Trentham, are the most attractive for a rail trail and it would be difficult to replicate this experience alongside the railway.

Key considerations for Council

The rail trail should be developed with a clear focus on market needs and realistic options for delivery.

The trail route and options should prioritise accessibility and proximity to activities, attractions and interesting feature nodes.

The level surface, embankments, cuttings and forest and riverine environment on which the rail bed sits between Bullarto and Tylden would provide one of the very best rail trail experiences close to Melbourne CBD.

The trail route should follow the rail bed between Daylesford and Trentham to achieve the most attractive route for visitors.

7.2 COMMUNITY VIEWS

The results of the *Daylesford to Tylden Rail Trail Feasibility Survey* indicated support for both the proposed rail trail and the DSCR tourist railway service. Many respondents supported a “Complimentary Trail” alongside the existing tourist train operations between Daylesford and Musk and alongside any new train service between Bullarto and Trentham.

There was also strong support for public access along the rail corridor with respondents enthusiastic about the development of easily accessible, safe and comfortable trail connections between the Hepburn communities along the rail corridor space.

Based on the survey comments, the development of a standalone tourist railway service along the rail corridor without the provision of sustainable, safe, popular and free access for local people and visitors would not be supported.

The future recreational trail or tourist railway use of the rail corridor will need to consider the views of current lease and licence holders (including the DSCR), neighbours, businesses owners and farmers along the length of corridor. People have also invested in the remarkable lifestyle provide by the landscape and small towns along the corridor and some of these people have expressed concern about future development.

The rail corridor traverses important forest and wetland areas where species of conservation significance are found. The importance of this area for conservation has been reflected in the change of status of Wombat Forest to National Park providing increase protection. Any future development of the corridor will need to have a focus on the protection of these biodiversity values and sustainability.

An important principle for the future use of the rail corridor is that it is available for broad community access and not restricted through exclusive use by the tourist railway.

The challenge and priority for Council is to ensure the very best rail trail experience is provided that reflects the needs of the community and the visitor market, whilst environmental and landscape values are protected.

Rail trails are valued for their minimal gradients which encourage enjoyment by many different users who seek their own ‘wilderness’ experiences whilst remaining in comfort and safety connected to attractive small towns. Well-designed rail trails when placed on the rail bed are environmentally sustainable and generally sit well within the landscape.

The preferred option is to place the rail trail on the rail bed within the rail corridor between Bullarto and Tylden because this provides the best setting and cost-effective opportunity for great sustainable rail trail experiences.

The addition of a rail trail will complement the existing DSCR tourist train experience and would provide opportunities to combine walking and cycling with the railway experience. It will provide an important public link between Daylesford and other local towns.

Key considerations for Council

The rail corridor is public space and the future use of this land should consider how trail and railway access can provide the very best community benefit.

The proposals’ potential impact on the environment should be carefully considered and the rail trail should travel on the existing rail bed where possible for minimal impact.

7.3 ECONOMIC BENEFIT

The analysis of the economic benefit provided by the two activities shows that the option of utilising the rail bed from Bullarto to Tylden for the rail trail would provide the highest return on investment.

The Daylesford to Hanging Rock trail will deliver significant economic benefits for the region. These assessments are based on conservative modelling assumptions, with experience from elsewhere showing potential to increase user numbers beyond these estimates.

7.4 CONCLUDING DISCUSSION

There is a direct conflict between establishing a high-quality rail trail for walkers and cyclists and the operation and extension of the existing heritage tourist railway.

The best rail trail experience would be to route the trail along the existing rail bed, particularly in the more hilly and varied terrain between Musk and Trentham, which is the most attractive section of the overall rail trail.

Constructing a walking and cycling trail along the rail corridor between Daylesford and Bullarto may compromise the railway historic heritage values of this corridor however there are no viable alternatives to create the right walking and cycling experience along this section.

Utilising the rail bed for the rail trail between Bullarto and Trentham would provide the best walking and cycling experience in this section. The alternative of constructing the trail within the corridor but not on the rail bed would be less attractive, more expensive and have greater impact on sensitive environments along this section.

Given the Musk to Trentham section of the proposed Daylesford to Hanging Rock rail trail is the most interesting and attractive section of the whole route it is essential this be developed to the best possible standard for the overall rail trail proposal to be a success.

It should be noted there are significant tenure and technical design issues which need to be considered and resolved during the technical design phase before a final decision on which option and route will be most achievable for the project.

