



The 'Gippsland Trail'

FEASIBILITY STUDY AND BUSINESS CASE

July 2020

Destination
GIPPSLAND



This report was prepared by TRC Tourism for Destination Gippsland Ltd in relation to the development of the Gippsland Trail Feasibility Study.

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Executive Summary

Project Brief and Description

TRC Tourism has been engaged by Destination Gippsland and a stakeholder group comprising the 6 local governments of Gippsland to undertake a business case and feasibility assessment of the Gippsland Trail. The Gippsland Trail concept is an exciting multi-layered trail that traverses the length and breadth of Gippsland.

The trail's genesis is the foundation report 'Gippsland Tracks and Trails Feasibility Study'. The study completed in 2019 by TRC Tourism recommended a range of actions and experience developments based on criteria to determine the region's Signature Trails. Signature Trails are those that can or could significantly increase visitation to the region.

The study found that:

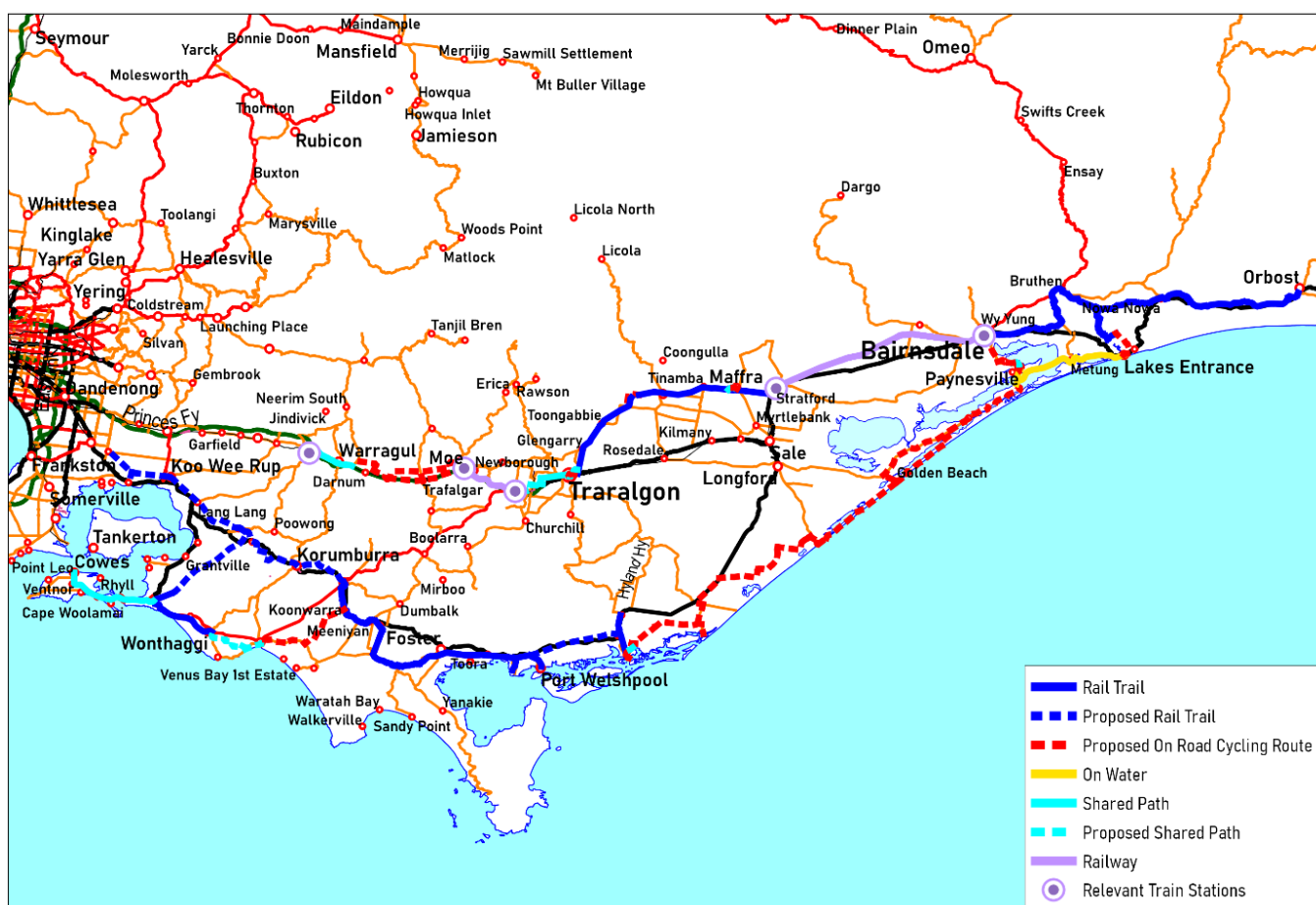
- The creation of a multipurpose trail that contains elements of many of the existing trails – but is marketed as the 'Gippsland Trail' or 'Great Gippsland Trail' will provide a trail of State-wide significance
- The trail will have several 'contained' experiences that can be enjoyed in sections – and these sections will generally align with the existing trail network (i.e. Great Southern Rail Trail)
- The trail could have several longer routes promoted as 'bike-packing' routes that would enable riders the option of longer journeys through Gippsland.

The Concept

The proposed route travels over 700 kilometres through Gippsland, starting in the west at Clyde just on the outskirts of Melbourne or at the Drouin Station on the Gippsland rail line. With options along the route, and some sections including public transport, the trail covers the length and breadth of Gippsland and includes outstanding experiences, scenery and a number of communities.

The figure below provides the overview map of the proposed trail.

Figure 1. Overview of the Porposed Gippsland Trail



The sections in blue (dark blue representing rail trails and light blue representing off road shared paths) utilise existng multi-use trails such as the East Gippsland Rail Trail and the Great Southern Rail Trail.

The sections shown on the map above in red are proposed to be linkages designed specifically for bike packing and local and regional use using the generally quieter sections of Council or State roads where no other options appear to be feasible.

The sections in purple are those where it is proposed to recommend using public transport. On road options do exist but are generally along sections of highway or road where the experience does not warrant the time and effort involved, or where significant route or safety issues may exist.

The yellow section represents an innovative element to the trail and one that is also an opportunity for business, with the development of a water based transport option. This is most likely to be an existing water taxi service that may expand its operation. The linkage on water, while weather dependant, and most likely a seasonal offering, will add to the trail's overall experience on offer.

While all of the elements come to approximately 700 kilometres, it is unlikely that the entire trail will be cycled or used in one visit with perhaps the exception of the bikepacker market (an element of that market may spend 2 weeks undertaking the entire trip).

Advantages of the proposed trail include:

- Provides a single 'spine' route through and around the majority of Gippsland
- Provides access to the public transport network at both Clyde and at Drouin (trail heads)
- Doubles as a foundation piece of infrastructure for communities for recreation, health and connectivity
- Provides different experiences for different markets that can be packaged together or had separately
- Does not lose the connection to trail history and community
- Provides links into Phillip Island and the trails that connect Cowes and San Remo
- Activates many areas that are currently 'off the beaten track' for visitors
- Provides very strong economic outcomes for Gippsland including the opportunity to develop a trails based industry.

Several issues however need further resolution. These are:

- Safety concerns for riders using the busy Inverloch to Venus Bay Road and The South Gippsland Highway need further consideration into off road routes. This study has not been able to determine an off-road corridor and while it is acknowledged that cyclists currently use these roads, it is not ideal to promote them given the high vehicle passes per day and the likelihood of heavy vehicles and machinery using the roads.
- The use of public transport between Morwell and Moe. This is considered a temporary solution until further investigations can determine an off-road trail. The M1 Freeway intersects with several options as does the Melbourne to Gippsland rail corridor.
- The most effective governance arrangements. While this trail can be looked at in isolation, and a general recommendation made that an MOU best suits the type of trail, the intersection of this with the proposed G7 and the proposed Baw Baw Epic Adventure Trail provide further opportunity to create a unique and innovative solution between the partners and stakeholders to drive not only the good governance of this trail, but also the management of other Signature Trails in Gippsland.

Economic Considerations

The modelling is based on estimates of annual uses/ users of the trails and other assumptions utilised in quantifying spending in the region.

The trail's development and connections will generate substantial positive economic benefits for the Gippsland Region, during the construction phase and in the operations phase.

To assist decision makers in understanding the costs and benefits of the trail, the data is presented in 2 components – the Gippsland only components of the trail (construction and costs) and the entire trail including sections outside Gippsland (construction and costs).

Trail Use & Regional Spending

Rides on the trails are projected to increase from 123,600 in Year 1 to around 227,000 in year 10.

The combination of user numbers by type, average spending and average length of stay is used to estimate annual spending (in constant 2020 dollars) in the region. Spending in the region by trail users increases from \$11.045 million in year 1 to \$20.305 million in year 10.

A separate user category (Bike Packers) was also examined (7-day rides and 14-day rides). Total spending of this segment is estimated at \$2.429 million in year 1 and increasing to \$4.694 million in year 10.

Construction Phase Jobs

For the Gippsland sections of the trails, a total of 170.1 FTE jobs (141.7 direct jobs and 28.3 indirect/induced jobs) would be generated during the construction period. The direct jobs comprise 111.2 jobs in on-site construction and 30.6 jobs in materials/equipment supply.¹

Operations Phase Jobs

The ongoing growth in user numbers will support an increasing number of jobs in the region.

The operation of the trails would generate a total of 57.5 direct full-time equivalent jobs in year 1, increasing to 105.7 direct FTE jobs in Year 10.

Total jobs (direct and indirect/induced) are 69.0 FTE in year 1 increasing to 124.8 in year 10.

Of the total jobs in year 10, day visitors would account for 27.4 FTE jobs, overnight visitors for 97.4 FTE jobs.

On a sector basis, the jobs (FTE- direct and indirect) generated by trail users are mainly concentrated in:

- accommodation
- food and beverage
- recreational services and other visitor services
- transport (including shuttles)
- other retail.

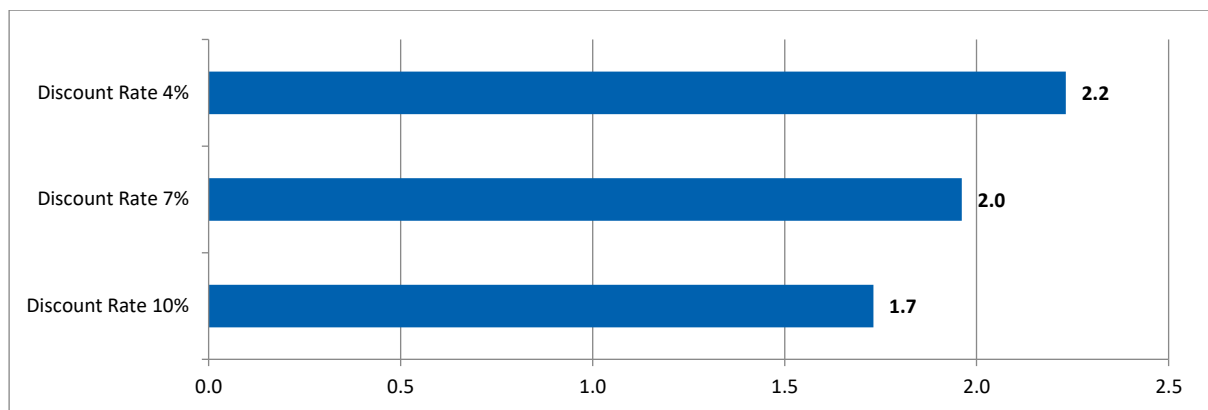
The bike packers would generate a significant number of additional jobs. Total jobs in the region increase from 14.8 FTE in year 1 to 27.3 jobs in year 10 as this market develops. Most of the jobs generated would be in accommodation, food services and other retail. This is in part due to the length of stay assumed for the user category.

¹ Rounding of numbers may lead to what appears to be addition errors.

Benefit/Cost Analysis

The chart below compares Benefit Cost Ratios (BCR) for the 3 discount rates. For a trail project a 7% discount rate is appropriate, and the project yields a positive BCR of 2.0. The present value of total benefits (\$103.929 million) generated by the investment are 2 times the total costs of the project (\$52.891 million) over a 10-year period.

Figure 2. Benefit Cost Ratio (BCR) Gippsland Component – Gippsland trail development



Source: MCA modelling & estimates, June 2020

Summary

TRC Tourism has researched the current markets in Gippsland, and undertaken consultation with Councils and land managers regarding the concept. TRC Tourism has also considered the strategic framework for Gippsland including the recommendations contained within the Destination Management Plan (2019) and the Gippsland Trails Feasibility Study (2019) and undertaken a detailed cost and benefits assessment of the proposed route.

TRC Tourism has undertaken an extensive survey of the proposed route for the Gippsland Trail. It has developed the concept in line with the recommendations contained in the Gippsland Tracks and Trails Feasibility Study and found that the concept is achievable and presents an exciting opportunity for Gippsland to be recognised as a trails destination nationally and internationally.

This study presents a strong economic case for the trail's ongoing development that can be staged over a period of years. The benefits outweigh the costs by a factor of 2 to 1.

1. Project Background

TRC Tourism was engaged by Destination Gippsland Ltd on behalf of a partnership including the local governments of Gippsland to undertake a feasibility study and initial business case to investigate whether the concept of a multi-day multi-destination ‘Gippsland Trail’ provides economic, social and health benefits to the Gippsland community.

The concept to be tested in this study includes ‘linking’ existing rail trails and off-road shared pathways in Gippsland, building on the already strong suite of trails. The existing trails each have their own separate identity and ‘brand’ with some being more effective than others. This study aims to:

- outline the demands and strategic impetus for defining and developing a nationally significant cycle/multi use trail that connects to the outer Melbourne Metro Rail system, and provides a very significant opportunity to develop experiences Gippsland wide
- identify and understand the existing rail trails and off-road shared paths that exist
- describe potential user markets and economic implications of the proposed trail concept
- consider ongoing management, maintenance, and governance requirements
- deliver recommendations that provide decision makers with critical information to make decisions regarding the feasibility of progressing the proposed long-distance trail development.

The concept began through the process of developing the Gippsland Tracks and Trails Feasibility Study.² Existing off-road shared trails (including rail trails) were identified and the potential route for the linkages was very broadly defined.

In considering the development of a Gippsland Trail, TRC has assessed the feasibility and viability according to critical factors:

- creation of the best possible and most appropriate user experience on the entire trail and the various logical ‘sections’ that may exist
- best possible use of existing trail infrastructure
- reflection of and integration with existing studies into the trails including economic feasibility assessments of the South Gippsland, Bass Coast and Wellington Shire Councils, and the recent strategic plan into the East Gippsland Rail Trail and Baw Baw cycling opportunities as well as work undertaken by Latrobe City
- environmental and sustainability considerations (high level only)
- different experiences according to intended markets and relative to each other
- attractiveness to market segments and product mix across the various components and the whole trail
- improvements required to meet user market expectations
- linking of tourism nodes and amenities
- linking of townships with a view to the best economic and best business stimulus outcomes as well as providing community connectedness
- understanding the appetite for investment post COVID and post bushfire (East Gippsland) and the drivers for the creation of a trails-based industry in Gippsland.

² Gippsland Tracks and Trails Feasibility Study 2019. TRC Tourism.

Gippsland Tracks and Trails Feasibility Study

The vision for trails in Gippsland is:

‘Gippsland will be recognised as a world-class trails destination offering a diversity of outstanding landscapes and experiences’

To achieve the vision, recommendations were made under six (6) themes:

- 1. Effective coordination**
- 2. Consistent and collaborative planning**
- 3. Delivering trail experiences**
- 4. Sustainable management**
- 5. Supporting trail use and community involvement**
- 6. Marketing and communication.**

Within theme 6, several recommendations were made regarding the development of trails-based experiences.

The Gippsland Trail Feasibility Study is the result of recommendations made in the *Gippsland Tracks and Trails Feasibility Study* (2019)³ under the section ‘Signature Trails – Multi-Use Trails’.

Signature Trails are defined in the report as ‘a smaller number of trails that showcase the region and offer outstanding experiences attracting people to Gippsland’. Other importance trails are listed in the hierarchy of trails important to the visitor economy as Regionally Significant or Locally Significant.

To ensure the desired outcomes, any trail development should meet set criteria:

- Designed as the highest quality experience of nature and culture
- The best trail of its type
- Feature the highest-quality infrastructure fit for purpose
- Low impact on the environment
- Accessible to target markets for Gippsland and for ex-region trail visitors
- Be supported by high quality information – from pre-trip to post-trip follow up
- Be environmentally and culturally sustainable
- Be supported by effective management and good coordination within community
- Designed with good ongoing financial and fund-stream modelling
- Have a brand and reputation aligned to the target user and be well positioned in the market
- Able to deliver strong visitor number growth into Gippsland.

³ Gippsland Tracks and Trails Feasibility Study. 2019. TRC Tourism for Destination Gippsland and partners.

Two (2) specific multi-use trails were recommended as ‘Signature Trails’:

- Develop the ‘Gippsland Trail’. The concept is to develop a multipurpose trail that contains elements of many of the existing trails but that can be marketed nationally and internationally as the ‘Gippsland Trail’. The trail will include several ‘contained’ experiences that can be enjoyed in sections generally aligning with the existing trails. The trail could have several longer routes promoted as ‘bike-packing’ routes that would enable riders the option of longer journeys through Gippsland. The trail will have easy access to public transport including the Melbourne Metro system and the Gippsland train line through the West Gippsland, Latrobe Valley and into East Gippsland at Bairnsdale.
- The development of the Gippsland Lakes Aquatic Trail. The proposed trail would pick up some of the best elements of the Gippsland Lakes landscape including waterborne kayaking or canoeing, cycling including riding through the Lakes National Park, walking and other activities. The proposed multi-day activity could include accommodation options in villages or newer more modern options including houseboats or glamping.

The figure below provides the map of the proposed Gippsland Signature multi-use trails.

Figure 3. Gippsland Signature multi-use trails map



Source – Gippsland Tracks and Trails Feasibility Study; 2019. TRC Tourism

2. Tourism Context - Gippsland

As a visitor destination, Gippsland is one of Victoria's most important tourism regions.

The region is comprised of six Local Government Areas (LGAs): Baw Baw Shire, East Gippsland Shire, Latrobe City, South Gippsland Shire, Wellington Shire and Bass Coast, the latter being in the unusual situation of straddling two state tourism regions of Gippsland and Phillip Island.

The Gippsland region has many national parks, a rich living indigenous culture, and layers of colonial heritage. Gippsland is particularly strong in its nature-based tourism offering boasting pristine stretches of coastline, national parks showcasing alpine peaks, old growth rainforests, high country, and delicate coastal habitats.

Gippsland contains some of Victoria's most striking landscapes including Wilsons Promontory, Gippsland Lakes, Croajingolong National Park, Strzelecki Ranges, and parts of the Australian Alps. These natural assets support a diversity of activities including walking, hiking, kayaking, boating, fishing, aquatic activities, alpine sports, and cycling.

Infrastructure such as walking tracks, cycling trails, camping areas, boat launching areas, and lookouts support the visitor experience across the region. Several tourism operators also provide guided experiences in these areas.

Parts of Gippsland have the advantage of being geographically close to the urban populations of Melbourne. The region's proximity to the state capital's population base has led to a high number of day visitors and short stays. This market feature is accentuated by the absence of strong flagship products or experiences that encourage longer-stay, higher-yield visitation. The recently released Gippsland Destination Management Plan⁴ seeks to address this in part through experience development.

This highlights the importance of exploring ways of attracting higher-yield markets, addressing the challenge of seasonality, and identifying opportunities to increase length of stay for overnight visitors (both domestic and international) - markets that provide the best economic return.

The tourism economy is important for Gippsland. In the year ending 2019, the region received 6.353 million domestic (overnight and daytrip) and international overnight visitors who combined spent an estimated \$1,118 million noting the bushfires impacted these numbers towards the end of the 2019 year⁵.

Domestic overnight expenditure in Gippsland in the year ending December 2019 was estimated to be \$654 million (+10.2% year on year), with visitors spending on average \$102 per night and \$296 per visitor.

By comparison, International overnight expenditure in Gippsland was estimated to be \$38 million in the year ending December 2019, a decrease of 24.0 percent year-on-year⁶.

⁴ Gippsland Destination Management Plan 2019.

⁵ Gippsland Regional Tourism Summary Year Ending 2019. TEVE Research Published April 2020.

⁶ Gippsland Regional Tourism Summary Year Ending 2019. TEVE Research Published April 2020.

The strong domestic visitor numbers highlight the importance of the domestic visitor segments to Gippsland. This is particularly so when considering the average overnight expenditure of International visitors of \$49 as against \$102 for the domestic market.

Summary of Visitor Segments for Gippsland

A snapshot from Tourism Research Australia taken from the Destination Gippsland Management Plan (2019) provides the following breakdown in visitor segments.⁷

Table 1. Domestic day visitors to Gippsland:

REASON FOR TRAVEL	LIFECYCLE GROUP	ACTIVITIES UNDERTAKEN
– 50.8% holiday – 30.3% visiting friends and relatives	– 52.0% older persons – 26.8% families – 11.6% midlife – 9.8% young	– 26.7% undertake outdoor/nature activity – 13.3% undertake active outdoor/sports

Table 2. Domestic intrastate overnight visitors to Gippsland:

REASON FOR TRAVEL	LIFECYCLE GROUP	ACTIVITIES UNDERTAKEN
– 57.7% holiday – 30.8% visiting friends and relatives	– 36.9% older persons – 32.5% families – 18.5% midlife – 12.1% young	– 51.4% undertake outdoor/nature activity – 34.6% undertake active outdoor/sports

Table 3. Domestic interstate overnight visitors to Gippsland:

REASON FOR TRAVEL	LIFECYCLE GROUP	ACTIVITIES UNDERTAKEN
– 53.4% holiday – 39.7% visiting friends and relatives	– 51.9% older persons – 28.5% families – 14.9% midlife – 4.6% young	– 39.1% undertake outdoor/nature activity – 18.7% undertake active outdoor/sports

⁷ Gippsland Destination Management Plan. Based on TRA data 2018.

Nature-Based Tourism

Nature based tourism is important for Gippsland and for Victoria. Gippsland has an abundance of nature-based attractions and the Gippsland Destination Management Plan⁸ recognises this with experience pillars and growth strategies built around the nature-based products of Gippsland.

Around 46 million nature-based outdoor activities occurred in Victoria in 2015, including around 36 million nature-based walking, running, cycling and swimming activities in Victorian Parks.⁹ 22% of all visitors to regional Victoria participated in a nature-based experience (including both domestic and international overnight visitors, as well as domestic daytrip visitors).¹⁰

Many nature-based outdoor activities support regional economies by shifting expenditure from urban to regional towns and cities and rural areas.¹¹

\$265 million was the estimated avoided cost to the Victorian healthcare system attributable to nature-based outdoor activities in 2015.¹²

Trail related insights

The following series of points contain data taken from the Gippsland Tracks and Trails Feasibility Study.¹³ It is noted that the data was derived for the feasibility study nine months prior to this report being prepared. The data would still be relevant for a full year of trails-based tourism except for the potential impacts from the 2019 Bushfires and the COVID- 19 pandemic visitor economy shutdown that will impact figures from following years.

- Gippsland has 12.3% share of regional visitor economy (-0.2%)
- East Gippsland, Baw Baw, South Gippsland, and Wonthaggi/Inverloch all experienced growth in visitor numbers
- Only East Gippsland and Wonthaggi/Inverloch reported growth in visitor nights indicating the continued tendency for day visits to the region
- 55+ represents 37% of the market, with a continued 5% growth in this age group over the past 3 years. When you add in 50-54 age group to the 55+, nearly half the market is represented by the 50+ market (46% combined), which will need to be a consideration with regards to future trail experiences, accessibility and comfort facilities
- The even spread across the rest of the demographics (15-49) would suggest that the active family market is also an important market for the region, especially in summer school holidays (combined 46% noting that children under 15 have not been represented in visitor analysis data)
- The March quarter is a seasonal high with September and June quarters being seasonal lows indicating that there is spare servicing capacity in these periods
- The LGAs closer to Melbourne have a higher percentage of day visitors.

The VFR is a huge component of the market with 35.4% of all overnight visitors staying with friends and relatives. This has grown by an average of 9% over the last 3 years.

⁸ Gippsland Destination Management Plan. TRC for DGL 2019.

⁹ A Marsden Jacob Report. Victoria's nature-based outdoor economy. Outdoors Victoria & Sport and Recreation Victoria. Report Issued: 27.1.2016.

¹⁰ Tourism Events and Visitor Economy (TEVE) Research Unit Factsheet, January 2019. Visitors to Victoria – Experience Overview (Results for the year ending September 2018).

¹¹ A Marsden Jacob Report. Victoria's nature-based outdoor economy. Outdoors Victoria & Sport and Recreation Victoria. Report Issued: 27.1.2016.

¹² A Marsden Jacob Report. Victoria's nature-based outdoor economy. Outdoors Victoria & Sport and Recreation Victoria. Report Issued: 27.1.2016.

¹³ Gippsland Tracks and Trails Feasibility Study. 2019. TRC for South Gippsland Council and partners.

3. Trail Trends

Overview

The development of, and demand for, trails has increased globally, along with the trend for visitors to have experience-based holidays or breaks. A world-wide trend is for visitors to now seek more authentic and immersive ways to experience places and connect with the people who live there.

Providing a well-planned and thoughtfully constructed track or trail is essential to ensuring use is undertaken in a way that protects natural and cultural values, is environmentally and socially sustainable over the long-term, and offers a fun and enjoyable experience.

Gippsland's diverse and accessible landscapes provides an ideal platform from which to build stronger and more sustainable trail-based destination¹⁴.

Who Uses Trails?

Trails can cater for tourism (domestic and international travellers seeking nature-based experiences) and events attracting participants and accompanying friends/family. They also provide an outlet for residents to get outside and participate in physical activity contributing to public health, wellbeing, community and social interaction and a better liveability of a place.

The desire to experience more of a destination at a relaxed and unhurried pace is more important than ever. Advancing technologies, busy lives and time-starved people often translates to travellers opting for "slow travel". That is, they want to travel less and see more, rather than packing in as many places to visit in a short space of time as they can.¹⁵ COVID-19 presents an opportunity for destinations and trails to offer people a 'secure' outdoor holiday with smaller groups of family and friends.

As trails can be broken into smaller and more manageable sections to complete, this can also encourage visitors to stop, stay, spend, and return.

Regional Victoria and Gippsland in particular has strong positioning as a destination for spa and wellness, food and wine, touring and cycling and golf, based on a diverse range of private and public regional products and services that help drive visitation and spend.¹⁶

Wellness is a 'hook' in travel marketing as travellers seek out a healthier, more active holiday. The well-known destination of Boulder in Colorado, USA has reported that 'there are more people on our trails than ever before'.¹⁷ Participation in sport or physical recreation offers many benefits, ranging from simple enjoyment to improved health and the opportunity for social interaction.¹⁸

Many community groups and businesses are now recognising that their local trail is a substantial piece of infrastructure that they can extract more benefit from.

¹⁴ Victoria's Trails Strategy 2014-2024. Victorian Government

¹⁵ www.worldexpeditions.com/2019-adventure-travel-trends

¹⁶ Victorian Visitor Economy Strategy July 2016

¹⁷ Megatrends defining travel in 2019. Skift

¹⁸ ABS Australian Social Trends June 2011 – Sport and physical recreation

Different Types of Trail Experiences

The experiences offered to trail users will inform the type of access, materials, trail width, design, and grading. The overall trail experience will need to be carefully packaged with trail and user type at the front of mind. This includes facilities, signage, products and services and value-add activities. It is likely that there will not only be one type of user on the trails and it is important to cater for the needs of multiple user groups and user capacity where appropriate.

It is important to carefully design trails that are shared use to ensure safety and visitor enjoyment without creating conflict between users

Summary of different types of trail experiences

Walking



Walking / Hiking varies from a leisurely stroll to a more intense and strenuous hike through rugged terrain. Walking can be done for commuting or exercising with the dog in urban areas or in national parks and reserves even offering an overnight experience. Walkers undertaking a more remote activity are generally looking to immerse in nature or challenge themselves on an adventure hike.

Running



As with walking, runners can use a range of trails types in urban and hard settings to more remote and wild settings running through challenging terrain. Trail running continues to grow in popularity with new emerging trail running events occurring internationally. Trail running adventures can also include orienteering and rogaining challenges.

Cycling



Cycle users may use urban trails for commuting however, may also enjoy longer cycle trails for short breaks and weekends, independently or with family and friends. There are also cycle tourists (domestic and international) who travel from place to place with their bicycle to better explore a region.

Mountain Biking



Mountain Biking as with walkers, mountain biking applies to a range of users from beginners and family groups, to more adventurous cross-country and downhill riders. Mountain biking may be done for leisure locally or also attract major international competitions and visitors.

Horse Riding



Horse Riding users can also be categorised into short recreational riders, often undertaking a few hours ride on a weekend; endurance riders who participate in riding competitions and may use trails for training purposes; and long-distance riders who are enjoying an overnight experience or longer journey on horseback.

Sport, Recreation, and Nature-based Tourism Experiences

Trails are not just about user activities, the purpose of trail experiences is different for each user, from ensuring a healthy and active lifestyle, holiday immersion or dedicated competitive sports.

Sport and recreation

Of the Australian population aged 15 years and over, an estimated 60% (11.1 million people) reported that they had participated in sport and physical recreation at least once during the 12 months prior to the interview conducted in 2013–14.¹⁹

Of all sports or physical recreation activities, walking for exercise had the highest level of participation (23%). Swimming (7.4%), cycling (6.5%) and jogging or running (6.5%) were the only other activities that were participated in by more than one in twenty Australians.²⁰

Nature-based tourism

Around 46 million nature-based outdoor activities occurred in Victoria in 2015, including around 36 million nature-based walking, running, cycling, and swimming activities in Victorian Parks.²¹

22% of all visitors to regional Victoria participated in a nature-based experience (including both domestic and international overnight visitors, as well as domestic daytrip visitors).²²

Many nature-based outdoor activities support regional economies by shifting expenditure from urban to regional towns and cities and rural areas.²³

\$265 million was the estimated avoided cost to the Victorian healthcare system attributable to nature-based outdoor activities in 2015.²⁴

Walking and hiking

Walking for exercise is the most popular sport or activity which Australians regularly participate in. Nearly half of adult Australians, or 47.9%, regularly go for a vigorous stroll.²⁵

Hiking and rainforest walks undertaken by international visitors to Australia increased by 7% to 1.9 million²⁶ in the year ending September 2018.

Further demonstrating the popularity of walking as a recreational activity, Bushwalking Victoria, representing all bushwalkers and bushwalking clubs in Victoria, has over 60 affiliated clubs. Collectively, they represent 8,000 members and 250,000 bushwalkers who actively engaged in outdoor recreation.²⁷

¹⁹ ABS, 4177.0 - Participation in Sport and Physical Recreation, Australia, 2013-14. Latest Issue Released at 11:30am (Canberra time) 18/02/2015

²⁰ ABS Australian Social Trends June 2011 – Sport and physical recreation

²¹ A Marsden Jacob Report. Victoria's nature-based outdoor economy. Outdoors Victoria & Sport and Recreation Victoria. Report Issued: 27.1.2016

²² Tourism Events and Visitor Economy (TEVE) Research Unit Factsheet, January 2019. Visitors to Victoria – Experience Overview (Results for the year ending September 2018)

²³ A Marsden Jacob Report. Victoria's nature-based outdoor economy. Outdoors Victoria & Sport and Recreation Victoria. Report Issued: 27.1.2016

²⁴ A Marsden Jacob Report. Victoria's nature-based outdoor economy. Outdoors Victoria & Sport and Recreation Victoria. Report Issued: 27.1.2016

²⁵ Roy Morgan Research www.roymorgan.com/findings/7592-australian-sports-participation-rates-among-children-and-adults-december-2017-201805110755

²⁶ TRA International Visitors in Australia – Year ending September 2018

²⁷ <https://bushwalkingvictoria.org.au/about-us>

Cycling

In the year ending September 2018, the number of international visitors to Australia who participated in cycling increased 12% to reach 495,000.²⁸

Shared paths are the most common form of off-road cycling facility in Australia.²⁹

While over a third of Victorians have cycled in the last year, most of them did so for recreational purposes rather than for transport.³⁰

The popularity of electronic bikes, or e-bikes, is growing rapidly. An e-bike allows people of various fitness levels to cycle together, taking on greater distances and inclines with ease.³¹

Quipmo is potentially the next trend in the sharing economy that will give Australians access to bicycles and other sporting equipment anywhere at any time. It is a peer-to-peer gear rental marketplace that will give people access to all kinds of bikes and accessories wherever they are to help them see the sights and live like locals. The concept has the potential to make bike riding easier for people all around Australia and further align Australia's cycling community with tourism.³²

In neighbouring New Zealand, there is evidence to suggest that cycle visitors stay longer. Visitors that participate in cycling spend 33 nights compared to all holiday visitors who stay 16 nights.³³ On average, cycling tourists also spend more on their visit when compared to all visitors and this pattern has continued throughout recent years.³⁴

³⁵

Mountain biking

Mountain biking continues to grow as one of the fastest and most popular family friendly lifestyle activities in Australia. This is highlighted by the number of people riding trails across Australia every weekend, both before and after work.³⁶

Membership, affiliations, and participation numbers have increased on the previous year with financial members of Mountain Bike Australia increasing by 13.7% to over 15,000. With the inclusion of past members and those that had purchased a day licence, MTBA's reach is currently over 70,000 individuals.³⁷

Mountain bike trails created or ridden on by national park visitors that are not part of the authorised mountain bike trail network are sometimes closed and rehabilitated by park managers to protect public safety, mitigate visitor risk and protect environmental and cultural heritage values.

²⁸ TRA International Visitors in Australia – Year ending September 2018

²⁹ Victoria Walks (2015). Shared paths – the issues, Melbourne, Victoria Walks

³⁰ Victorian Cycling Strategy 2018-2028. Transport for Victoria

³¹ <https://worldexpeditions.com/2019-adventure-travel-trends>

³² Bicycle Network Media Release 11 April 2018 <https://www.bicyclenetwork.com.au/newsroom/2018/04/11/quipmo-the-next-big-roller-in-the-sharing-economy/>

³³ <https://www.tourismnewzealand.com/markets-stats/sectors/special-interest/>

³⁴ https://www.tourismnewzealand.com/media/1764/cycling-tourism_profile.pdf

³⁵ <https://www.tourismnewzealand.com/markets-stats/sectors/special-interest/cycling-and-mountain-biking/>

³⁶ Mountain Bike Australia Annual Report 2018

³⁷ Mountain Bike Australia Annual Report 2018

Trail Markets and their Preferences

Each of the trail markets (users) has a preferred approach to the experience they are seeking. By way of example, hikers ideally have trail heads with car parks, and information. They prefer not to walk on '4 WD tracks' although in many cases these are the best options available.

The preferences have been developed based on the market knowledge, research (some of which is included in this document) and competitor destination analysis.

Rise of E-bikes

E-bikes – or pedal assisted bikes – are rapidly gaining popularity with cycle retailers reporting a surge of demand and ownership uptake, especially in the mountain biking category. This opens a vast range of opportunities for hilly terrain (such as on Mt Baw Baw) and for long-distance 'journey' rides such as being proposed with the Gippsland Trail.

E-bikes are making riding more 'accessible' to people with different abilities including children (which are also expanding market segments) and a more senior demographic, with anecdotal evidence pointing to many more senior riders returning to the activity in older age, having previously lapsed their involvement due to perceived difficulty of physical effort.

Importantly, E-bike riders are typically seeking a recreational experience, more so than a competitive one, valuing high-quality, accessible, nature-based experiences that offer some degree of support (via township and service integrations, inclusive charging points for longer distance journeys).

Electric/power-assisted bikes represent one of the fastest growing segments of the bike industry as they:

- Allow riders to extend cycling distance
- Encourage more users into the recreational cycling fold
- Enable those who would otherwise not have considered cycling as a preferred recreation due to concerns about age or fitness
- Significantly extend upper age limit of riders
- Increase overall average usage, leading to health and well-being gains
- Encourage access to landscapes where ascents are a deterrent – this is of specific relevance to Gippsland landscapes.

The global e-bike market was valued at USD 15.42 billion in 2019, and it is expected to register growth of 6.21%, during 2020-2025. Increasing consumer preference toward recreational and adventure activities is expected to drive the market.³⁸ Between 10,000 and 15,000 e-bikes were sold in Australia in 2017, twice the number than in 2016. It is expected sales have risen at a similar rate since.³⁹

³⁸ .Mordor Intelligence E-Bike Market 2020-2025, Executive Summary

³⁹ <http://www.mtbiking.com.au/news/bike-price-rises-off-table-as-tariff-appeal-fail>

Primary Target Market Mix

Several primary markets have been identified as ideal for this product. Derived from the Gippsland Tracks and Trails Study⁴⁰, they are shown in the table below with some of the characteristics for each segment.

Table 4. Gippsland Trail Primary Market Mix

MARKET	DESCRIPTION	EXPERIENCE NEEDS AND PREFERENCES
Regional Residents		
Walkers and Hikers	• Wide range of users and ability levels including people using trails for exercise, commuting, relaxation, and leisure activities. • Some groups using rail trails and local paths, some seeking nature and adventure experiences in the regions National Park and reserves.	• Safe short trails for daily use. • A range of all-ability access trails. • Short to long trails for weekend leisure activities both close to population centres and within easy weekend travel from home. Appealing destinations. Linked or nearby activities, attractions, and accommodation. • Short to long hiking trails in a variety of locations (from near-urban to remote) at a range of difficulties. • Links from accommodation hubs to areas of interest such as the Latrobe Valley, South Gippsland, East Gippsland. • Accessible trailheads with adequate parking and facilities. Overnight or multi-day trails with provision for on-trail camping or hut accommodation or nearby off-trail accommodation. • Regional residents often seek areas away from the busy tourism hot spots in peak periods to continue to enjoy their local area highlights. Gippsland has a wide variety of trails that can be used when some areas are busy.
Cyclists (excluding mountain biking)	• Wide range of users and ability levels including people cycling for exercise, commuting, relaxation and leisure activities and touring.	• Safe cycling or shared use trails for daily use. • Short to long cycle trails for weekend leisure use both close to population centres and at visitor hubs within easy weekend travel from home. 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 such as the Gippsland Plains Rail Trail which can utilise the train as a one-way travel source and then ride the return leg back to the car.

⁴⁰ Gippsland Tracks and Trails Study. 2019. TRC Tourism

MARKET	DESCRIPTION	EXPERIENCE NEEDS AND PREFERENCES
Domestic Visitors		
General Visitors	• People on a holiday or visiting friends and relations. • For Gippsland, this is likely to be shorter easy to access trails.	• Trails of different types to or at points of interest suited to a range of abilities. • Something different to do while on holiday. • Equipment and bike hire. • Short guided tours. • Easily available information and packaged tours/product to provide the experience in an easily accessible way. • Picnic and toilet facilities close to the trail so that the stop can be an enjoyable one and made easy for them.
Soft Adventure	• Families, adult couples, and retired people seeking trail activities of one or more day's induration. • Some may visit the region specifically to undertake a particular trail. • This will generally occur on trails that are more widely used and offer a 'safer' entry into trail use	• Hiking and cycle trails packaged for journeys of one or more days. • Guided or self-guided tours or packages, accommodation, linked activities. • Mountain bike parks with variety and/or iconic rides. • Transport, accessible trailhead, equipment, and bike hire. • Good pre-trip information and booking. • Engaging, immersive interpretation. • Generally good facilities nearby for food and beverage after completing the trail adventure.
International Visitors		
Cycle/ Mountain Biking Tourists	• Mainly visitors from Australia, UK, USA, Germany, Canada, Netherlands aged from young adult to people in their 50's and 60's, travelling alone or with a partner.	• Iconic and challenging rides and trail journeys. • Outstanding trail networks and bike parks that offer 2 to 3 days riding and a range of trail type and difficulty levels. • Multi day epic trail with support services to make experience more accessible. • Trailheads with appropriate facilities including car parking, bike wash-down, food services, shuttle transport. • Bike hire and repair services. • Accommodation and food and beverage appropriate for people travelling long distances for an outstanding experience. • Good pre-trip information and booking. • Signature events.

4. The Proposal

The Vision

The Gippsland Trail will be recognised nationally and internationally as a must do long distance multi-use trail showcasing the best of Gippsland while activating towns and communities.

The objective of the Gippsland Trail is to drive economic growth through attracting additional visitors to Gippsland, and for those that are already coming to Gippsland - to stay longer.

It will do this through providing scale and market awareness of the trail through the linking of dispersed products both physically, and in a market driven way. Other key objectives include:

- Activation of underutilised existing infrastructure including existing multi-use trails such as rail trails
- Connect and provide for health benefits in communities by increasing the amount of leisure use through the provision of good quality and easily accessible trails
- Disperse benefits throughout Gippsland including activation of the South Gippsland / Wellington areas along the 90 Mile Beach from McLaughlins Beach through to Loch Sport
- Reduce the dependence upon private vehicle access to the trails in Gippsland by linking the proposed Gippsland Trail in the west to the Melbourne Metro train network, and having touch points with the Gippsland train service in Drouin, Warragul, Trafalgar, Yarragon, Moe, Morwell, Traralgon, Stratford and Bairnsdale. In addition, bus services to South Gippsland and Bass Coast can be considered for use depending upon the views of the bus operator
- Supporting the growth in trail businesses in Gippsland. Coupled with the proposed Ride Nation concept in Warragul, the proposed Baw Baw Epic Adventure Ride and the G7 (Central Gippsland Mountain Bike Hub), scale and demand is created for business activation in cycle sales, maintenance, trail maintenance and construction and design.

It is recognised that the provision of a high-quality off-road trail connecting all the existing rail trails would be potentially prohibitively expensive. Accordingly, some 'on-road' cycling may be required. These sections, particularly the longer section north east from Port Albert to Loch Sport, may only suit a particular market.

The bikepacking market that has been identified for these sections is growing and given the minimal costs in attracting cyclists to these areas, it is considered worthwhile to do. In the longer term, it may be appropriate to consider adding to the off-road cycle/multi-use trails network strategically in locations that warrant the expenditure. This will only continue to add to the appeal of the Gippsland Trail.

In preparing this feasibility study, it has been noted that the existing rail trails are generally of a high standard. Individual Councils or rail trail committees that manage the trails (in some cases this is undertaken through a committee of management) are also committed to managing and growing the trail and the markets it services. Creation of the concept of the Gippsland Trail requires individual component trails to be identifiable as a single offering with common branding, messaging, centralised information resources and preferably a centralised model of coordinated management to ensure consistent development, implementation and best practise trail marketing.

It is advisable to create the sections of missing trail that deliver the highest return for investment first.