7.5 FINAL RECOMMENDATION

Main findings:

- Implementing a rail trail between Daylesford and Tylden as part of the overall Daylesford to Hanging Rock Rail Trail is a feasible and desirable outcome with benefits for HSC residents, locals and regional tourism.
- A rail trail between Daylesford and Tylden should be given priority over other uses and located as much as practicable on the disused rail bed that runs between the existing stations
- Extending the existing DSCR from Bullarto to Trentham would compromise the rail trail experience because a more expensive and less attractive cycle and walking trail would be required.

Recommendation:

Council should maximise the opportunity for a rail trail which uses the existing rail bed between Bullarto and Trentham.

Next steps:

- Council determines its support and commitment to either a rail trail, rail extension or both together. This decision will direct the next planning, design and consultation steps
- progress the concept alignment for a rail trail between Daylesford and Tylden to detailed design investigating implications for Native Title, flora and fauna, heritage, cultural heritage, engineering and site-based testing
- develop a clear and robust communications strategy for design, planning and delivery of the identified project
- develop a partnership approach with Macedon Ranges Shire Council to allow for a collaborative approach to planning and designing the complete Daylesford to Hanging Rock Rail Trail. Consider joint funding applications and site analysis to ensure a consistent and cost-effective approach
- investigate measures required for biosecurity along the rail corridor where there are active farms
- investigate management and maintenance requirements and delivery arrangements for the selected option.



Appendix A: Tourism Data and Strategies

Current Tourism Performance

Travel in 2020 has been severely impacted by the coronavirus (COVID-19) pandemic, with significant rates of decline recorded across all top-level measures as a result of the restrictions on travel that were progressively implemented from February 2020.

Tourism is an important industry for regional Victoria. In the year ending June 2020, regional Victoria received approximately 50 million domestic (overnight and daytrip) and international overnight visitors combined, who spent an estimated \$9.8 billion.¹³

In establishing the most accurate benchmark visitation levels, where available, a combination of both pre COVID-19 and the latest visitor numbers should be considered.

Hepburn Shire

Tourism statistics for the Shire at an LGA level are compiled by Tourism Research Australia.

The following table provides the most recent figures for Hepburn Shire as compiled by Tourism Research Australia (TRA).

Table 5. Tourism Statistics for Hepburn Shire 2019¹⁴

| | INTERNATIONAL | DOMESTIC OVERNIGHT | DOMESTIC DAYTRIP | TOTAL |
|---|---------------|---|------------------|-----------|
| Visitors | 9,000 | 416,000 (Interstate 58,000 and Intrastate 357,000) | 763,000 | 1,187,000 |
| Nights | 97,000 | 929,000 (Interstate 159,000 and Intrastate 770,000) | --- | 1,026,000 |
| Average nights | 11 | 2 | --- | 2 |
| Expenditure | Np | \$196 million | \$73 million | |
| Spend per trip | Np | \$471 | \$96 | |
| Spend per night | Np | \$211 | --- | \$194 |
| Spend per night commercial accommodation | Np | \$273 | --- | np |

¹³ Regional Victoria Tourism Summary – Year Ending June 2020

¹⁴ Local Government Area Profile, 2019, Hepburn (S), VIC | Tourism Research Australia

Daylesford and Macedon Ranges Tourism Region

At a regional level, in the year ending June 2020 Daylesford and the Macedon Ranges received approximately 2.9 million domestic (overnight and daytrip) and international overnight visitors combined, who spent an estimated \$432 million.¹⁵

The year-on-year change gives an indication of how the region has been affected by COVID-19 disruptions. For example, the severe drop of total visitor nights as show in Table 2 would be attributable to both the lack of international visitors and the restrictions placed on Melbourne residents who also frequent the area.

Table 6. Daylesford and the Macedon Ranges Visitors, Nights and Expenditure

| VISITORS, NIGHTS AND EXPENDITURE | YE JUN 2019 | YE JUN 2020 | YOY CHANGE (YE JUN 2019-20) |
|---|---------------|---------------|-----------------------------|
| Domestic Daytrip Visitors | 2,385,000 | 2,295,000 | -4% |
| Domestic Overnight Visitors | 893,000 | 601,000 | -33% |
| International Overnight Visitors | 20,000 | 18,000 | -11% |
| Domestic Visitor Nights | 1,949,000 | 1,160,000 | -40% |
| International Visitor Nights | 293,000 | --- | --- |
| Domestic expenditure (daytrip and overnight) | \$508 million | \$409 million | -19% |
| International expenditure | \$9 million | --- | --- |

Source: Daylesford and the Macedon Ranges Regional Tourism Summary – Year Ending June 2020

The following table provides a comparison summary across the previous 2 years – again highlighting the impact of COVID- 19 on the region’s visitor economy.