Any 'umbrella' management model would need to be flexible to work in cooperation with each Council and management structure, whilst supplying strong overall guidance, strategic marketing and higher-level land manager and government department relationships and lobbying.

The investments and commitments required to design, build, maintain, and manage such a collection of trail facilities would be significant, however there is strong combined momentum for such a program. Coupled with other mountain bike proposals being considered, the amplified benefits of creating a cycle and trail tourism industry in Gippsland are significant.

Methodology

TRC carried out desktop research, site visits to all the proposed links, and existing rail trails, along with phone and in-field consultation meetings with leading stakeholders linked to each section of the proposed trail considered for inclusion.

Selection of the route to create the Gippsland Trail has been undertaken by TRC Tourism. It has been based on several criteria:

- Highest quality experiences in nature and culture
- Sustainable in the environment and culturally
- Effective management and coordination including community
- Brand and reputation aligned as well as positioned in the market
- Provides (or has the potential to) for strong visitor number growth into Gippsland
- Cost – the distance means it must be reasonably priced (including using roads where appropriate) for the concept to be economically feasible
- Link existing trails with like for like where it makes sense
- Provide for different markets
- Making best use of the existing high quality off-road and rail trails that exist
- Links existing trail sections with like for like where possible and feasible
- Provides for community benefit including accessible access to trails for recreation, leisure, community connectedness and exercise.

The following table shows some of the factors that drive demand for trail visitation.

Table 5. Factors Driving Demand for Trail Visitation

FACTOR	RELEVANCE TO THE GIPPSLAND TRAIL
Uniqueness: whether the trail is a unique feature that will entice visitors	The entire trail proposal traverses predominantly unique Gippsland landscapes.
Accessibility: can potential visitors access the trail easily	The access via the Metro train network, as well as access to the Latrobe Valley and Gippsland Rail Line stations are strong advantages. Additionally, the proposal takes in most of the large towns and cities of Gippsland providing good access to residents and regional visits.
Role of Gateway Towns: These serve as entry points to attractions such as trails and services	Many of the towns along the proposed trail route will benefit from the trail, either as a service town or through the business opportunities in a variety of sectors that will emerge through additional visitors.
Proximity to Generating Markets: These markets provide a critical mass of potential visitors	Melbourne markets can access the trail easily through the Metro Rail Network extension from Clyde or through Drouin. Regional markets are well connected to the proposed route. The Gippsland Train Line provides good access.

Source – Taylor (2015). What factors make rail trails successful as tourism attractions? A conceptual Framework from relevant literature. *Journal of Outdoor Recreation and Tourism*, 12: 89-98. Also sourced from SGS Economics and Planning. Extension of the Great Southern and Bass Coast Rail Trails: Cost Benefit Analysis and Economic Impact Assessment. August 2019

Financial modelling of the economic costs and benefits of the proposed Gippsland Trail have been carried out based on research and assumptions. Projections of visitation and economic outcomes, along with costed health benefits, are based on modelling scenarios that estimate annual rides/users, and other assumptions utilised in quantifying spending associated with the Hub. The modelling offers relatively conservative scenarios.

It should be noted that if this proposal is to proceed, significant work will need to be undertaken in detailed trail design and planning, including in some cases leasing land and other forms of agreement with other government agencies and private landholders (it should be noted that private land has been almost entirely avoided in the design of this trail). Detailed assessment on specific trail alignments, build and infrastructure requirements is beyond the scope of this feasibility assessment.

Gippsland Trail Overview

As outlined, the Gippsland Trail concept brings together many of the existing rail and multi-use shared paths across Gippsland. The figure below provides the overview of the proposed trail route.

The proposed trail travels over 700 kilometres through Gippsland, starting in the west at Clyde just on the outskirts of Melbourne. With options along the route, and some sections including public transport, the trail covers the length and breadth of Gippsland and includes outstanding experiences, scenery and communities.

The sections in blue (dark blue representing rail trails and light blue representing off road shared paths) utilise existing multi-use trails such as the East Gippsland Rail Trail and the Great Southern Rail Trail.

The sections shown on the map above in red are proposed to be linkages designed specifically for ‘bikepacking’ using the generally quieter sections of Council or State roads where no other options appear to be currently feasible.

The sections in purple are those where it proposed to recommend using public transport where on road options do exist but are generally thought to be along sections of highway or road where the experience does not warrant the time and effort involved, or where significant route or safety issues may exist.

The yellow section represents an innovative element to the trail and one that is also an opportunity for business, with the development of a water based transport option. This is most likely to be an existing water taxi service that may expand its operation. The linkage on water, while weather dependant and most likely a seasonal offering, will add to the trail’s overall experience.

While all of the elements add to approximately 700 kilometres, it is unlikely that the entire trail will be cycled or used as one visit with perhaps the exception of the bikepacker market (an element of that market may spend 2 weeks undertaking the entire trip).

Each of the segments or areas within the Gippsland Trail is explored in more detail in the sections that follow.

Figure 4. Trail Overview – Gippsland Trail

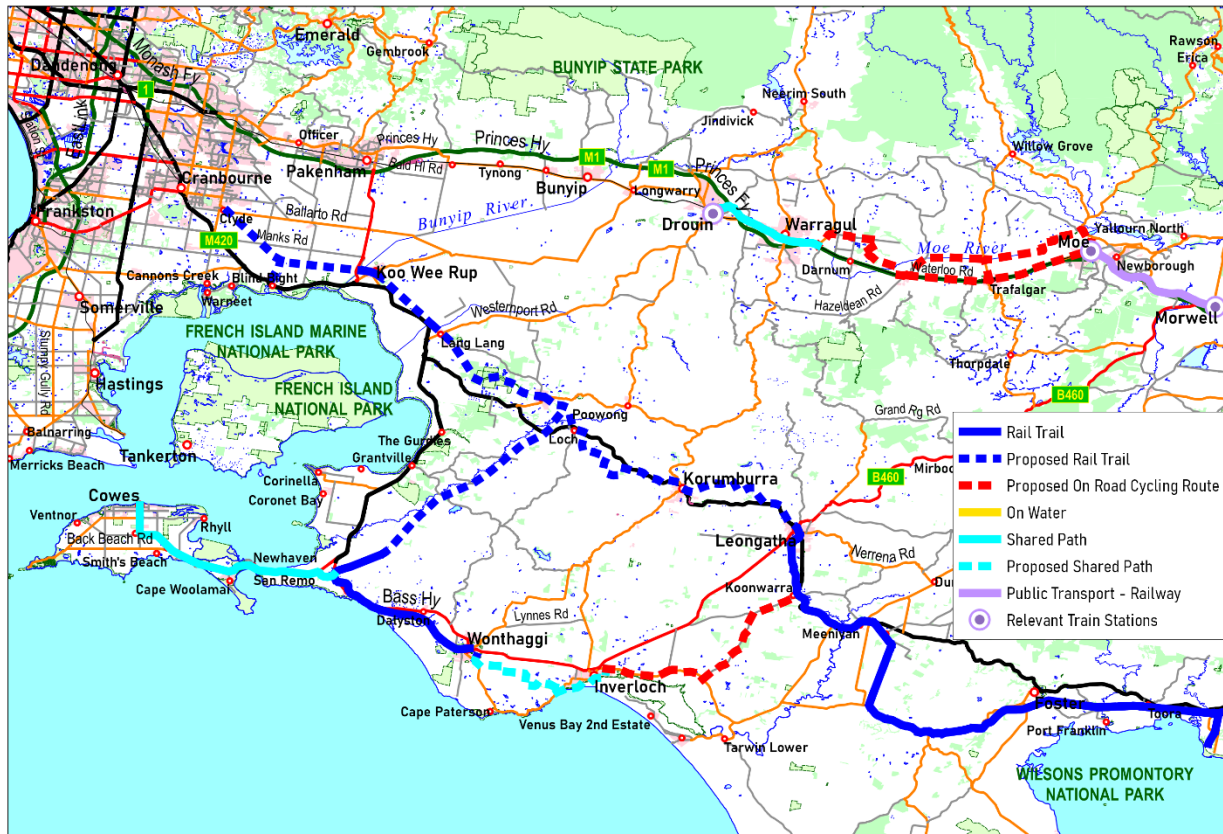


Map – TRC Tourism 2020

Section 1 – Bass Coast, South Gippsland and West Gippsland

This section includes the majority of the Great Southern Rail Trail (GSRT) including the proposed extension of the rail trail westwards to Clyde from Leongattha and Nyora, the Bass Coast Rail Trail (BCRT) including the proposed links between the Wonthaggi terminus of the Bass Coast Rail Trail and Koonwarra via Inverloch. Phillip Island and San Remo are linked into the trail using existing shared pathways. The figure below provides the details.

Figure 5. Section 1 – The Proposed Gippsland Trail



Route Description

From Clyde, the trail is proposed to follow the old rail alignment south-eastward through Kooweerup, and into Nyora. At Nyora, the proposed trail splits with a new section following the branch line to Woolamai and the start of the existing BCRT. Additionally riders and trail users can access Phillip Island from this trail. The main line extends southeastward through the rolling hills of south Gippsland to Korumburra and Leongattha where the proposed extension joins into the existing terminus of the Great Southern Rail Trail.

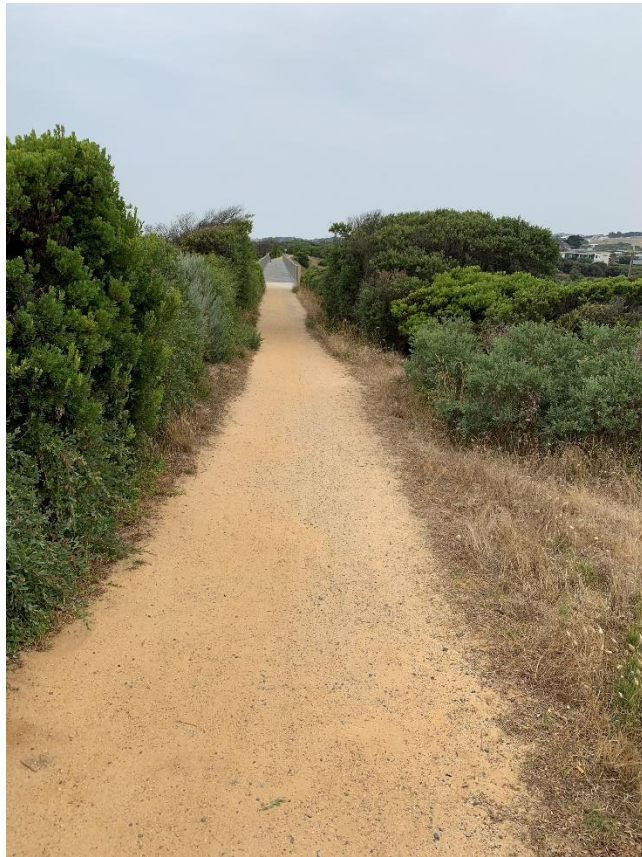
From Wonthaggi eastwards, the proposed off road path is proposed to use road reserves and come into Inverloch on the northern side of the RACV resort. From Inverloch, the proposal is to develop an on road cycle route to Koonwarra and join into the GSRT. From Koonwarra, it is then possible to cycle south and east to Foster and onwards to Yarram.

Approximate lengths of existing and proposed trail are as follows:

From Clyde to Leongattha (proposed)	75 km
From Nyora to Woolamai (proposed)	21 km
Existing GSRT Leongattha to Port Welshpool	72 km
Bass Coast Rail Trail	23 km
Wonthaggi to Koonwarra (proposed)	25 km

Figure 6. Images of the Proposed Section 1

EXISTING BASS COAST RAIL TRAIL NEAR KILCUNDA



POUND CREEK ROAD BETWEEN KOONWARRA AND INVERLOCH



EXISTING GREAT SOUTHERN RAIL TRAIL NEAR KOONWARRA



PROPOSED RAIL TRAIL NEAR LEONGATHA



Issues.

- The cost of conversion of the existing rail line from Clyde is significant although the benefits significantly outweigh the costs
- Some community interest in retaining the rail corridor in the hope that the rail line could be used again for regular passenger services (considered extremely unlikely)
- Victrack leasing condition and terms need to be factored into the Council decisions on investment in the rail trail
- The trail crosses several Council boundaries although strong coordination is occurring between all Councils from Casey and Cardinia to South Gippsland and Bass Coast
- Some infrastructure requirements including bridges may be significant due to poor repair of the existing and older rail bridges, and the length of the bridges that may be required due to flood prone areas
- No rail line exists Eastwards from Wonthaggi. Council is working through land tenure issues to find the best route to Inverloch and has a proposal that enters Inverloch north of the RACV
- From Inverloch, no off-road corridor has been found as part of this study through to the GSRT either at Koonwarra or at Fish Creek. Accordingly, it is recommended that an on-road section be considered as part of this initial assessment of the route. Ideally, the on-road section would be on a cycle friendly road. The Inverloch to Venus Bay Road which can be busy would ideally be avoided if further detailed studies can determine an off-road route
- Some verge or shoulder widening may provide some safety as would considering dropping the speed limit on some sections of on road cycling
- Other options require further identification including the potential for a water-based section on Anderson Inlet
- The link through from Leongatha or Korumburra to the West Gippsland towns of Drouin or Warragul has not been recommended at this stage. It is felt that it offers a lower return and involves significant climbing over the Strzelecki Ranges, something the target markets generally avoid. This missing link could be considered for a feasibility assessment at a later stage once the core offering is in place.

Markets

This section or component of the Gippsland Trail generally lends itself to weekend and short stay breaks from Melbourne. The GSRT and the BCRT are well established and contain strong food and wine, regional landscapes, coastal and village connections that contribute to a rich experience. Linking these trails to Melbourne and the Melbourne Metro Train network provides an ideal opportunity to expand the market and make it easier to access, and more of a unique experience for day and weekend trips.

Strong local use for communities exists, including providing residents of the major and minor towns recreation and exercise opportunities as well as connectedness between towns and communities.

Phillip Island is a strong visitor destination for the Melbourne market and providing the link to the existing Phillip Island to San Remo shared pathway provides access to the highlights of the Island including Cape Woolamai and Cowes.

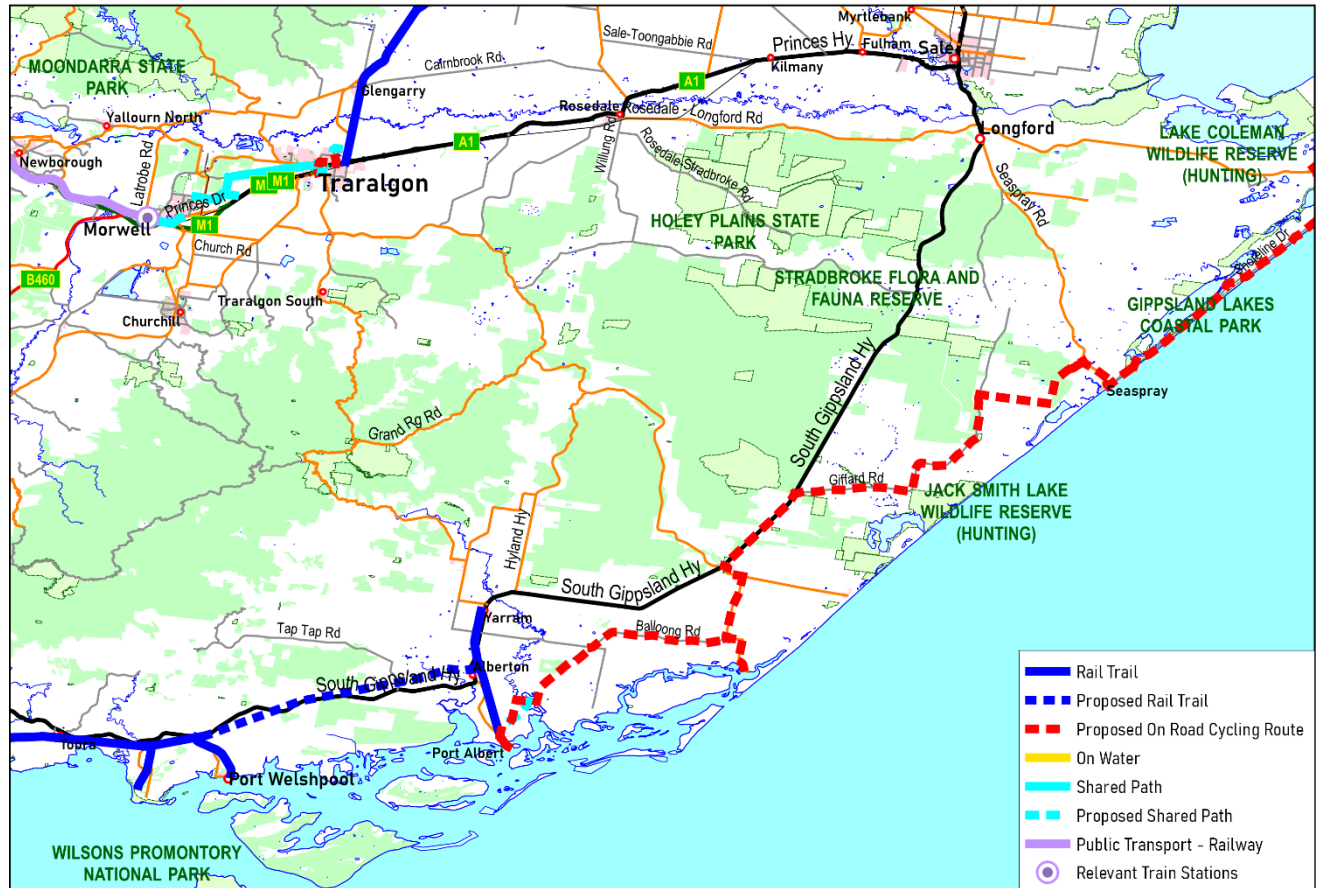
Business opportunities exist in the food and beverage sectors, transport sectors (shuttle services), accommodation (close to the rail trail) and service sectors.

Bike packers and those intending to travel for longer periods on the Gippsland Trail will use these sections of the trail and continue eastward through Yarram and into South Gippsland.

Section 2 – 90 Mile Beach and Southern Gippsland

This section includes the eastern end of the GSRT, and the proposed bike packing route from Port Albert (currently being constructed as the southern end of the GSRT) through to the Loch Sport and Lakes National Park (see next section). The figure below provides the proposed section details.

Figure 7. Section 2 of the Gippsland Trail – 90 Mile Beach and Southern Gippsland



Route Description

From the eastern end of the GSRT, the proposed extension of the rail trail from Welshpool to Alberton is currently the subject of detailed planning and funding consideration by both South Gippsland and Wellington Shire Councils. The trail joins the existing component from Yarram to Alberton and the currently being constructed section to Port Albert.

The proposed bike packing component of the trail begins in Port Albert, a lovely fishing village. Back roads are used to travel through the rural landscape of the 90 Mile Beach and environs. A small section of the South Gippsland Highway is proposed to be used (see issues below) before the proposed route travels to Seaspray and the Shoreline Drive. Shoreline Drive presents a strong cycling experience nestled behind the 90 Mile Beach dunes and with good access to the beach, camping and other services throughout the small towns.

Approximate trail distances:

Port Welshpool to Alberton (proposed)	22 km
Yarram to Port Albert	12 km
Port Albert to Seaspray	75 km

Figure 8. Images of Section 2 of the Proposed Gippsland Trail



SOURCE – TRC TOURISM 2020

Issues

- To avoid the culturally sensitive Jack Smith Lake Wildlife Reserve, a small section of the South Gippsland Highway is required to be used (between 4 and 10 km depending on the side roads ultimately used). The South Gippsland Highway is a State Highway and carries significant traffic. Ideally an off-road section of trail is constructed on the road reserve
- The on-road sections beginning at Port Albert will deter many of the larger number of Rail Trail riders from continuing to Seaspray and further east
- The roads selected (apart from the South Gippsland Highway) are generally considered low use and for the most part have wide shoulders and good sight lines. They are also generally flat to undulating
- Rail Trail users completing the GSRT new proposed sections at Port Albert will require transport back to their point of origin or retrace their steps.

Markets

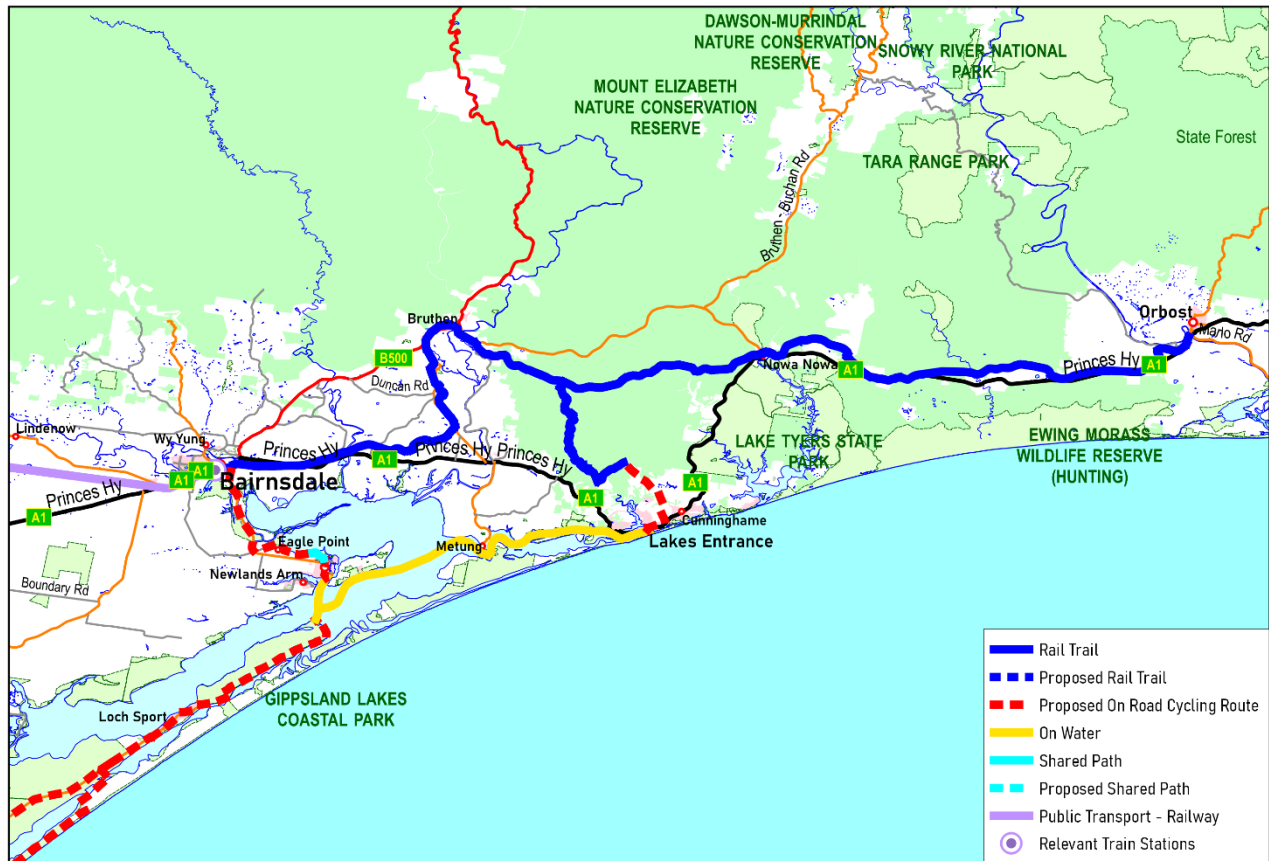
This proposed extension of the GSRT provides for a new and extended ride for the family and leisure and recreational riding markets using the trails. It also provides:

- Strong local use for communities exists, including providing residents of the major and minor towns recreation and exercise opportunities as well as connectedness between towns and communities.
- Business opportunities in the food and beverage sectors, transport sectors (shuttle services), accommodation (close to the rail trail) and service sectors.
- Those intending to travel for longer periods on the Gippsland Trail with the ability to use these sections of the trail and continue eastward through Loch Sport and into the Gippsland Lakes and East Gippsland, or return through Central Gippsland and the Latrobe Valley.

Section 3 – East Gippsland and the Gippsland Lakes

Heading east from section 2 of the trail sees trail users experience the 90 Mile Beach and enter the Gippsland Lakes. This includes the towns of Loch Sport, Paynesville, Metung, Lakes Entrance, Bairnsdale, and the towns on the East Gippsland Rail Trail.

Figure 9. Section 3 of the Gippsland Trail – East Gippsland and the Gippsland Lakes



Route Description

This section of the trail continues eastward from the previous section along the 90 Mile Beach and into Loch Sport. An option exists to use a closed road behind the dunes subject to approval from Parks Victoria. At Loch Sport, and after visiting the small towns along the 90 Mile Beach, the trail is proposed to use the internal road network within the Lakes National Park to Point Wilson (Sperm Whale Head). At this point, a new water taxi (or similar) service will pick up cyclists and trail users (subject to market demand and business opportunity) and take them to either Paynesville, Metung, or Lake Entrance.

Existing trails from Lakes Entrance take users to the East Gippsland Rail Trail (EGRT). Existing and proposed on road cycling takes bike packers from Paynesville to Bairnsdale and then either into the public transport network or onto the EGRT.

The EGRT provides a strong experience taking visitors through to the Orbest trail head and includes the opportunity to cycle a repaired and re-opened Orbest Snowy River Rail Trail timber bridge.

Approximate trail distances:

Seaspray to Loch Sport (Proposed on road)	54 km
Loch Sport to Point Wilson (proposed on road)	20 km
Point Wilson to Lakes Entrance (via Paynesville and Metung)	29 km
Lakes Entrance north to EGRT	17 km
East Gippsland Rail Trail – Bairnsdale to Orbost	94 km
Paynesville to Bairnsdale (partial on road partial off road)	16 km

SHORELINE DRIVE NEAR SEASPRAY – 90 MILE BEACH



ENTRANCE ROAD TO LOCH SPORT



TYPICAL ROAD FORMATION – LAKES NATIONAL PARK AND COASTAL PARK



90 MILE BEACH ACCESS



Issues

- Using the tracks through the National Park (without any further clearing) is subject to Parks Victoria approval – although it is acknowledged the cyclists can use the roads and trails from Loch Sport to Sperm Whale Head on existing roads
- The on-water component is wholly dependent upon a commercial operator taking up the opportunity. Given the initial demand, it is likely to be an existing operator on the Gippsland Lakes that adds this to their existing business. Jetty infrastructure at the Lakes NP, and the towns visited including Paynesville and Lakes Entrance are appropriate as they exist now for cyclists and walkers
- Paynesville to Bairnsdale is proposed as on road except for the smaller sections between Paynesville and Eagle Point where existing off-road trails are proposed to be used. This section of road is relatively highly trafficked but has a wide shoulder
- From Lakes Entrance, the Gippsland Lakes Discovery Trail is proposed to be used until it joins the East Gippsland Rail Trail. Parts of the EGRT have been affected by the 2019 fires and repairs are required and it is understood that these are the subject of funding arrangements being implemented at the time of this report preparation
- The viaduct bridge at Orbost is currently unusable. Repairs would see it form a strong experience element of the Gippsland Trail and the EGRT
- The end of the trail at Orbost requires either along backtrack to Bairnsdale or suitable transport arrangements

Markets and Opportunities

Existing markets for the EGRT are likely to be expanded. Currently over 50% of EGRT users are estimated to be local and regional visitors. Additionally, assuming that the water based transport (taxi service) can be developed, it will add a strong weekend / several day experience with visitors potentially arriving by train or car into Sale or Bairnsdale, riding including the water option and using the proposed and existing trails.

Loch Sport will see an increase in cycling and trail-based activity as will the other smaller communities and villages of the 90 Mile Beach.

Adding bike packers to the potential users who are likely to either partially or fully complete the eastern components of the proposed route adds to the visitor numbers.

Weekend and regional visitors will have a strong experience offering based on the existing trails with added curated experiences.

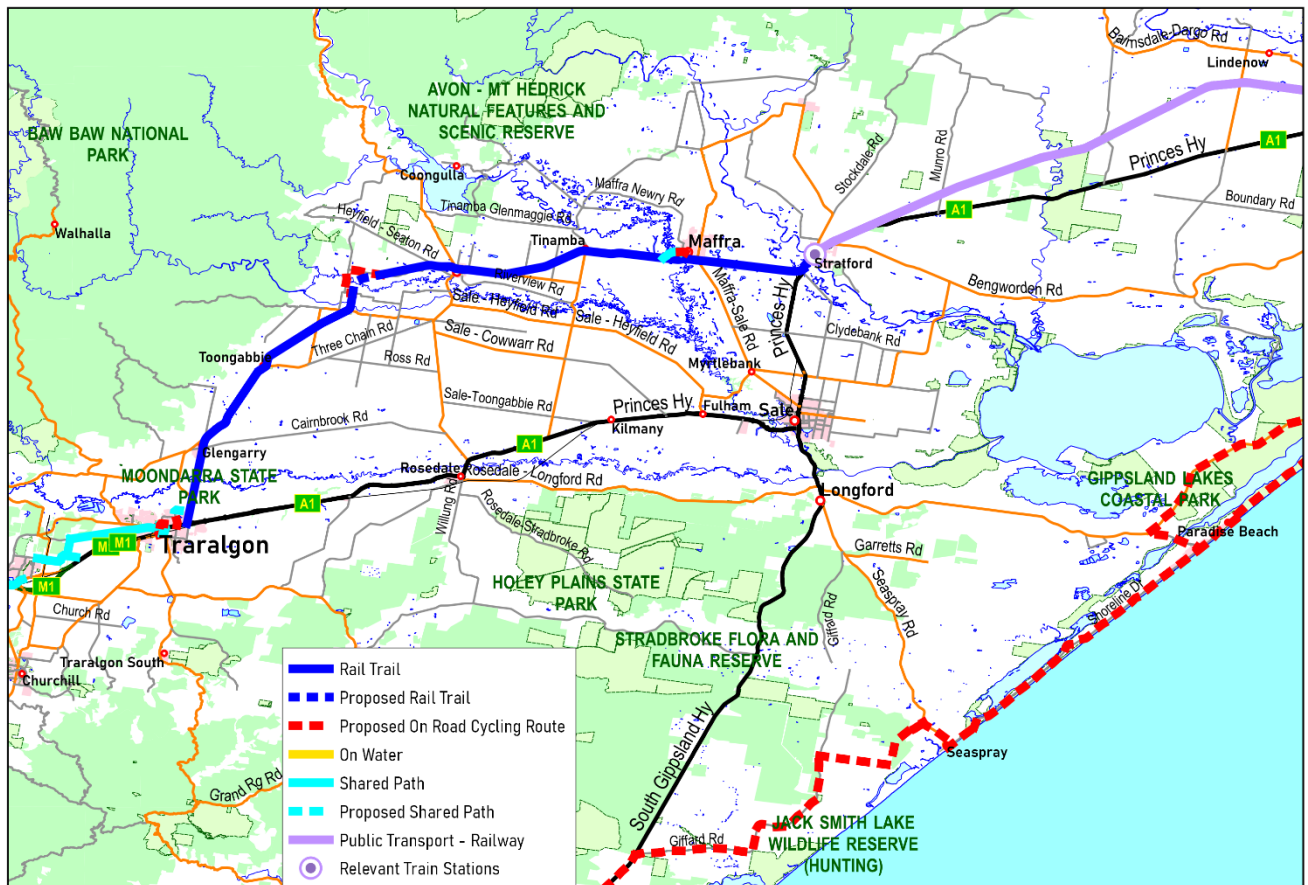
The opportunities for new and existing businesses are significant across all trail related sectors including food and beverage, accommodation, transport, and service sectors.

Section 4 – Central and Eastern Gippsland

Section 4 of the proposed Gippsland Trail shows the proposed routes between Bairnsdale and Traralgon. Utilising the existing GPRT and public transport in lieu of riding the Princes Highway. The section offers good riding on generally flat terrain between communities and villages.

The map below provides the route options.

Figure 10. Section 4 – Central and Eastern Gippsland



Route Description

The route from Bairnsdale to Stratford (undertaking the proposed trail in an anti-clockwise direction) involves either a ride on the Prince Highway (approximately 50 kms between Bairnsdale and Stratford) or taking the option of public transport (train) from Bairnsdale to Stratford. The train is recommended due to the long section of ride on the Princes Highway which is both relatively featureless and potentially dangerous.

Once the traveller arrives in Stratford, the existing GPRT provides a strong and existing experience. The trail begins (or ends) in Stratford and travels through the Central Eastern Gippsland hamlets of Maffra, Tinamba, Cowwarr and Glengarry before arriving in Traralgon.

Once in Traralgon, a route has been identified by the Latrobe City Council the takes trail users off road through to the Traralgon to Morwell shared pathway. This section of the Gippsland Trail is proposed.

The Traralgon to Morwell shared pathway is a recent initiative of the City of Latrobe and links Traralgon and Morwell. This will form a part of the proposed Gippsland Trail.

Approximate distances are as follows:

Train Service – Bairnsdale to Stratford 50 km

Stratford to Traralgon (GPRT) 63 km

Traralgon to Morwell (shared pathway) 12 km

Figure 11. Images of the Proposed Route from Bairnsdale to Traralgon



Issues

- Public transport options from Bairnsdale to Stratford are recommended for several reasons as discussed in the route option above. Trains may not run consistently and be replaced by bus services which may not take or allow bikes and other trail use equipment
- While some elements of the market may see the train as an addition to the experience, others may see it as a barrier. Cycling on the Princes Highway from Bairnsdale to Stratford can be undertaken but it is a long and relatively featureless section of the proposed trail route
- The Stratford to Traralgon GPRT offers a strong experience and is well used
- Arriving in Traralgon from the east on the GPRT, the existing rail trail concludes prior to reaching the railway station, or the shared pathway through to Morwell. While a route has been developed as a preliminary option, it may be some time before it is completed, thereby affecting the experience of people leaving the GPRT. This is also proposed as the concluding section (an option) to the Gippsland Epic Adventure Ride (Baw Baw to Traralgon).

Markets and Opportunities

Existing markets for the GPRT are likely to be expanded. While no published data for the GPRT exists, conversations with the GPRT Committee of Management indicate that in the order of 75% of current trail users are local or regionally based.

As per the previous section, an increase in bike packers will diversify the existing user group and potentially add significant volume to overnight trail-based stays and spending to the existing day local user markets. Weekend and regional visitors will have a strong experience offering based on the existing trails with added curated experiences.

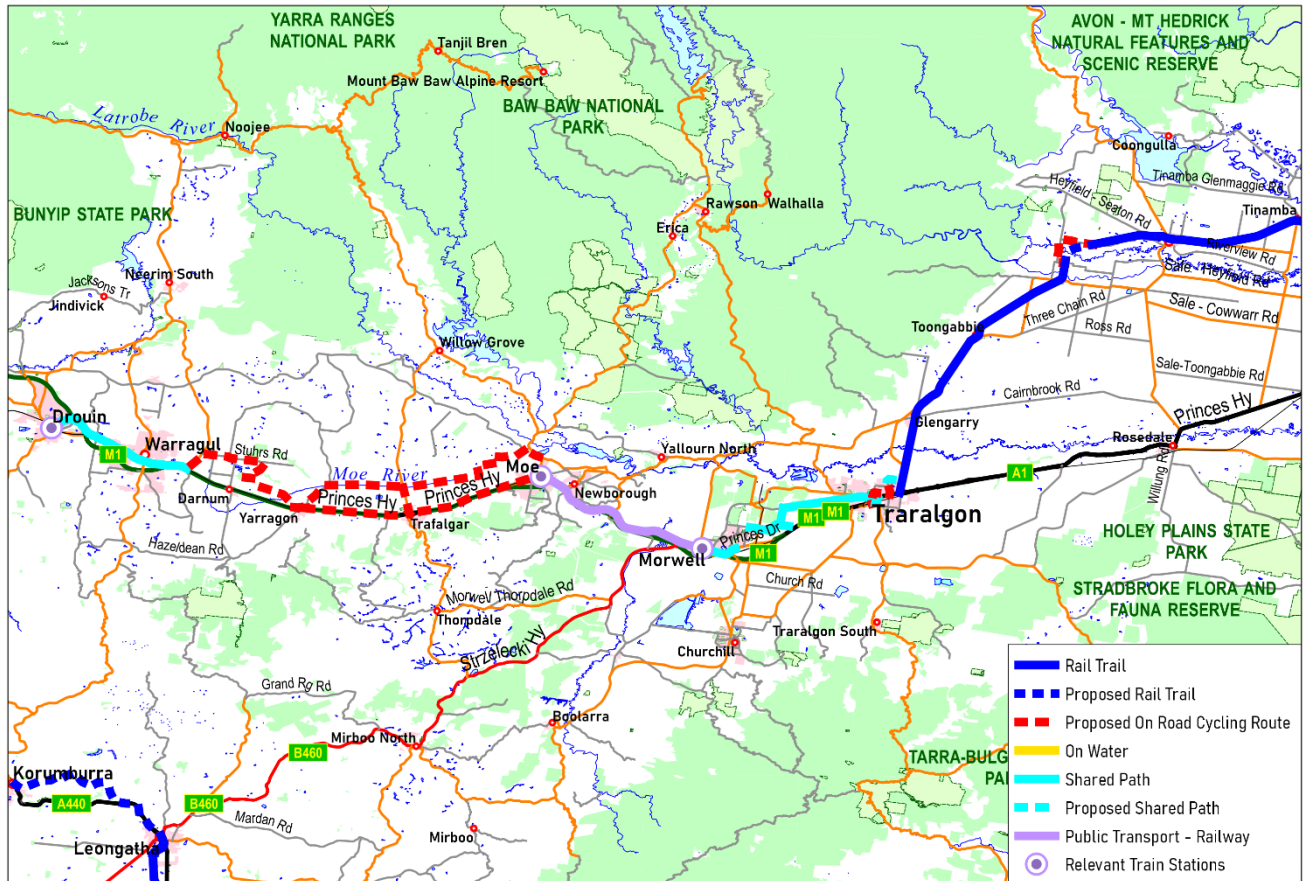
The opportunities for new and existing businesses are significant across all trail related sectors including food and beverage, accommodation, transport, and service sectors.

Section 5 – Latrobe Valley and West Gippsland

This section of the trail, travelling anti-clockwise, takes trail users from the Traralgon to Morwell shared pathway through to Drouin and the proposed trail head. This section has components that are difficult to achieve an alignment for similar markets due to the nature of the existing infrastructure, freeway interchanges, land tenure and the terrain.

The figure below provides the details of the proposed route.

Figure 12. Section 5 – Latrobe Valley and West Gippsland



Route Details

Travelling westward from Morwell, it proposed to use public transport from Morwell to Moe. There is a train every hour most days and during likely travelling times for trail users. This overcomes a complex area where several freeway crossings and a lack of available land corridors prevents the development of a likely trail corridor.

From Moe, the trail's proposed route has two options that are both presented; firstly via Waterloo Road just north of the M1 Freeway through to Trafalgar and Yarragon, and then onto the Little Moe River Road, Stuhrs Road and the Nilma Shady Creek Road before returning to Nilma and re-joining the existing off road shared trail to Warragul, or secondly through the preferred approach along the North Canal Road into Yarragon.

Using either option, the proposed route then joins into the existing shared pathway through Nilma and into Warragul. Once in Warragul, the proposed route then uses the Two Towns Trail and heads westward to Drouin and the railway station at the end (or start) of the proposed Gippsland Trial.

It is noted that the Baw Baw Council has longer term plans to extend the Two Towns Trail through to Trafalgar.

Approximate Distances:

Morwell to Moe Public Transport Option	15 km
Moe to Nilma	31 km
Nilma to Drouin	11 km

Figure 13. Images of the Proposed Route from Morwell to Drouin



Issues

The Traralgon to Morwell shared path needs to be connected to the Traralgon Railway Station, or at the least connected to the GPRT to provide a contiguous off-road trail. This will provide benefits not only to users of the Gippsland Trail (or elements of it), but also to residents and the local community.

From Morwell, there is no apparent route to Moe that is meaningful and gets trail users off road. Several alternatives were investigated but due to the Freeway interchanges, and lack of available land, the only alternative is a longer route to the north. For this reason, public transport is recommended for this section of trail. Further investigation as part of full Latrobe City planning exercise may be required to look at private land or mine sites for any proposed route off road.

From Moe, several alternative routes were investigated to get through to the Yarragon and Trafalgar townships. The easiest alternative was to take Waterloo Road just to the north of the Freeway. This is however a relatively feature free route that may not be the best experience. The alternative route is to take North Canal Road, a scenic and low traffic alternative just to the north of the Waterloo Road route. It is the preferred route.

TRC understands that Baw Baw Shire Council and the City of Latrobe are working together to try to bridge the gap between Nilma and Moe in terms of shared pathway. The assessment of TRC tourism in the context of this plan and the benefits to commuter and other recreational / leisure trail users is that it would be beneficial to do so.

Markets and Opportunities

The Latrobe Valley to Drouin section of the trail is as much about residential benefit as it is the visitor economy although it is TRC's assessment that both will benefit. A shared path between Traralgon and Drouin – if it were able to be completed, would be a significant and worthwhile piece of community infrastructure that would aid in exercise, recreation, community connectedness and health benefits.

The tourism benefits would mainly apply to the bike packer market in the context of the Gippsland Trail. The trip between Drouin and Traralgon passes through farmland and is generally very scenic with the right route chosen.

The proposed trail would also provide a strong weekend product for people both regionally and from Melbourne. The ability to catch a train between Drouin and Traralgon and return with your bike and equipment is a strong proposition and if the experience were curated well would stand alone. It would also provide significant trail-based business opportunities to sectors such as transport, accommodation, food and beverage and other recreational providers.

Road Safety Assessment of On Road Cycling

Ideally the Gippsland Trail would be all off road – or on trails that have at least some separation from motorised vehicles. That is the preferred option and while this feasibility assessment recommends some sections of this trail are on road due to the cost of building off road trails, it is not without some risk to cyclists and other trail users.

The highest traffic volume roads where this study has found no alternative route, or where the economics at this point limit the benefit of an off road trail include two sections of State Road – the South Gippsland Highway (for approximately 3 to 4 km) and the Inverloch to Venus Bay Road.

Both sections of road carry in the order of 700 to 1000 vehicle passes per day and include the potential for heavy transport.

Typically, safety improvements will be based on proven treatments for cyclists/pedestrians/horses such as dedicated lanes and accompanying warning/information signing which aim to separate vehicles from the other types of users and improve their visibility and that of any dedicated lanes.

Dedicated wide kerbside lanes including line marking created by sealing the road shoulders to a sufficient width (minimum 1.5m) is the most obvious treatment, however, this treatment is effective in low speed, low traffic volume environments – which parts of this route are not.

There is the risk factor of this route being heavily used by tourists, many of these from overseas (thus they will not be confident drivers), and the inclusion of traffic types other than vehicles on an unfamiliar road will increase risk of collision.