Table 7. Comparison of 2019 and 2020 totals for Daylesford & Macedon Ranges

| TOTALS | YE JUN 2019 | YE JUN 2020 | YOY CHANGE (YE JUN 2019-20) |
|-----------------------|---------------|---------------|-----------------------------|
| Visitors | 3,298,000 | 2,914,000 | -12% |
| Visitor nights | 2,242,000 | 1,323,000 | -41% |
| Expenditure | \$516 million | \$432 million | -16% |

Source: Daylesford and the Macedon Ranges Regional Tourism Summary – Year Ending June 2020

¹⁵ Daylesford and the Macedon Ranges Regional Tourism Summary – Year Ending June 2020

Hepburn and Daylesford LGAs

Customised data for the combined Hepburn and Macedon LGAs provided by Tourism Research Australia reveals the following insights into the domestic market (total overnight and daytrip visitors combined).

- 64% of domestic visitors to the region are from Melbourne, 31% are from regional Victoria and the next largest domestic market is from NSW with 2% of visitors
- Social activities followed by outdoor/nature are the most popular activities for both domestic overnight and domestic daytrip visitors
- 91% of all domestic visitors to the region are aged 25+ years. Only 9% of visitors are in the 15-24 years age group. One specific age group aged 25+ years does not stand out for visitation, with very little variation and all age groups above this recording between 17-19% of visitors each
- In relation to Daylesford Spa Country Railway, 8% of domestic visitors visit history/heritage buildings, sites or monuments.

Note: Data is based on a four-year average from 2016 to 2019.



Tourism Australia

Tourism Australia is the Australian Government agency responsible for attracting international visitors to Australia, both for leisure and business events. The organisation is active in 15 key markets and activities include advertising, PR and media programs, trade shows and industry programs, consumer promotions, online communications and consumer research.

Tourism 2030

Tourism 2030 has been placed on hold while industry and government focus on tourism recovery from the impacts of COVID-19.

Tourism 2020

Tourism 2020 was developed to respond to ongoing challenges and emerging opportunities for the Australian tourism industry. Providing a framework for growth, Tourism 2020 sought to assist tourism businesses remain competitive into the future in a dynamic global environment.

The six strategic areas were:

1. Grow demand from Asia
2. Build competitive digital capability
3. Encourage investment and implement the regulatory reform agenda
4. Ensure tourism transport environment supports growth
5. Increase supply of labour, skills, and Indigenous participation
6. Build industry resilience, productivity and quality.

Tourism 2020 was successful in supporting the industry to achieve record growth in the last decade, however due to the impact COVID-19 has had on international travel, agreement was reached to cease reporting on Tourism 2020 targets at the end of 2019 and focus on tourism recovery.

Tourism Australia is currently focussed on supporting domestic tourism, helping businesses survive and grow through the COVID- 19 pandemic recovery program initiated by the Federal Government. Campaigns initiated by Tourism Victoria include:

- **‘Holiday Here This Year’** (February 2021) - campaign encourages Australians to explore their home country, be it a city escape or an epic adventure across the country, all the while helping tourism businesses and communities to thrive.
- **‘Be The First’** (April 2021) – targeting and inviting New Zealanders to take advantage of the newly-created travel bubble.

With inbound international travel likely to remain in ebb well into 2022, Tourism Australia has recognised that the Australians who would have travelled internationally represent a major domestic travel target market looking to rediscover their ‘backyard’. Its campaigns reflect and promote the concept of Australia hosting desirable getaways that match the experiences once sought internationally, from short breaks to extended stays. Further, with lockdowns enforcing limited movement and extended housebound periods, it has been recognised that outdoor recreation and the ability to interact with natural environments is now a key driver of travel decisions. Destinations will be increasingly intra and interstate focused for the short to mid-term based on instability of travel restrictions and a desire to remain closer to home.

Recognising the desire for a return to the outdoors, campaigns such as Tourism Australia’s feature nature-based experiences as a primary pillar of promotion. This reflects well on Hepburn Shire as an accessible location to a large population that hosts a multitude of outdoor, trail-based experience opportunities matched to health and wellbeing (spa), high quality food, drink, historical and cultural attractions.