According to the VicRoads “Traffic Engineering Manual Volume 3 – Additional Network Standards & Guidelines Design Guidance” for strategically important cycling corridors, when developing concepts for a preferred cycling route, “Figure 3” flowchart (below) should be used to select the appropriate solution.

In both the cases of the Inverloch to Venus Bay Road and the South Gippsland Highway, the option of ‘Re-Assess the Route’ is reached from the flow chart application.

While this does not necessarily change the recommendations of this report, noting that cyclists use these roads now, it is important to take into consideration and over time reassess the routes to find safer ones.

Accordingly, we recommend that the 0.4 km of the South Gippsland Highway that is to be considered for the trail be considered for a wider shoulder or off-road component. The Inverloch to Venus Bay section of road should be a temporary solution until such time as further planning reveals a better alignment either off-road or on water.

The figure below provides the flowchart to be considered during planning stages of cycling and other non-motorised transport.

Figure 14. VicRoads Preferred Cycling Treatment Flowchart

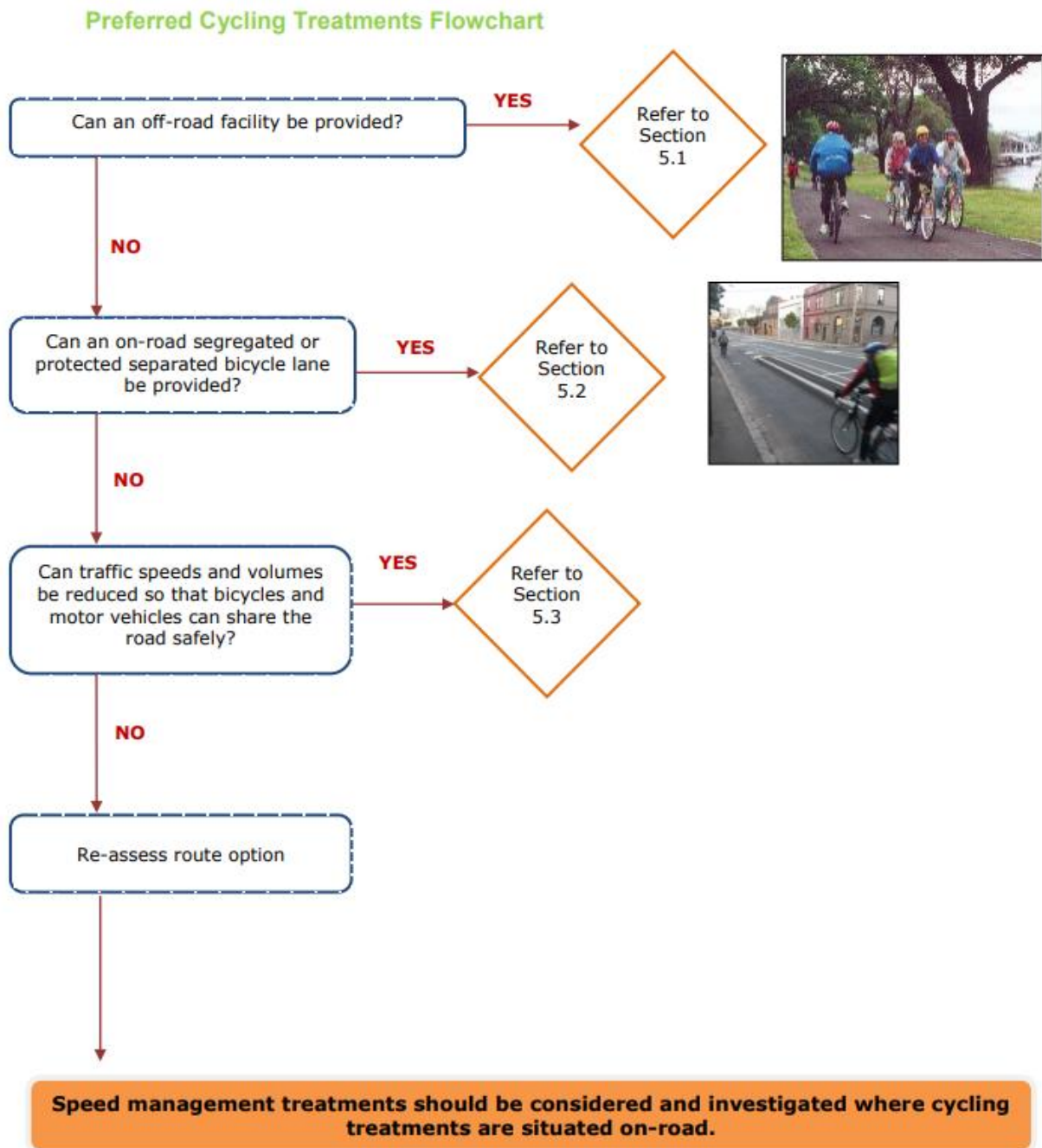
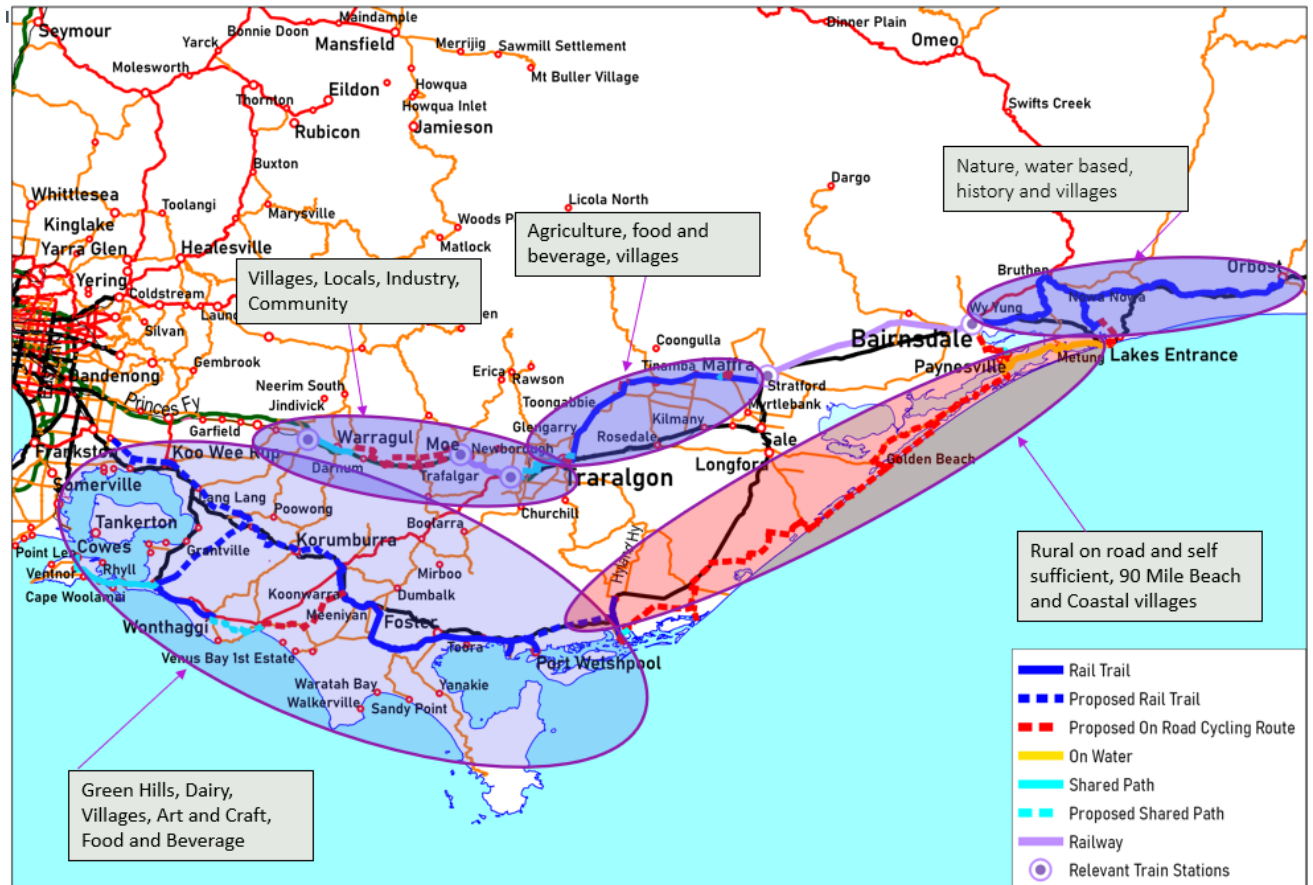


Figure 3: Preferred Cycling Treatments Flowchart

Experience Elements

The Gippsland Trail offers a unique (in Australian terms) long distance trail for cyclists as well as long distance trail users. Due to the need to construct it over time, and include on road sections, there are natural ‘experience clusters’ that exist on the trail. Each of these has been covered in the text associated with each of the proposed sections of this report. The map below provides a visual representation of the experiences based on the terrain, the trail type, and the offering.

Figure 15. Experience Elements and Features of the Gippsland Trail



Each experience element can and will serve a market and will also complement each other to create the Gippsland Trail.

5. Relevant Case Studies

The Great North Trail – UK

The Great North Trail in the United Kingdom (UK)⁴¹ has recently been launched. In many ways it models the concept of the Gippsland Trail. The concept answers the demand from cyclists for greater access to the countryside and largely away from traffic.

Like Gippsland, most of the trail has been designed to be off road, but a smaller number of low traffic country laneways and low traffic minor roads are used.

The route takes in the UK and Scotland's scenic heart and offers significant benefits to the economy of the region acknowledging the additional spending from cyclists visiting the area.

The trail is designed to be used by mountain bikers, but as per the Gippsland Trail, not all sections are the same. Some cater for more experienced riders, while some other sections are on canal paths, quiet roads and laneways offering families suitable riding conditions.

The trail is over 800 miles (1,300 km) long and leaves from the Peak District travelling to John O'Groats in northern Scotland.

Figure 16. The Great North Trail – UK.



⁴¹ The Great North Trail. www.cyclinguk.org/press-release/new-800-mile-trail-launched-promote-access-countryside

The Great American Rail Trail

The Great American Rail Trail (GART) is a ground-breaking long-distance trail currently both in planning and in operation (in part) in the USA. It traverses the continent and serves 50 million people who live within 50 miles of the trail.

Insights from this for the Gippsland Trail include:

- It takes time to get the trail completed – the GART is only partially complete and planning is still underway in many areas where the route is uncertain, but the concept and vision drives the development of the GART and connections are made as and when funds and land and routes become available
- A separate entity has been formed to oversee the fund raising and planning with authorities for the trail
- The objective is to have the entire trail off road and either walkable or bikeable
- The economic and social benefits are described in full in their advocacy material and comprehensive.

Figure 17. Map of the Great American Rail Trail



6. Trail Costing

Costing the trail is undertaken through a variety of input sources. These include:

- Distances of trail to be constructed on road
- Distances of trail to be constructed off-road
- Allowance for unknown elements such as a per kilometre rate for on road safety measures that may include fencing, signs, speed limit reviews, verge widening etc
- Reference to previous reports including cost benefit analysis work undertaken on individual elements from other Councils
- Industry knowledge of TRC and Council officers participating in this study.

It should also be noted that the cost estimates used for this feasibility and business case are not based on engineering assessments and as such can only be relied upon for the purposes of assessing the economic feasibility and for budgeting purposes.

For the purposes of this feasibility study and business case, the capital construction costs are also split between Gippsland and non-Gippsland Council/land managers. This is to enable funding from different sources to be applied for by the various Council forums. This includes a previous economic impact assessment and business case undertaken by SSG economics that considered the extension to the Bass Coast and South Gippsland Council areas.⁴²

The following table provides the estimate of costs for the trail.

Table 6. Table of Section Costs – The Gippsland Trail

SECTION	LENGTH (KM)	COST ESTIMATE (\$ M)	COMMENTS
Clyde to Koo Wee Rup	16 km	\$1.3 m	Based on Council advice and taken from the SGS Economics report 2019. No cost escalation assumed (Note – outside Gippsland)
Koo W Rup to Nyora	23 km	\$10.6 m	Based on Council advice and taken from the SGS Economics report 2019. No cost escalation assumed. Higher per metre rate due to significant bridging over wet areas at Koo We Rup. (Note – outside Gippsland)
SUB TOTAL NON-GIPPSLAND	39 km	\$11.9 m	
Nyora to Woolamai	21 km	\$9.9 million	Based on Council advice and the taken from the SGS Economics report of 2019. Higher per metre rate due to land tenure issues and bridging.
Nyora to Leongatha	36 km	\$5.9 million	Based on Council advice and the taken from the SGS Economics report of 2019. Uses existing rail alignment and bridges (most).
Welshpool to Alberton	22 km	\$4 million	Estimate provided by Councils (Wellington and South Gippsland)
Wonthaggi to Inverloch	15km	\$6 million	Based on advice from Council and other sources

⁴² SGS Economics. Extension of the Great Southern and Bass Coast Rail Trails: Cost Benefit Analysis and Economic Impact Assessment. August 2019.

SECTION	LENGTH (KM)	COST ESTIMATE (\$ M)	COMMENTS
Inverloch to Koonwarra	10 km	\$0.1 million	Based on an average rate of \$10,000 per km for safety improvements as appropriate
Port Albert to Loch Sport	152 or 169 km	\$1.7 million	Based on an average of \$10,000 per km for signs, marking of roads, some verge widening etc.
Upgrades to the East Gippsland Rail Trail	96 km and Lakes Discovery Trail	\$1 million	Estimate of works required to upgrade components of the trail
Rebuilding of the Orbost Viaduct Bridge over the Snowy Plains		\$3 million	Business Case Assessment by RDV 2019
Off road trail construction – Paynesville to Bairnsdale	16 km	\$1 million	Partial off road where road reserves and other land is available
Upgrades to the Gippsland Plains Rail Trail	63 km	\$0.5 million	Estimate of works required including some off-road completion
Moe to Yarragon	33 km (approx.)	\$0.33 million	Estimate based on \$10k per km of on road trail for safety improvements and signage
Yarragon to Warragul Off Road Path	15 km	\$4.6 million	Estimate based on advice and expert knowledge
Marketing and Website		\$0.2 mill	Initial investment to get the website and marketing established
Other Infrastructure		\$1.9 million	Carparks, toilets, signs, and other general infrastructure as required.

Total for the Gippsland Component \$40.13 million

Total for the Non-Gippsland Component \$11.9 million

Total for the Gippsland Trail (including Clyde to Nyora) \$52.03 million

7. Planning and Strategy Alignment

The proposed Gippsland Trail takes its lead from, and builds on, relevant government strategies and plans published across tourism and destination management.

Several important regional and State-wide reports and strategies have been developed in recent years which provide the strategic context for the proposed trail. The table below provides a summary of some of relevant ones.

Table 7. Previous Reports and Strategic Alignment

REPORT	CONTENT RELATED TO THE PROPOSED GIPPSLAND TRAIL
Gippsland Tracks & Trails Feasibility Study (2019)	Recommends the development of this feasibility study into the Gippsland Trail concept and highlights the need for 'hero' or 'signature' trail development as a priority for the Gippsland region.
Gippsland Destination Management Plan (2019)	Inclusive of the recommendation to "Develop signature or hero experiences, which will become the lead products for Gippsland as well as supporting experiences and services required to ensure visitor satisfaction." And "Develop a framework for sustainable growth of the visitor economy, leveraging the attributes, businesses and activities quintessential to Gippsland. Identify potential new opportunities that can assist in growth and yield, have the potential to attract investment and/or revitalise existing assets. The Gippsland Trail aligns with the DMP's primary 'Experience Themes' including as a Hero Experience and Support Experience.
Victorian Trail Strategy 2014-2024	Victorian State Government - provides the strategic context for trails and outlines the importance of tourism and nature-based products to Victoria. The strategy provides investment criteria for the guidance on which trails to invest in.
Gippsland Regional Plan – 2015 to 2020	A partnership between the leadership of Gippsland, including all three levels of government, RDA, the Committee for Gippsland, the Regional Managers Forum, GLN and other groups. The plan focuses on Economic Prosperity, Education and Community Wellbeing, Natural Environmental Stewardship, Connectivity. Specific to the trails feasibility studies and reinforcing potential strategic directions are the directives to attract investment in Gippsland's public parks and the adaptation to climate change.
Central Gippsland Public Land Strategy 2018, DEWLP	The Strategy aims to increase tourism-related jobs by 2,600. References Tasmania taking a lead in seeking investment in private infrastructure and trails tourism and recommends Gippsland has the core ingredients to do similar.
Cycling in Baw Baw Feasibility Study 2020 Baw Baw Council	The study in draft form recognises the opportunities for increased cycling in the Shire. It also directly recognises the extension of the Two Town Trail (Drouin to Warragul) to Yarragon which will significantly benefit the Gippsland Trail Concept.
Extension of the Great Southern and Bass Coast Rail Trails: Cost Benefit Analysis and Economic Impact Assessment. SGS Economics 2019.	The Business Case outlines the case for the extension of the BCRT and GSRT and provides a positive economic assessment of the case for their extension and investment in the rail trails.
Bass Coast Pathways Plan 2017.	A plan that seeks to objectively assess the pathways in the Bass Coast that are required. 53 aspirational pathways across the Shire identified.
Latrobe City Council Tracks Trails and Paths Strategy 2017	Latrobe is the largest municipality in Gippsland with a population of 72,000 and this strategy looks at among other elements the health benefits to residents who are generally more disadvantaged than many other municipalities and have lower health outcomes.

REPORT	CONTENT RELATED TO THE PROPOSED GIPPSLAND TRAIL
	Several intertown links are proposed between major towns including Traralgon and Morwell, and Moe and Yallourn North. Aspirational links mentioned in the plan include: • Link to Yallourn North from Moe Yallourn Rail Trail • Link from Moe to Morwell
South Gippsland Shire Council – Paths and Trails Strategy 2018.	Sets a vision for a central rail trail as an active corridor and the project list has this as a focus. 2018 projects include the extension of the Great Southern Rail Trail to Nyora.
Wellington Shire Council Walking and Cycling Strategic Plan 2012 - 2016	The objectives are focussed on healthy, liveable, and active communities and include: • Guiding the development of walking and cycling trails to encourage residents and visitors to become involved in activity • Finding destinations for walking and cycling • Removing barriers that discourage the use of infrastructure for recreation, health, and well-being as well as commuting • Guiding new developments to ensure future provision of walking and cycling infrastructure • Promoting in partnership with the community, the benefits of walking and cycling.
East Gippsland Shire Council. Gippsland Lakes Discovery Trail	Feasibility and route assessment to link the Gippsland Rail Trail to the coastal township of Lakes Entrance. Route is described through Colquhoun and Palmers Rd.
East Gippsland Shire Council. East Gippsland Rail Trail – Strategic Business Case. April 2019	Makes a strong case for continued investment in the EGRT. Forecasts doubling of trail users over a 10-year period and a Benefit Cost Ratio of 2 for an investment of \$0.88 million.

This is a scan of the available high-level strategy and plans that may influence the proposed development of the trail. It is also acknowledged that there are many other ‘Statutory’ approvals that would be required to be achieved for the trails to proceed, assuming that it is taken forward to the next phase. These considerations might include but not be limited to:

- Native Vegetation Policy and its implications for construction of new trails
- Environmental Considerations including the protection of threatened species
- Cultural Heritage and the need for a Cultural Heritage Management Plan or survey
- Fire and Emergency requirements including building code issues for infrastructure
- Council and VicRoads safety considerations.

Many of these items would need to be considered in the development of section plans for the proposed trail which would consider these ‘approval’ and other regulatory and statutory issues in more detail.

8. Opportunities

This section investigates the opportunities that could arise from the development of the proposed Gippsland Trail. The following are not exhaustive, and others will emerge over time.

Gippsland Smart Specialisation Strategy

The scale of the trail design, build, operation, and maintenance required strengthens the opportunity to leverage regional growth initiatives such as the Gippsland Smart Specialisation program (RMIT / Melbourne University / Latrobe Valley Authority) under its innovation stream.

The scale and length of the trail provide a very significant piece of trail infrastructure that requires design, construction, and maintenance each year. While it is acknowledged that the design of the off road shared pathway is different to the ‘art’ of designing a mountain bike trail, and that Council engineering services normally prepare specifications for works, considerable trails expertise could feasibly be developed within a Gippsland ‘entity’.

Ride Nation / Gippsland Ride Centre

Cycling Australia’s strategy to build participation in bike riding has a dedicated participation brand ‘Ride Nation’ and aims for more people to enjoy riding their bike – regardless of age, circumstance, skill level and location.

The online program endorses current riding programs and activities being delivered around the country and builds value adding partnerships to support these to achieve greater reach. The brand will be realised via digital spaces, physical spaces, and school programs. The Ride Nation presents an opportunity for the Gippsland Trail, in addition to the two (2) other Gippsland MTB projects currently being considered as part of the feasibility process, to engage and achieve exposure to a targeted community, while giving tour operators and coaches a forum to market their experiences. As part of the Ride Nation program, a series of designated physical ‘Ride Centres’ are being created – currently in Ballarat and Wollongong. It is planned that Warragul will host a centre representing Gippsland as a Ride Centre.

The development of the Gippsland Trail in addition to the G7 and the Baw Baw Epic Downhill Ride will support the Ride Centre in Warragul.

More information can be found at www.ridenation.com.au/

Business Incubation

The development of the Gippsland Trail not only presents a range of social, community and economic benefits, it aids in delivering opportunity to many areas impacted by the 2019 fires (East Gippsland) as well as recovering from drought and COVID 19.

The economic impact assessment component of this business case describes the sectors in which business activity will grow from this proposal. By way of example, the opportunity for a ‘water-taxi’ between Loch Sport, Sperm Whale Head, Paynesville, Metung, and Lakes Entrance would not be viable without a trail such as this. It may still be marginal but further opportunities add scale and to the likely take up of the opportunity by the private sector.

Events & Tours

The potential for events and tours involving the trail should be integrated into any future brand and marketing strategy, with considerations to further economic stimulus and exposure outcomes. Events drive not only event period visitation and extended visitor stay spend, they also drive return visitation outside of event periods, and create high visibility digital marketing outcomes in terms of social media.

Events differ for a trail of this type and tend not to be so competitive as for MTB trails. Examples of events could include fun runs, Pram Walks, and other 'community' type events that if done well and marketed effectively could not only lift the profile of the trail, but also help deliver economic and positioning benefits for the destinations.

PR & Marketing

As with any major nature-based tourism attraction, marketing and PR play a significant role in creating destination visibility, which translates into impacting 'front of mind' destination decision making. Traditional media articles and specifically, social media user-generated exposure via imagery, commentary and recommendation plays a powerful role in making Gippsland a destination of choice. Product such as the Gippsland Trail with inherent inspirational landscapes and associated visual content outputs (above the line marketing and user-generated), provides a collective anchor for online and in-media visibility. It also works to deliver visitation not just directly on trail, but to the broader Gippsland region, with off-trail attractions gaining complementary exposure.

9. Economic Impact Assessment

This section provides an economic impact assessment of the proposed Gippsland Trail development and connections. The results are indicative of the potential benefits from the development and operation of the trail network. The modelling is based on estimates of annual rides/users (in different categories), and other assumptions utilised in quantifying spending in the region.

For operations, several types of users are identified:

- locals from the Gippsland/Bass Region
- visitors from Melbourne and surrounds
- users from other regions
- interstate visitors
- international visitors.

The economic impacts of the trails arise from:

1. spending by these users/visitors in the towns adjacent to the trail and other spending in the broader region; spending associated with events
 2. health benefits of active recreation activities
 3. a notional value of the trails to individual users.
- Visitors from outside the region (particularly domestic and international overnight visitors/users) generate significant expenditure covering:

- food and beverage
- accommodation (for overnight stayers)
- recreation and other services
- transport.

Trail Users and Spending

Trail Users / Visitors

There is limited direct information on trail users. Trail use numbers have been estimated for a 10-year period of operations for several user categories. These user categories include:

- locals – Gippsland/ Bass Region
- other Regional Users
- visitors from Melbourne and Surrounds
- interstate Visitors
- international Visitors.

Assumptions were also applied to estimate the number of day visits and overnight visits in each category.

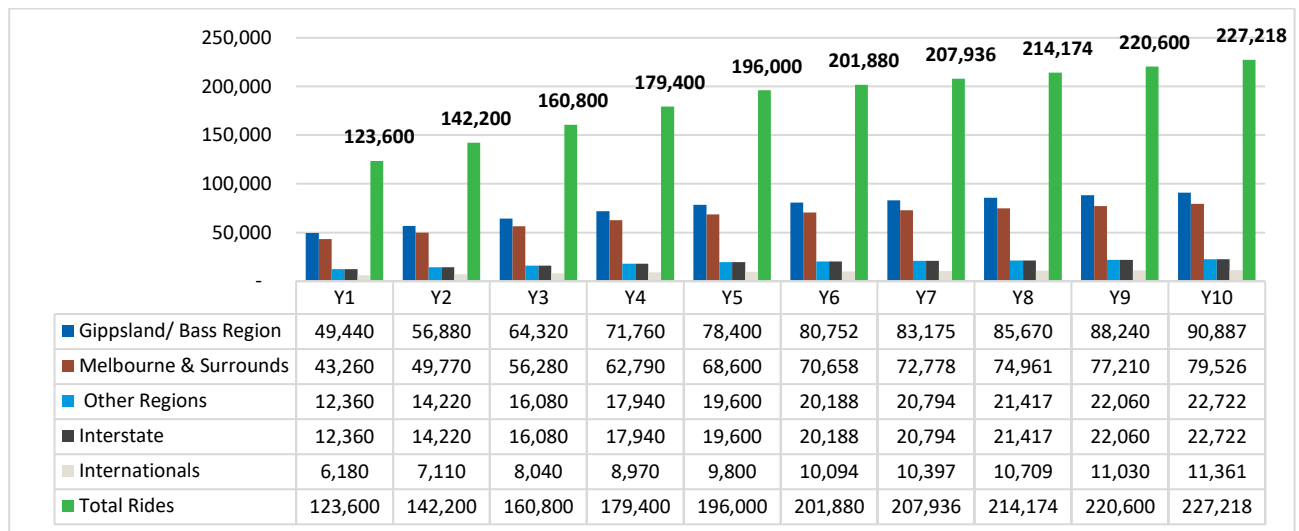
The 10-year modelling was based on:

- calculating a base estimate of rides on the trail using the data and assumptions (year 5 of trails operations)
- allowing for establishment of the trail in the market and initial growth in users (60% of base in year 1, 70% in year 2, 80% in year 3, 90% year 4)
- subsequent growth is based on a growth rate of 3% per year from years 6-10. The number of rides on the trails were estimated for the user groups.

Rides on the trails are projected to increase from 123,600 in Year 1 to around 227,000 in year 10.

The figure and incorporated data below provide the estimate for the trail user numbers.

Figure 18. Gippsland Trail Rides Years 1-10 (annual estimates)

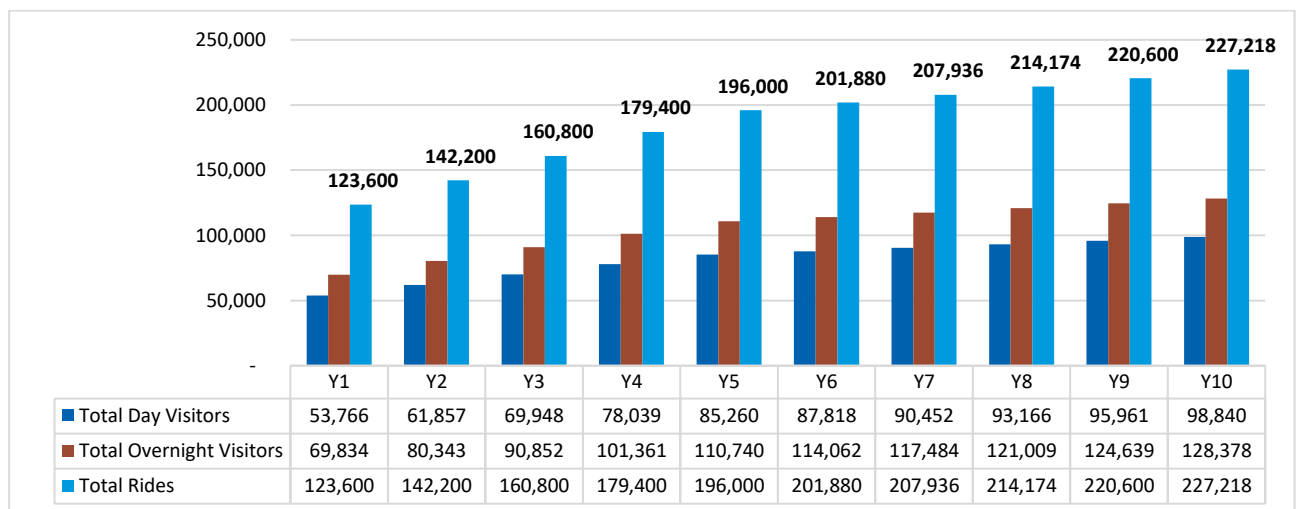


Source: MCa modelling & estimates, May 2020

Estimates were made of day visitors and overnight visitors based on several assumptions in relation to each of the trail user groups.

Breaking the data down further, the following figure provides the users by day visitors and overnight visitors.

Figure 19. Total Rides on Trails by Visitor Types Estimates Years 1-10 (number)



Source: MCa modelling & estimates, May 2020

The table below provides the information by day and overnight visitors by visitor source.

Table 8. Gippsland Trail Rides – User Groups and Visitor Types – Estimates Years 1 to 10 (no.)

Rides on Trail	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Day Visitors										
Gippsland/ Bass Region	39,552	45,504	51,456	57,408	62,720	64,602	66,540	68,536	70,592	72,710
Melbourne & Surrounds	8,652	9,954	11,256	12,558	13,720	14,132	14,556	14,992	15,442	15,905
Other Regions	3,708	4,266	4,824	5,382	5,880	6,056	6,238	6,425	6,618	6,817
Interstate	1,236	1,422	1,608	1,794	1,960	2,019	2,079	2,142	2,206	2,272
Internationals	618	711	804	897	980	1,009	1,040	1,071	1,103	1,136
Total Day Visitors	53,766	61,857	69,948	78,039	85,260	87,818	90,452	93,166	95,961	98,840
Overnight Visitors										
Gippsland/ Bass Region	9,888	11,376	12,864	14,352	15,680	16,150	16,635	17,134	17,648	18,177
Melbourne & Surrounds	34,608	39,816	45,024	50,232	54,880	56,526	58,222	59,969	61,768	63,621
Other Regions	8,652	9,954	11,256	12,558	13,720	14,132	14,556	14,992	15,442	15,905
Interstate	11,124	12,798	14,472	16,146	17,640	18,169	18,714	19,276	19,854	20,450
Internationals	5,562	6,399	7,236	8,073	8,820	9,085	9,357	9,638	9,927	10,225
Total Overnight Visitors	69,834	80,343	90,852	101,361	110,740	114,062	117,484	121,009	124,639	128,378

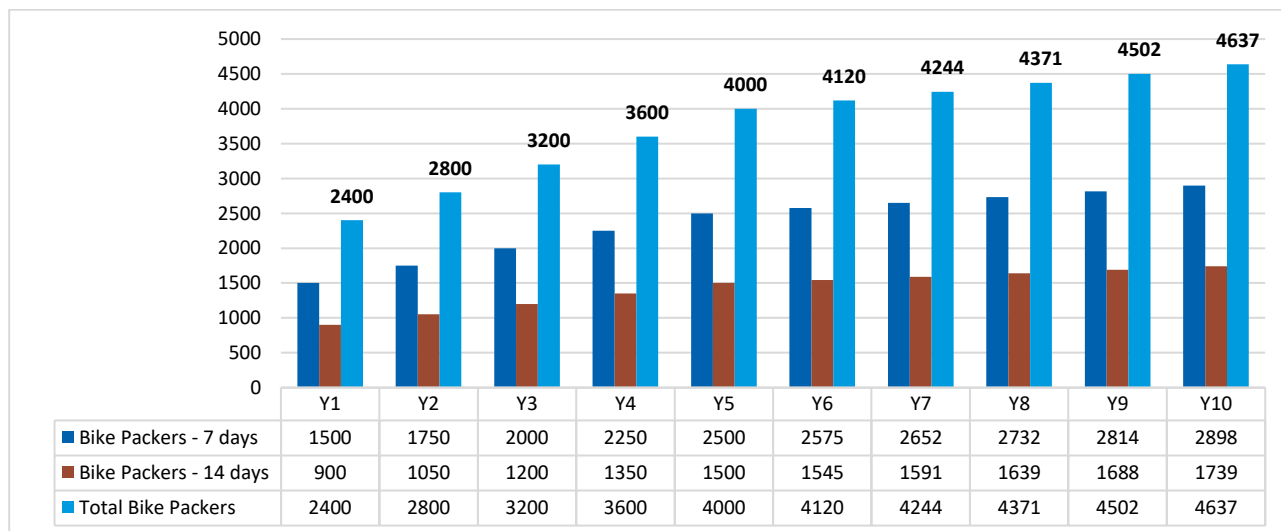
Source: MCA modelling & estimates, May 2020

Bike Packers

Bike packers are a special segment who have an extended trip on the trails. We have assumed that these will comprise 4000 riders in year 5 (2500 - 7-day rides and 1500 - 14-day rides).⁴³

Rides increase from 2400 in year 1 to 4637 in year 10.

Figure 20. Bike Packers on Gippsland Trails – Years 1-10 (no.)



Source: MCA modelling & estimates, May 2020

⁴³ It is assumed that the growth in this segment is in line with general users (60% of year 5 base in year 1, 70% in year 2, 80% in year 3, 90% year 4); and subsequent growth is based on a growth rate of 3% per year from years 6-10.

Spending in Region – Day and Overnight Visitors

Spending in the region was estimated based on a range of information, including the recent TRA Local Government Profiles, combined with several assumptions on spend rates and the mix of visitors/trail users.

The table below provides information on the assumptions used for the length of stay and average spend per visitor.

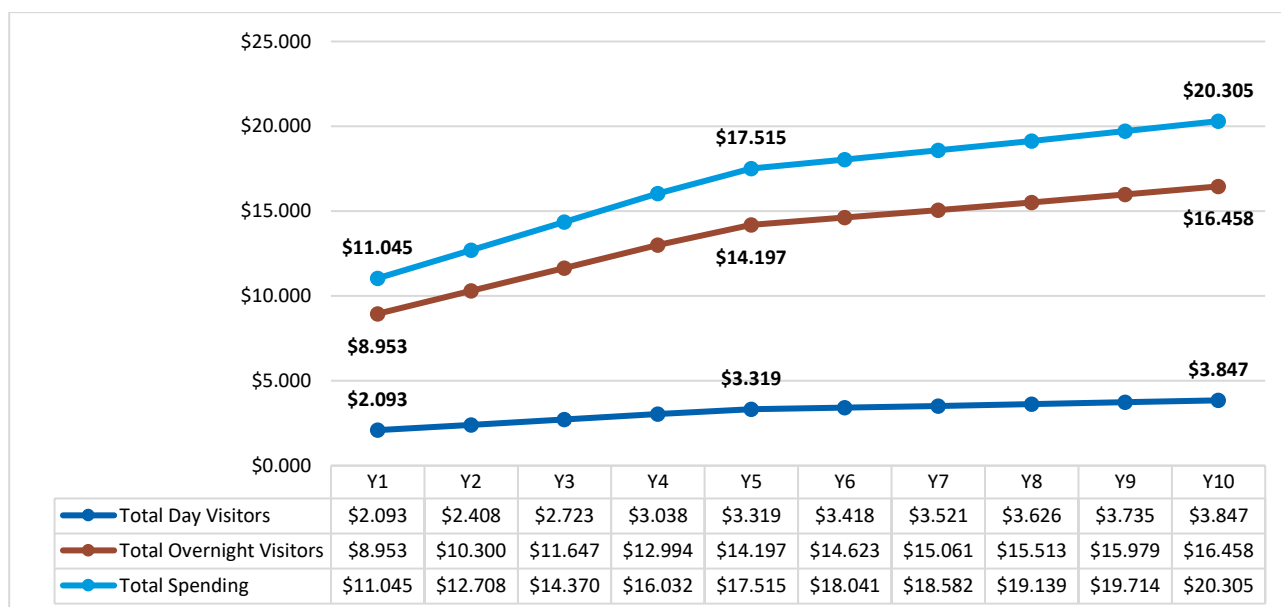
Table 9. Assumptions Used in Modelling Gippsland Trails User Spending

Modelling Assumptions	Users Mix		Overnights Length of Stay			Average Spending (per day) ⁴⁴	
Rider Categories	Day Visitors %	Overnight s Visitors %	1 night	2 nights	4 nights	Overnight Visitors	Day visitors
Gippsland/ Bass Region	80%	20%	60%	25%	15%	\$128	\$25
Melbourne & Surrounds	20%	80%	60%	25%	15%	\$128	\$78
Other Regions	30%	70%	60%	25%	15%	\$128	\$78
Interstate	10%	90%	20%	50%	30%	\$128	\$78
Internationals	10%	90%	20%	50%	30%	\$128	\$78

Source: MCA modelling & estimates, May 2020

The combination of user numbers by type, average spending and average length of stay is used to estimate annual spending (in constant 2020 dollars) in the region. The following figures show annual spending for each of the visitor types and user groups. Spending in the region by trail users increases from \$11.045 million in year 1 to \$20.305 million in year 10.

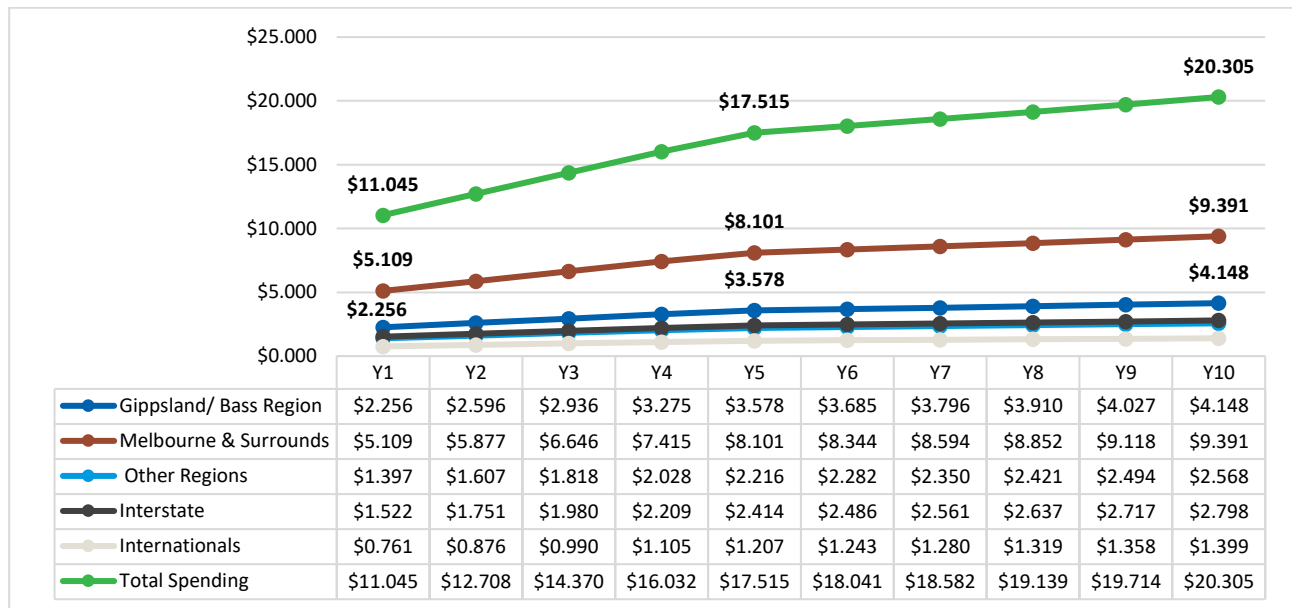
Figure 21. Gippsland Trails Spending in Region by Visitor Type (\$million – 2020 prices)



Source: MCA modelling & estimates, May 2020

⁴⁴ Average visitor spending (overnight \$128 and day visitors \$78) is based on an unweighted average for 6 LGAs – Latrobe LGA, Baw Baw LGA, Wellington LGA, Bass Coast LGA, East Gippsland, South Gippsland LGA (TRA Local Government Profiles 2018). Spending by locals – day visitors \$25 is an assumed amount (e.g. coffee/food etc.).

Figure 22. Gippsland Trails Spending in Region by User Group (\$million – 2020 prices)



Source: MCa modelling & estimates, May 2020

The following table shows indicative estimates of spending by category for day visitors and for overnight visitors and events.

Total expenditure comprises:

- spending on trail-linked activities (including spending on bike related expenses and other spending - food and beverage etc.) in proximity to the trails
- spending on accommodation (for overnight stayers) and meals during their stay
- spending on other recreational and other tourism services.