Visit Victoria

Visit Victoria is the primary tourism and events company for the State of Victoria. Visit Victoria's objective is to build Melbourne and Victoria into Australia's number one tourism destination by delivering strong and sustainable growth across priority markets.

Their goal is to revitalise the visitor economy, by generating \$36.5 billion in visitor spending by 2025 and support more than 320,700 jobs.

Victorian Visitor Economy Strategy

Priorities for action are:

- More private sector investment
- Build on the potential of regional and rural Victoria
- Improved branding and marketing
- Maximise the benefits of events
- Improved experiences for visitors from Asia
- Better tourism infrastructure, improved access into and around Victoria
- A skilled and capable sector
- More effective coordination.

In response to COVID, Visit Victoria has launched campaigns that double-down on Tourism Australia's approach by encouraging Victorians to support local businesses and regions by holidaying at home.

Its 'Stay close, go further' (November 2020) campaign is an intrastate drive tourism marketing initiative designed to help rebuild Victoria's visitor economy by promoting visitation and expenditure within the state, following the easing of travel restrictions designed to slow the spread of COVID-19.

The campaign is set to help rebuild the visitor economy by generating a 'call-to-arms' to get Victorians moving again by reigniting their passion for their home state. The campaign will also target visitors from bordering regions of New South Wales and South Australia once practical.

Stay close, go further follows the successful *Click for Vic* campaign, which encourages Victorians to buy Victorian and support our makers, creators, growers and producers while travel was restricted throughout Victoria.

As with Tourism Australia, Visit Victoria's messaging is a good match for Hepburn Shire's offering with a reputation for a talented community of artisans and craftspeople, desirable yet accessible landscapes, providing an ideal context for attracting the intrastate market from Melbourne and surrounding regions.

Hepburn Shire

Financial support is provided by HSC to DMT to attract visitation to the region and the Shire.

HSC also funds the management and operation of four Visitor Information Centres (VICs) across the Shire to help increase tourism spend and disperse tourists.

Tourism is managed under the Economic Development portfolio of HSC. Tourism is recognised as a key contributor to the local economy and an economic strength that must continue to be developed. Projects and initiatives related to tourism are addressed in the current Economic Development Strategy.

Tourism is directly related to the 'Visit' pillar of growth in the Economic Development Strategy, described as:

Invite the world to experience Hepburn Shire and all it has to offer. Mineral springs, forests and trails, food and wine, events, art and culture; these assets are a part of the unique experience that can be found in the Shire. Ensure the visitor experience is positive by presenting a place that is easy to navigate and attractive.

Visitor Markets

This study focuses on the strongest potential for market appeal – it is important therefore to understand the region’s brand, positioning, and chosen markets.

Branding

Daylesford Macedon Tourism (DMT) markets the Hepburn Shire and its main experiences through a comprehensive positioning statement and brand.

The branding is nestled underneath Victoria’s “Compact Diversity” – delivered through rich intimate experiences’ brand essence. Nature sits as a brand attribute for the State although DMT is not specifically referenced in that attribute.

The branding for Daylesford and Macedon Ranges has a brand essence that is ‘Naturally Rejuvenating’. The key product strengths and offerings that deliver on that essence include ‘Outdoor experiences and attractions’. This includes walks, picnics, manicured gardens, Lavandula, national parks, botanic gardens (Wombat Hill, Kyneton, Malmsbury and Gisborne).

The Brand Pillars for the region include:

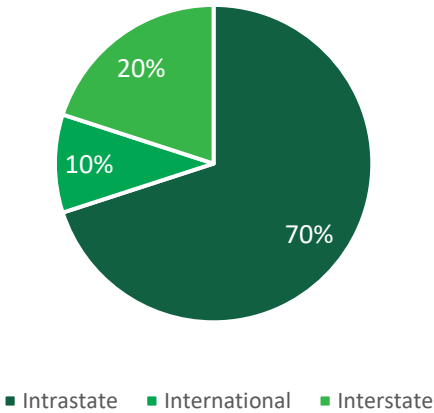
- Food and Drink – Indulge
- Escape and Rejuvenate – Refresh
- History and Culture – Learn
- Art and Artisans – Make.

The region’s walks, trails and the Daylesford Spa Country Railway support the delivery of these pillars and experiences and are important to the target markets being sought in the region.