Table 10. Spending by Gippsland Trail Users Year 1-10 Indicative Estimates (\$million – constant prices \$2020)

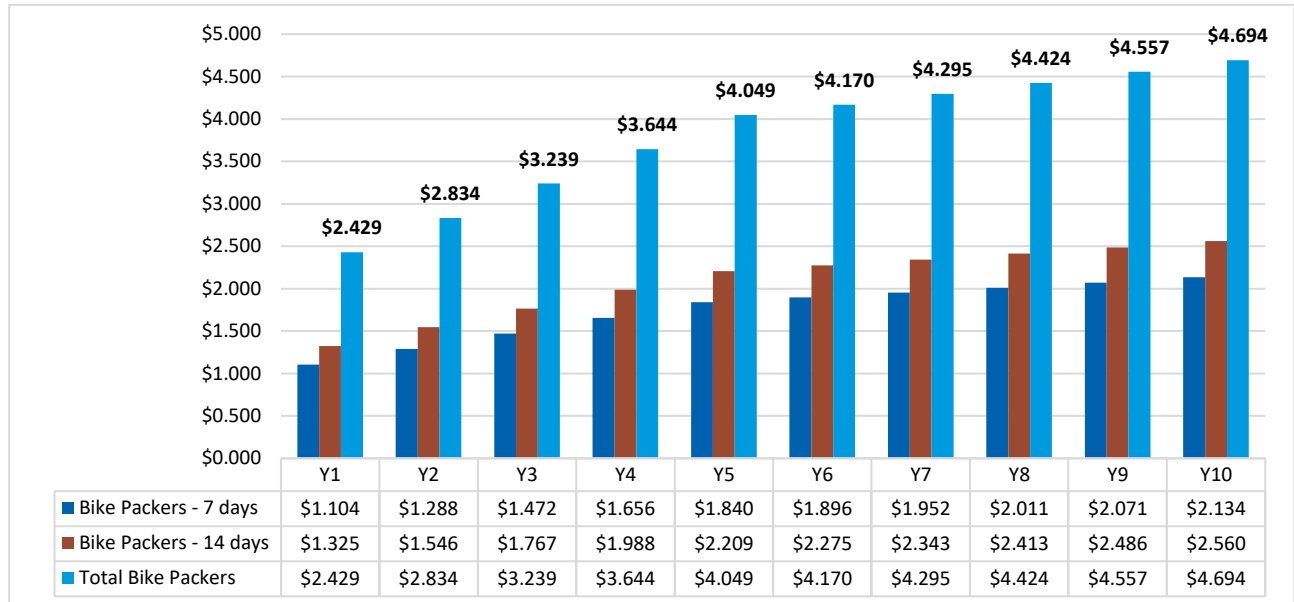
Type of Spending (\$ million)	Share of Spending %	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Total Day Visitors											
Food	65%	\$1.360	\$1.565	\$1.770	\$1.974	\$2.157	\$2.222	\$2.288	\$2.357	\$2.428	\$2.501
Bike Hire	15%	\$0.314	\$0.361	\$0.408	\$0.456	\$0.498	\$0.513	\$0.528	\$0.544	\$0.560	\$0.577
Other Services	5%	\$0.105	\$0.120	\$0.136	\$0.152	\$0.166	\$0.171	\$0.176	\$0.181	\$0.187	\$0.192
Transport	15%	\$0.314	\$0.361	\$0.408	\$0.456	\$0.498	\$0.513	\$0.528	\$0.544	\$0.560	\$0.577
Total Spending - Day Visitors		\$2.093	\$2.408	\$2.723	\$3.038	\$3.319	\$3.418	\$3.521	\$3.626	\$3.735	\$3.847
Total Overnight Visitors											
Food & Accommodation	60%	\$5.372	\$6.180	\$6.988	\$7.797	\$8.518	\$8.774	\$9.037	\$9.308	\$9.587	\$9.875
Bike Hire	20%	\$1.791	\$2.060	\$2.329	\$2.599	\$2.839	\$2.925	\$3.012	\$3.103	\$3.196	\$3.292
Other Services	5%	\$0.448	\$0.515	\$0.582	\$0.650	\$0.710	\$0.731	\$0.753	\$0.776	\$0.799	\$0.823
Transport	15%	\$1.343	\$1.545	\$1.747	\$1.949	\$2.130	\$2.193	\$2.259	\$2.327	\$2.397	\$2.469
Total Spending Overnight Visitors		\$8.953	\$10.300	\$11.647	\$12.994	\$14.197	\$14.623	\$15.061	\$15.513	\$15.979	\$16.458
Total Users											
Food & Accommodation		\$6.732	\$7.745	\$8.758	\$9.771	\$10.675	\$10.995	\$11.325	\$11.665	\$12.015	\$12.375
Bike Hire		\$2.104	\$2.421	\$2.738	\$3.054	\$3.337	\$3.437	\$3.540	\$3.647	\$3.756	\$3.869
Other Services		\$0.552	\$0.635	\$0.718	\$0.802	\$0.876	\$0.902	\$0.929	\$0.957	\$0.986	\$1.015
Transport		\$1.657	\$1.906	\$2.155	\$2.405	\$2.627	\$2.706	\$2.787	\$2.871	\$2.957	\$3.046
Total Spending Users		\$11.045	\$12.708	\$14.370	\$16.032	\$17.515	\$18.041	\$18.582	\$19.139	\$19.714	\$20.305

Source: MCa modelling & estimates, May 2020

Spending in Region – Bike Packers

Spending by this group is significant because of their length of stay (7 and 14 nights). For spending we have assumed an average spend of \$105 per night.⁴⁵ Total spending of this segment is \$2.429 million in year 1 and increasing to \$4.694 million in year 10. The following figure provides the spending by the bike packer grouping.

Figure 23. Bike Packer Spending in the Region (\$million - \$2020 prices)



Source: MCA modelling & estimates, May 2020

Economic Impacts of the Gippsland Trail

The economic impacts of the development of the Gippsland Trails are modelled for both the construction phase and the operations phase. The impacts are measured in terms of:

- full time equivalent jobs (FTE)
- the increase in regional income that is generated by trail users and their spending in the region.⁴⁶

Construction Phase

A significant number of jobs and an increase in regional income will be generated during the construction phase of the project.

Construction Costs

The cost estimates in the following table cover trail construction and other infrastructure. It covers estimates for the Gippsland sections and the total including other sections. The table 11 provides estimates of the construction costs of the trail.

⁴⁵ This average per night spending is less than that for the short-stay overnight visitors and is the unweighted average overnight spending for the 6 LGAs (TRA data).

⁴⁶ Regional income is the total net income generated from the activity and covers wages and salaries of employees and profits of businesses within the region. It includes income generated directly within the business and indirect income, which is generated in other regional businesses (wages and profits) from the multiplier impacts of employee spending on the region. In the modelling of income generated, income tax and GST on spending, are both treated as leakages from the region.

Table 11. Construction Costs – Gippsland Trails Project 2020

Trail Section	Cost Estimate (\$2020 prices)
Gippsland Sections	
Nyora to Woolamai	\$9,900,000
Wonthaggi to Inverloch	\$6,000,000
Nyora to Leongatha	\$5,900,000
Welshpool to Alberton	\$4,000,000
Port Welshpool to Loch Sport	\$1,700,000
Upgrades to East Gippsland Trail	\$4,000,000
Discovery Trail Extension Lakes Entrance	\$625,000
Upgrades to Gippsland Plains Rail Trail	\$500,000
Gippsland Plains Rail Trail (Traralgon to Morwell)	\$1,200,000
Moe to Yarragon	\$330,000
Yarragon to Warragul (off road path)	\$4,600,000
Other Infrastructure	\$2,000,000
Total Gippsland Sections	\$40,755,000
Other Sections	
Clyde to Koo Wee Rup	\$1,300,000
Koo Wee Rup to Nyora	\$10,600,000
Total Other Sections	\$11,900,000
Total All Sections	\$52,655,000

Source: MCA modelling & estimates, May 2020

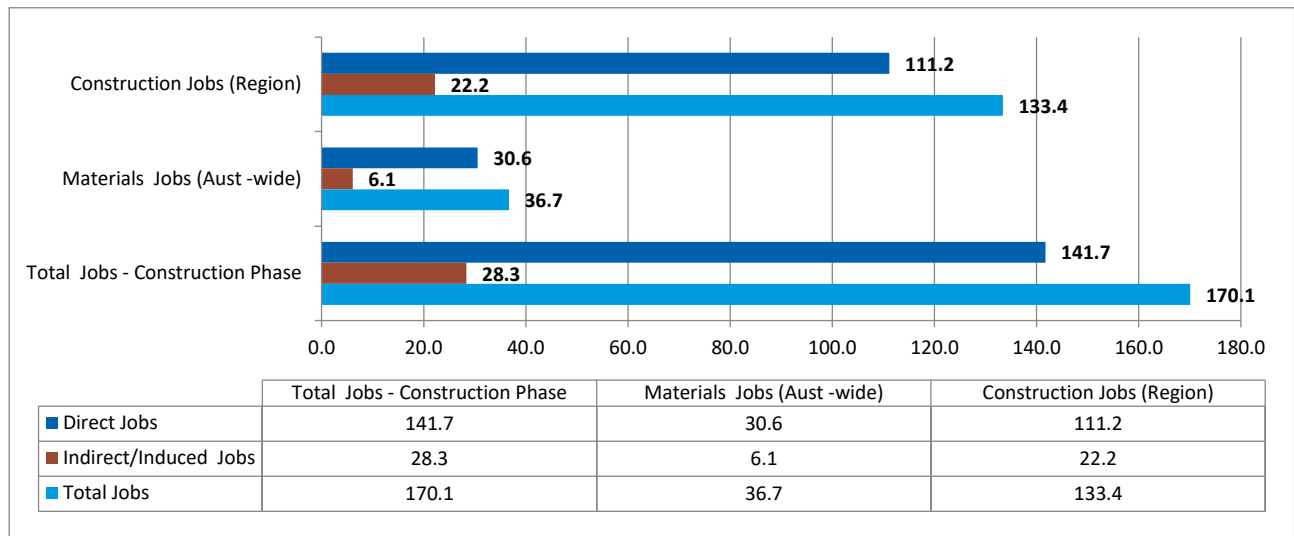
Economic Impacts – Construction Phase

The construction phase jobs and income generated has been divided into two elements – those created through the Gippsland section of the trail, and those created by the whole trail.

The Gippsland component of the trail

A total of 170.15 FTE jobs (141.7 direct jobs and 28.3 indirect/induced jobs) would be generated during the construction period for the Gippsland sections. The direct jobs comprise 111.2 jobs in on-site construction and 30.6 jobs in materials/equipment supply. The figure and associated data below show the jobs created by direct and indirect sources.

Figure 24. Construction Phase Gippsland Trail Jobs FTE Generated (no.)

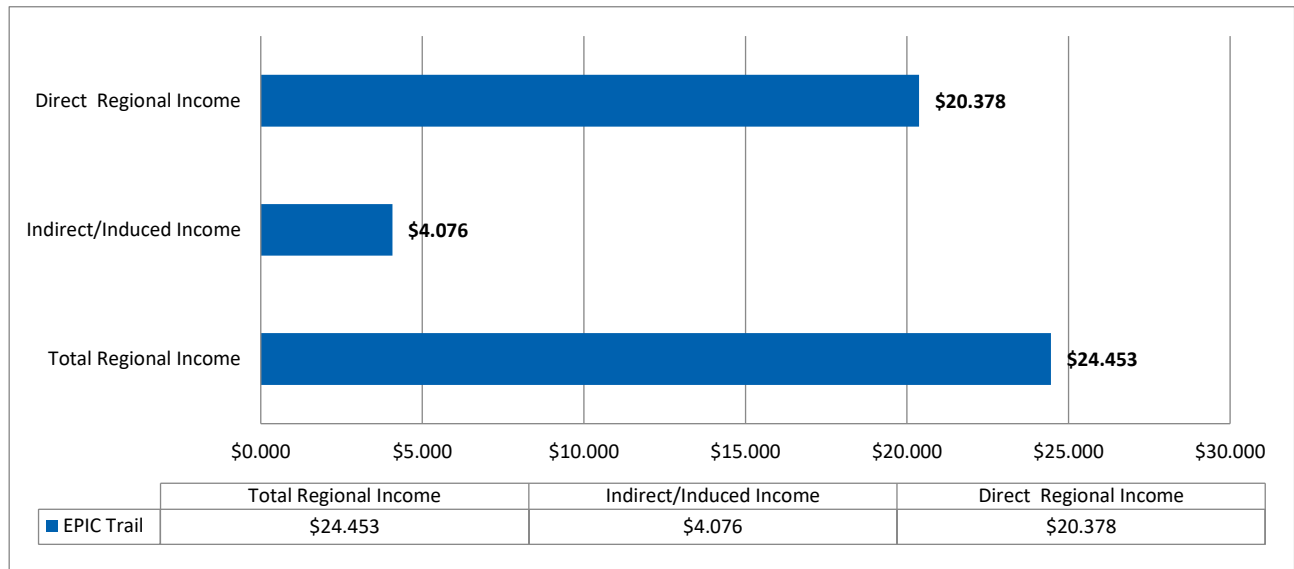


Source: MCA modelling & estimates, June 2020 (Some differences due to rounding)

The following figure shows the increase in regional income generated during the construction of the trail.⁴⁷ During construction a total of \$24.4 million in regional income would be generated (\$20.4 million direct income and \$4.0 million indirect/induced).

The following chart provides the increase in regional income generated during the construction phase of the Gippsland Trail – Gippsland only components.

Figure 25. Construction Phase – Gippsland Trail Segments Increase in Regional Income (\$m 2020 prices)



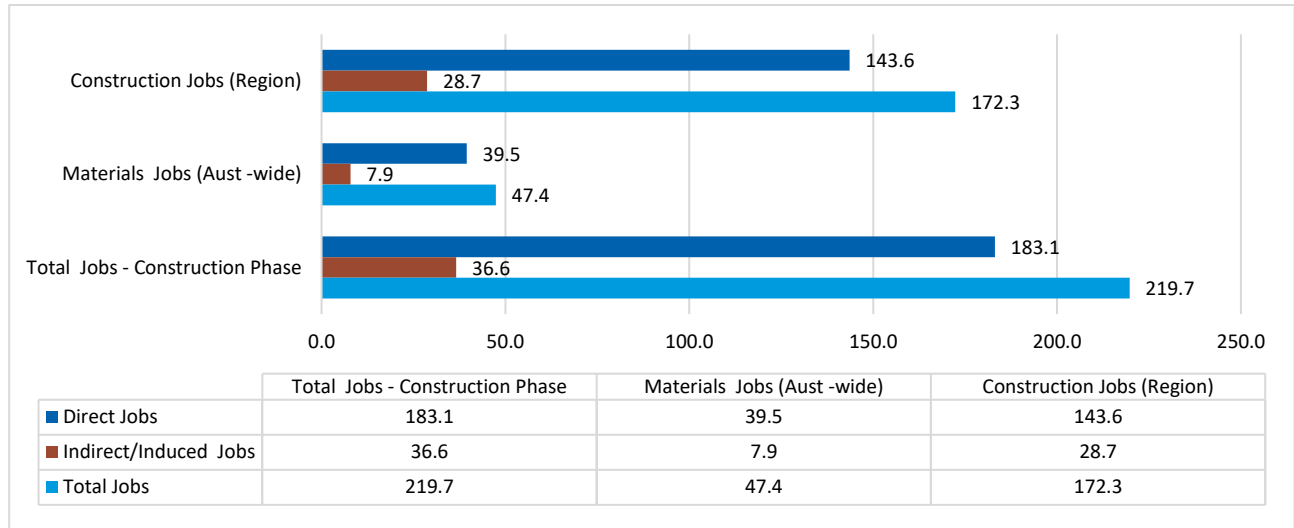
Source: MCA modelling & estimates, May 2020

⁴⁷ This assumes the construction workforce would come from the Gippsland Region and adjacent areas.

The Entire Trail (Including non-Gippsland Components)

A total of 219.7 FTE jobs (183.1 direct jobs and 36.6 indirect/induced jobs) would be generated during the construction period for all trail sections. The direct jobs comprise 143.6 jobs in on-site construction and 39.0 jobs in materials/equipment supply. The figure below provides the jobs created.

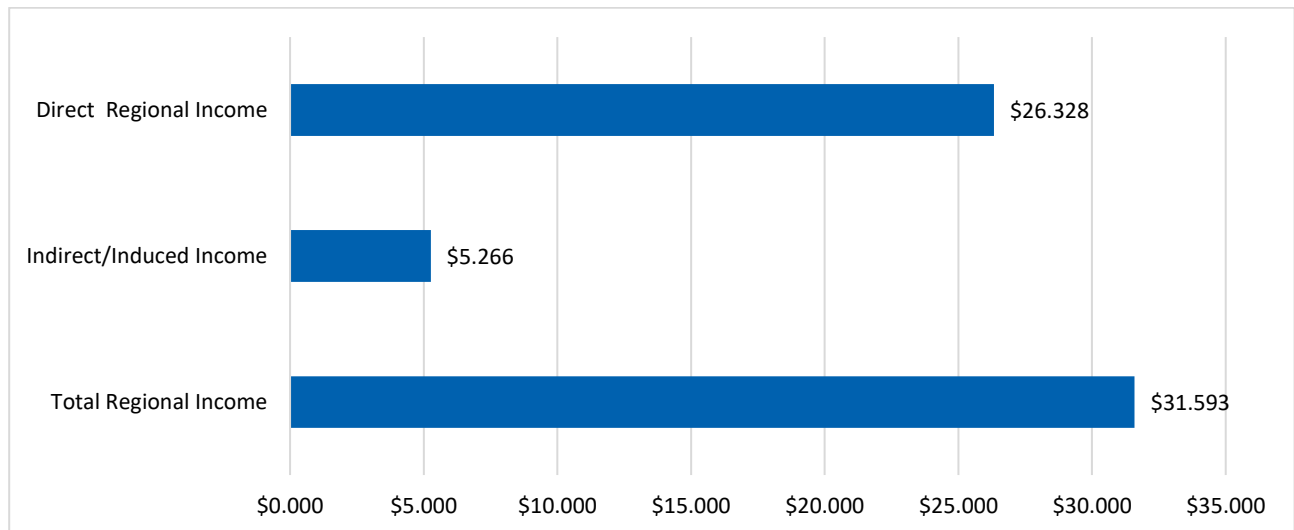
Figure 26. Construction Phase All Trail Sections – Jobs FTE Generated (no.)



Source: MCA modelling & estimates, June 2020

The following chart shows the increase in regional income generated during the construction of all sections of the trail.⁴⁸ During construction a total of \$31.6 million in regional income would be generated (\$26.3 million direct income and \$5.3 million indirect/induced).

Figure 27. Construction Phase All Trail Sections – Increase in Regional Income (\$million 2020 prices)



Source: MCA modelling & estimates, June 2020. Note some differences due to rounding

⁴⁸ This assumes the construction workforce would come from the Gippsland Region and adjacent areas.

Operations Phase

The operations phase economic impacts of the trail are driven by the expenditure of visitors/users in towns adjacent to the trail and in the broader region. MCA's regional economic model is used to estimate the employment and income impacts of the trail. The model allocates spending across relevant industry sectors and takes account of the significant shares of the gross spending by visitors/users, which leaks out of the region.⁴⁹

Employment Impacts – Trail Users

The charts and tables below show the increase in jobs in the region generated by each of the user/visitor groups.

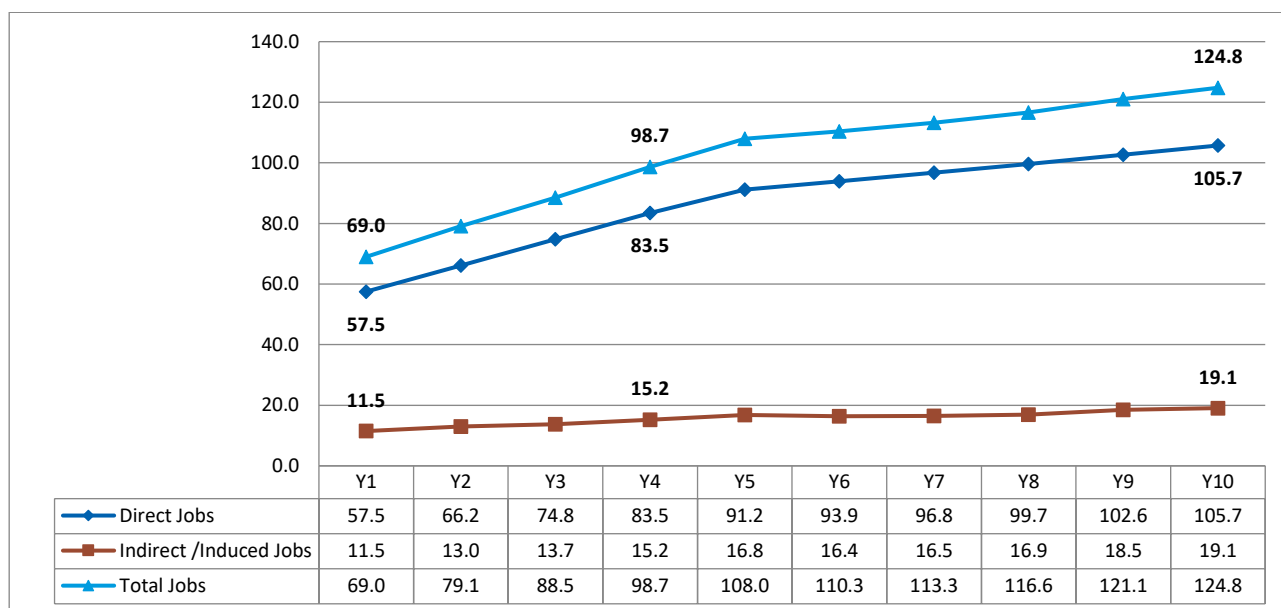
The operation of the trails would generate a total of 57.5 direct full-time equivalent jobs in year 1, increasing to 105.7 direct FTE jobs in Year 10. Total jobs (direct and indirect/induced) are 69.0 FTE in year 1 increasing to 124.8 in year 10.

Of the total jobs in year 10, day visitors would account for 27.4 FTE jobs, overnight visitors for 97.4 FTE jobs.

On a sector basis, the jobs (FTE- direct and indirect) generated by trail users are mainly concentrated in accommodation; food and beverage; recreational services and other visitor services; transport (including shuttles); and other retail.

The chart below provides the total jobs generated by the Gippsland Trail Operations.

Figure 28. Total Jobs Generated by the Gippsland Trail Operations – Year 1 – 10 (FTE No.)