Visitor Markets

The current market split is as shown in the figure below. The clear market in terms of volume is Intrastate with Melbourne providing a significant portion of those.

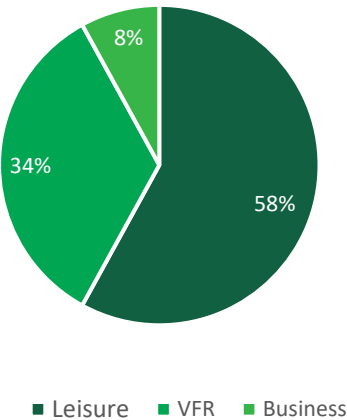
Figure 7. Visitor Source Markets - DMT



Source – DMT 2021

The visitor type is important, and the figure below shows the predominance of leisure visitors and visiting friends and relatives (VFR) markets.

Figure 8. Visitor Type for DMT Region



Source – DMT 2021

Appendix B: Rail Trail Cost Estimates

The following cost estimates are based on preliminary assessment of the rail corridor and reflect the needs and requirements of the rail trail market, what is achievable and with consideration of emerging environmental, community and sustainability issues.

The cost estimates relate to rail trail concept maps 1A - 1B, 2A - 2B and 3A - 3B and descriptions provided in Section 5.2 above; *Daylesford to Hanging Rock Rail Trail (Daylesford to Tylden) Rail Trail Options and Rail Trail Assessments*.

1A - 1B Daylesford to Bullarto 9.5 km

“Complimentary Trail” alongside the existing tourist train operations

Placement of the trail can be found close to or within the rail corridor alongside the existing tourist train operation (Daylesford to Bullarto). Some challenges include crossing wetland and forested areas requiring approvals and infrastructure design, e.g., cable bridges and boardwalks. Concerns have been raised by DSCR about the impact of this construction on the Heritage Rail status of the rail corridor. DSCR has also expressed the opinion that trails will detract from the tourist train experience in this section and had previously advised that there is no space anywhere along the existing rail corridor for trails to share cuttings or the embankment with trains.

Estimated Cost \$3,338,400 to \$4,119,300

Trails off the existing corridor

Crossing and utilising existing roads and forest track (note this option is considered unsuitable as it involves crossing the fast Daylesford to Tylden Road more than once and uses hilly roads and tracks). **Option not further investigated as unsuitable for a rail trail**

2A -2B Bullarto to Trentham 9km

Trails off the existing rail corridor to allow for future tourist train operations

There are serious challenges for visitor trail experience, trail sustainability and the environment the trail would pass through. There are significant watercourses and wetland crossings requiring infrastructure such boardwalks and new bridges. Significant approvals would be required including for endangered species and much of this area has now transferred from State Forest to National Parks. There are some creative options such as placing boardwalks alongside rail embankments, but this will be subject to significant engineering assessment.

Estimated Cost \$4,020,600

Trails on the existing rail bed exclusively without a tourist train.

The placement of the rail trail on the existing rail bed

Clearly the preferred option for high quality visitor experiences. The very best rail trail would follow the level surface and provide great views and comfortable walking, riding, running, cycling and in some cases horse riding. Infrastructure required for this option is reduced however there are still some bridges that require repair and in most cases for low weight loads unless emergency services vehicles and others are required to cross.

Estimated Costs \$2,430,600

3A - 3B Trentham to Tylden (Rippers Lane) 8km

This section would appear less complex however it crosses fast roads and areas of traditional farming with some low lying wet areas and where some farmers have expressed concerns regarding biosecurity and land management issues. These concerns may be addressed through understanding of the issues and providing logical solutions such as fencing, stock crossings and weed and vegetation management as part of the trail development. Biosecurity advice has been sought for other rail trails and has been considered a low risk. The experience of riding or walking through this farm country has its appeal particularly for diversity after visitors have experienced the hilly forested country and historic Trentham.

Estimated Costs \$1,200,000

Detailed Design, Documentation, Contingencies and Planning Approvals

The surveys undertaken during 2020 identified options for the development of rail trail experiences that reflect the market and where possible work cooperatively with landowners and the community. Further analysis of the trail corridor will be required to establish a more detailed design for a future rail trail. This will include environmental and cultural assessments as the water catchment areas where much of an off-rail bed would be situated and where important areas of conservation significance requiring assessments permit applications and potentially offsets linked to approvals. Planning and assessments costs were included in the initial indicative budgets. It is anticipated that as more focussed details develop regarding alignments further planning, consultation and engineering costs may be incurred.

Table 8. Cost estimates included in initial costs for planning and assessment

| | |
|--|----------------|
| Biodiversity assessment and native vegetation planning, application approvals and offsets | \$60,000 |
| Engineering, assessment, survey and design for rail and rail trail visitor and rail infrastructure | \$80,000 |
| Heritage place assessment, survey, planning and approvals | \$30,000 |
| Aboriginal Cultural heritage assessment, management, planning, permits and agreements | \$50,000 |
| Rail Trail alignment survey and trail detail design including visitor information and interpretation | \$30,000 |
| Lessee negotiations and biosecurity mitigation planning | \$20,000 |
| Risk assessment and road crossing design | \$20,000 |
| Order of cost estimates | \$10,000 |
| Total Ex GST | 300,000 |

Appendix C: Assumptions and Modelling – Trail Development Options

The following table shows the assumptions used in modelling each of the trail development options. The assumptions cover: trail users and rail experience users estimates and growth; and spending in the region (average per person), User estimates were developed for a 10 year period of operations.

| ASSUMPTIONS | DESCRIPTION |
|-----------------|---|
| Option 1 | Trail extended from Daylesford to Hanging Rock Railway to Bullarto only (existing) |
| Trail Users | <p>Year 1 users: 5000 locals & 22,000 visitors = total 27,000¹⁶ Reaches around 66,000 in year 10</p> <p>Mix visitors: 60% day visitors; 40% overnight visitors</p> <p>Strong initial growth as trail is established and recognised.</p> <p>Growth rates (annual) locals -2.5%; Visitors: Years 1-5 25%; Years 6-10 5.5%</p> <p>Spending per person/day: Locals = \$30; Day visitors = \$71.50; Overnight visitors = \$153¹⁷ Overnight stays = average 1 night.</p> |
| Rail Users | <p>Year 1 10,000 passengers : 10% locals and 90% visitors. Largely static reaches around 11,400 in year 10.</p> <p>Mix visitors: 60% day visitors; 40% overnight visitors</p> <p>Growth rates (annual) all passengers 1.5%</p> <p>Spending per person/day: Locals = \$30; Day visitors = \$71.50; Overnight visitors = \$153 Overnight stays = average 1 night.</p> <p>Rail fare : average per person \$11 (midpoint \$9.50 & \$12.50)</p> |
| Option 2 | Trail extended from Daylesford to Hanging Rock Railway track extended to Trentham |
| Trail Users | <p>Year 1 users: 90% of Option 1 - 4500 locals & 19,800 visitors Reaches around 59,000 in year 10. (i.e. 10% reduction due to change in trail route)</p> <p>Mix visitors: 60% day visitors: 40% overnight visitors.</p> <p>Strong initial growth as trail is established and recognised.</p> <p>Growth rates (annual) locals=2.5%; Visitors: Years 1-5 25%; Years 6-10 5.5%</p> <p>Spending per person/day: Locals = \$30; Day visitors = \$71.50; Overnight visitors = \$153¹⁸ Overnight stays - average 1 night.</p> |
| Rail Users | <p>Year 1 12,000 passengers : 10% locals and 90% visitors Reaches around 29,000 in year 10.</p> <p>Mix visitors: 60% day visitors: 40% overnight visitors</p> <p>Growth rates (annual): visitors 25% years 1-4 & 3.5% years 5-10; locals 1.5%</p> <p>Spending per person/day: Locals = \$30; Day visitors = \$71.50; Overnight visitors = \$153 Overnight stays = average 1 night.</p> <p>Rail fare : average per person \$20 (extended trail) derived from 2020 DSCR Business Plan 2020¹⁹</p> |

Source: MCA modelling August 2021

¹⁶ Based on Loddon Campaspe Regionally significant Trails Strategy 2018-2023, RMCG, November 2017, P31

¹⁷ A simple average was calculated based the 2019 survey results for the 2 shires. Tourism Research Australia, LGA Profiles 2019, Hepburn LGA & Macedon LGA

¹⁸ A simple average was calculated based the 2019 survey results for the 2 shires. Tourism Research Australia, LGA Profiles 2019, Hepburn LGA & Macedon LGA

¹⁹ Addendum to Daylesford Spa Country Railway Strategy and Business Plan 2020, DSCR

Appendix D: Overview of Trail – Tylden to Hanging Rock.