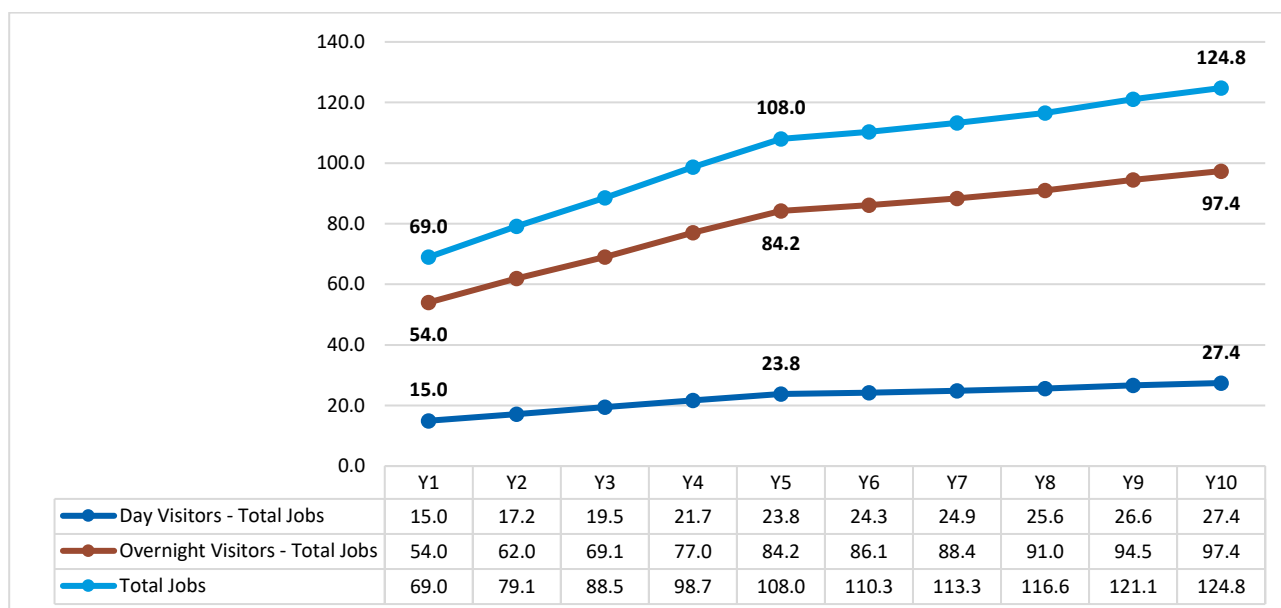


Source: MCA modelling & estimates, May 2020

⁴⁹ The spending by trail users is not the economic impact and does not represent the increase in regional income. There is a major leakage of this spending out of the region due to the GST (10%); and a significant component of the value of services and products purchased by visitors comes from outside the region (e.g. food ingredients, soft drinks, beer, consumer products bought etc.). The model takes account of these leakages and estimates employment impacts and the increase in regional income.

The following chart shows the jobs created by visitor type.

Figure 29. Total Jobs in Region Generated by Trail Operations (FTE No.)



Source: MCA modelling & estimates, May 2020

The following table provides the jobs created by trail user and whether direct or indirect across the years of the trail operation from years 1 to 10.

Table 12. Total Jobs Created by Trail Operations Years 1-10 (FTE No.)

Operations: Jobs Generated by Trail Users/Visitors	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Day Users/Visitors										
Direct Jobs	12.5	14.4	16.2	18.1	19.8	20.4	21.0	21.6	22.3	22.9
Indirect/Induced Jobs	2.5	2.8	3.3	3.6	4.0	3.9	3.9	4.0	4.3	4.5
Total Jobs	15.0	17.2	19.5	21.7	23.8	24.3	24.9	25.6	26.6	27.4
Overnight User/Visitors										
Direct Jobs	45.0	51.8	58.6	65.4	71.4	73.6	75.8	78.0	80.4	82.8
Indirect/Induced Jobs	9.0	10.1	10.5	11.6	12.8	12.5	12.6	12.9	14.1	14.6
Total Jobs	54.0	62.0	69.1	77.0	84.2	86.1	88.4	91.0	94.5	97.4
Total All Users/Visitors										
Direct Jobs	57.5	66.2	74.8	83.5	91.2	93.9	96.8	99.7	102.6	105.7
Indirect/Induced Jobs	11.5	13.0	13.7	15.2	16.8	16.4	16.5	16.9	18.5	19.1
Total Jobs	69.0	79.1	88.5	98.7	108.0	110.3	113.3	116.6	121.1	124.8

Source: MCA modelling & estimates, May 2020

The development of the trail when coupled with other potential riding proposals such as the G7 and the Baw Baw Epic Ride, will see growth of a local cycle and mountain bike industry service industry.

The industry analysis highlights that total full time equivalent (FTE) jobs generated by trail users will be in:

- recreation services/other services (hire, equipment, servicing, other services etc.) – 38.2 jobs in year 10
- transport (including shuttles) 13.9 jobs in year 10
- accommodation 25.4 jobs in year 10 and
- food and beverage 29.6 jobs in year 10.

The following table explores those jobs created by industry sector.

Table 13. Total Jobs Generated by Trail Users by Industry Years 1-20 (FTE No.)

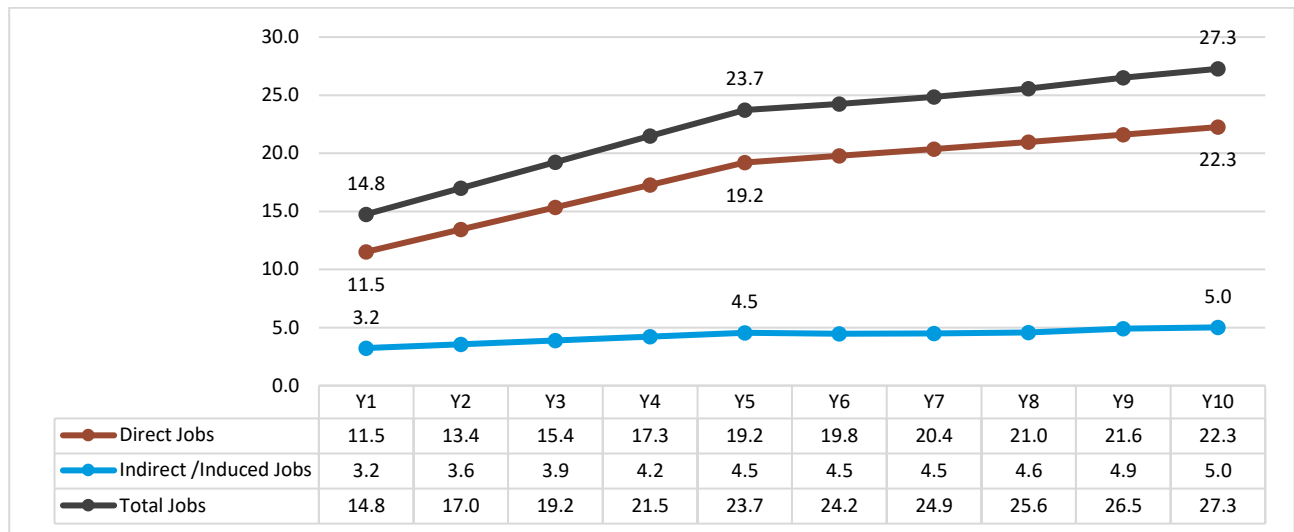
Total All Jobs: Direct & Indirect/Induced										
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Day Visitors/Users										
Accommodation	0	0	0	0	0	0	0	0	0	0
Food & Beverage	4.0	4.6	5.2	5.8	6.3	6.5	6.6	6.8	7.1	7.3
Recreation Services/Other Services	7.1	8.2	9.2	10.3	11.3	11.6	11.9	12.2	12.7	13.0
Other Retail	1.7	1.9	2.2	2.4	2.6	2.7	2.7	2.8	2.9	3.0
Health	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Transportation	1.5	1.7	2.0	2.2	2.4	2.4	2.5	2.6	2.7	2.8
Communication	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Education	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Miscellaneous Services	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Total	15.0	17.2	19.5	21.7	23.8	24.3	24.9	25.6	26.6	27.4
Overnight Visitors/Users										
Accommodation	13.8	15.9	18.0	20.0	21.9	22.6	23.2	23.9	24.7	25.4
Food & Beverage	12.3	14.1	15.8	17.7	19.3	19.8	20.4	21.0	21.7	22.4
Recreation Services/Other Services	13.9	16.0	17.9	19.9	21.8	22.3	22.9	23.6	24.5	25.2
Other Retail	5.1	5.9	6.4	7.2	7.8	7.9	8.1	8.3	8.8	9.0
Health	0.8	0.9	0.9	1.0	1.2	1.1	1.1	1.2	1.3	1.3
Transportation	6.2	7.1	7.9	8.8	9.6	9.8	10.0	10.3	10.8	11.1
Communication	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Education	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7
Miscellaneous Services	1.2	1.4	1.4	1.6	1.7	1.7	1.7	1.7	1.9	2.0
Total	54.0	62.0	69.1	77.0	84.2	86.1	88.4	91.0	94.5	97.4
Total Visitors/Users										
Accommodation	13.8	15.9	18.0	20.0	21.9	22.6	23.2	23.9	24.7	25.4
Food & Beverage	16.3	18.7	21.0	23.4	25.6	26.3	27.0	27.8	28.8	29.6
Recreation Services/Other Services	21.0	24.1	27.1	30.2	33.0	33.9	34.8	35.8	37.1	38.2
Other Retail	6.8	7.8	8.6	9.6	10.5	10.6	10.8	11.2	11.7	12.1
Health	1.0	1.2	1.2	1.4	1.5	1.5	1.5	1.5	1.7	1.7
Transportation	7.7	8.8	9.8	11.0	12.0	12.2	12.5	12.9	13.4	13.9
Communication	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Education	0.5	0.6	0.6	0.7	0.8	0.8	0.8	0.8	0.9	0.9
Miscellaneous Services	1.5	1.7	1.8	2.0	2.3	2.2	2.2	2.3	2.5	2.6
Total	69.0	79.1	88.5	98.7	108.0	110.3	113.3	116.6	121.1	124.8

Source: MCA modelling & estimates, May 2020

Employment Impacts – Bike Packers

The following shows the direct and indirect/induced jobs generated by the Bike packers segment. Total jobs in the region increase from 14.8 FTE in year 1 to 27.3 jobs in year 10 as this market develops. Most of the jobs generated would be in accommodation, food services and other retail.

Figure 30. Total Jobs Generated by Bike Packers (FTE No.)



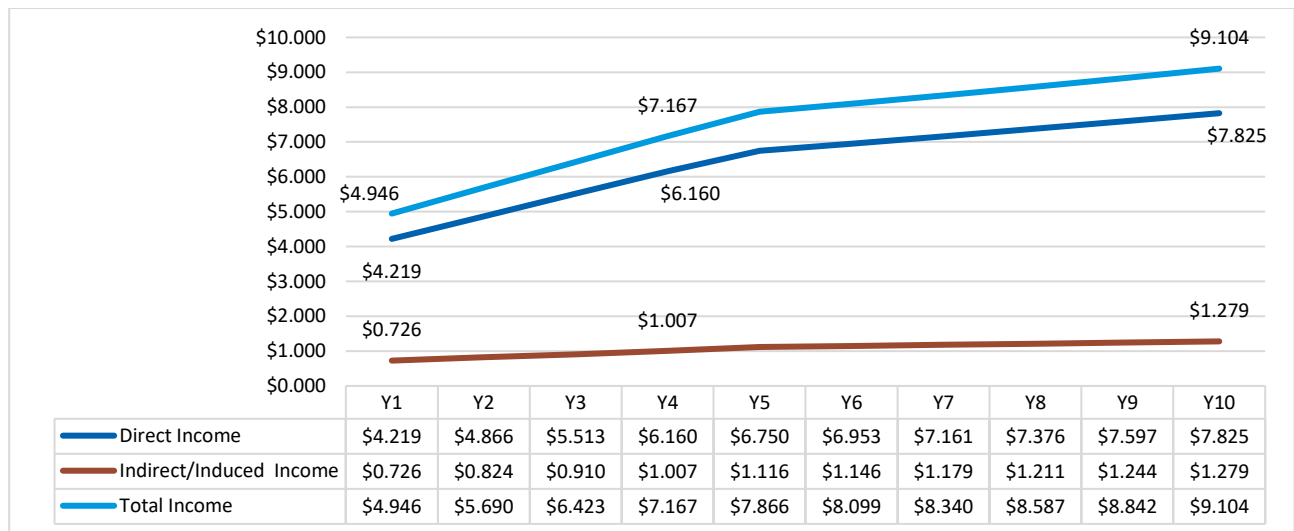
Source: MCa modelling & estimates, May 2020

Regional Income Impacts

The increase in regional income generated annually by the operation of the trails and visitor/user spending (including bike packers) totals \$4.946 million in year 1, increasing to \$9.104 million in year 10.⁵⁰

The increase in regional income (direct and indirect/induced) generated by day visitors/users (including locals and regional users) is \$0.860 million in year 1 and \$1.579 million in year 10. Overnight users/visitors boost total regional income by \$3.245 million in year 1 and \$5.868 million in year 10. The chart below provides this across the years of operation.

Figure 31. Increase in Regional Income Generated by all Trail Users – Years 1-10 (\$million 2020 prices)

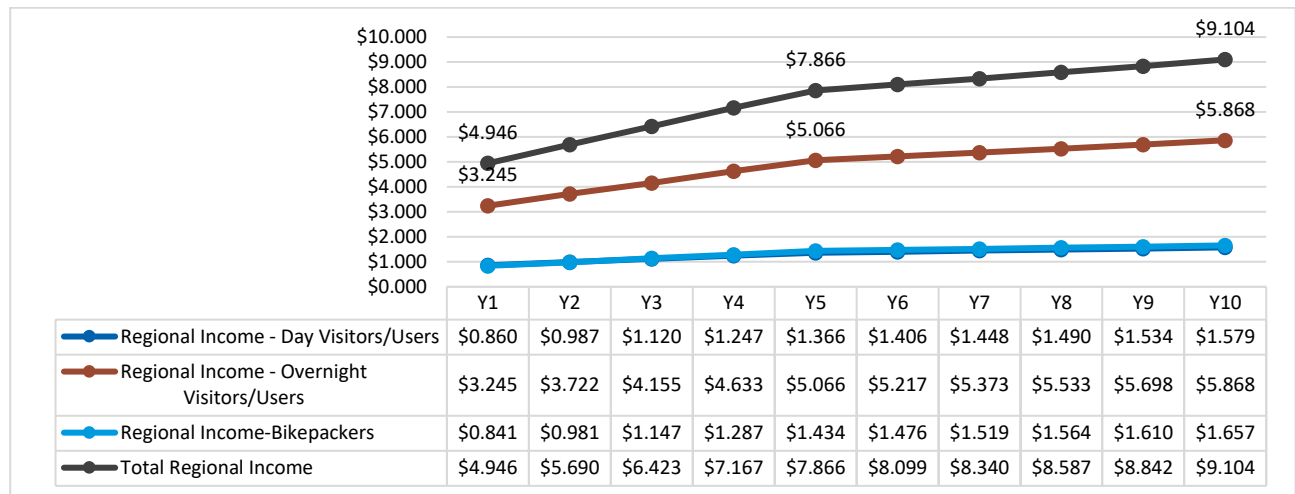


Source: MCa modelling & estimates, May 2020

The following chart shows the increase in regional income across all user types.

⁵⁰ Regional income is the total net income generated from the activity and covers wages and salaries of employees and profits of businesses within the region. It includes income generated directly within the business and indirect income, which is generated in other regional businesses (wages and profits) from the multiplier impacts of employee spending on the region. In the modelling of income generated income tax and GST on spending, are both treated as leakages from the region.

Figure 32. Increase in Regional Income by User Type (\$million 2020 prices)



Source: MCA modelling & estimates, May 2020

Trail Benefits and Costs

The benefits and costs are analysed for a 10-year period.

Trail Costs

The estimated construction cost of the trail project (Gippsland sections) is \$40.755 million, and the 10-year maintenance costs are \$12.226 million (assumed to be \$1.222 million per year over 10 years) for a total 10-year cost of \$52.981 million as shown in the table below.

Table 14. Total Costs of the Gippsland Trail – 10 Year (constant \$2020 prices)

Summary	Trail Development Gippsland Sections <\$ 2020Prices>	Trail Development All Sections <\$ 2020Prices>
Construction Cost		
Trail Construction (Gippsland Sections)	\$40,755,000	\$52,655,000
Maintenance Costs		
Annual Maintenance Cost (3%) ⁵¹	\$1,222,650	\$1,579,650
Total Maintenance (10 Years)	\$12,226,500	\$15,796,500
Total Costs 10 Years		
Total Construction / Maintenance	\$52,981,500	\$68,451,500

Source: MCA modelling & estimates, May 2020

Measuring Benefits – 10 Years

The measured benefits of the trail comprise the increase in regional income generated, the health and benefits, and a notional value to users of the trails.

Increase in Regional Income

The increase in regional income generated by trail users spending over a 10-year period totals \$75.062 million (in constant \$2020 prices). The table and chart below provide details.

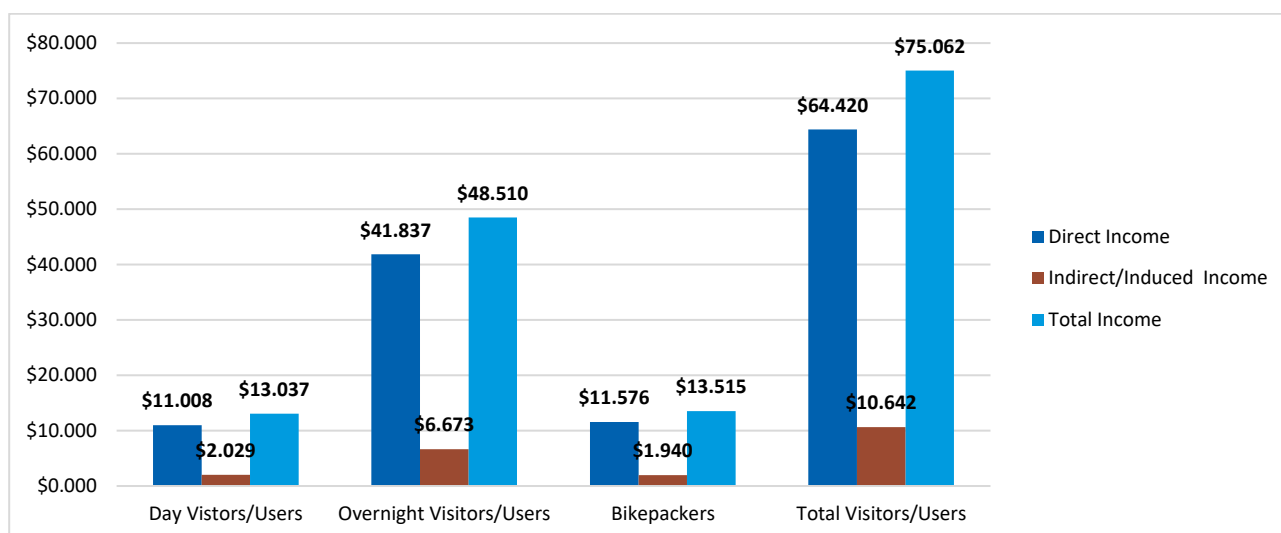
Table 15. Regional Income Generated by Gippsland Trail Users – 10 Year Period (\$million constant \$220 prices)

Increase in Regional Income -10 Years	Day Visitors \$	Overnight Visitors \$	Bike Packers \$	Total Regional Income \$
Direct Income	\$11.008	\$41.837	\$11.576	\$64.420
Indirect/Induced Income	\$2.029	\$6.673	\$1.940	\$10.642
Total Regional Income	\$13.037	\$48.510	\$13.515	\$75.062

Source: MCA modelling & estimates, May 2020

⁵¹ Annual maintenance costs are estimated at 3% of construction cost.

Figure 33. Regional Income Generated by Gippsland Trails – Total 10 Years (\$million constant prices \$2020)



Source: MCA modelling & estimates, May 2020

Health Benefits

A report by Marsden Jacobs Associates indicates that exercise of cycling/active walking in Victorian Parks has net healthcare benefits (in terms of avoided health costs) of \$15 per hour in terms of a reduction in lifetime health costs (adjusted for injury).⁵² For this analysis we have used a conservative figure of \$10 per hour and an average time on trails of 3 hours.

Healthcare benefits are measured as the net (adjusted for injury) avoided costs to the national healthcare system (private costs and government costs) attributable to nature-based outdoor activity.

For the analysis of the trails, we have assumed an average cycle period of 4 hours per day and the health benefits are calculated for Gippsland region and other regional users.

This indirect health benefit is estimated at \$28.107 million over the 10-year period as shown in the table below.

Table 16. Estimated Health Benefits – Local and Regional Users (\$million Constant Prices \$2020)

Health Benefits (Local –& other Regional Users)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
Health Benefits (estimate)	\$1.854	\$2.133	\$2.412	\$2.691	\$2.940	\$3.028	\$3.119	\$3.213	\$3.309	\$3.408	\$28.107

Source: MCA modelling & estimates, May 2020

Consumer Surplus

There are no charges for the use of the trail. However, a valuation can be placed on the experience based on a shadow price or notional charge (what a person may be willing to pay). For the Gippsland Trails we have assumed it to be \$25 per ride. This benefit measure totals \$39.818 million over 10 years for all domestic trail users.

⁵² Victoria's Nature-Based Outdoor Economy- Key Estimates and Recommendations, Marsden Jacobs Associates, January 2016 P10 & 21.

Table 17. Estimated Consumer Value – Domestic Gippsland Trail Users (\$ million Constant \$2020 prices)

Consumer Value	YR 1	YR2	YR 3	YR 4	YR5	YR6	YR7	YR8	YR9	YR10	Total
Consumer value (estimate)	\$2.627	\$3.022	\$3.417	\$3.812	\$4.165	\$4.290	\$4.419	\$4.551	\$4.688	\$4.828	\$39.818

Source: MCa modelling & estimates, May 2020

Benefit Costs Analysis

Gippsland Trail Sections

The following table and chart show the benefits and costs of the operations of the trails over a 10-year period. The benefits are measured by:

- the increase in regional income generated by trail users over a 10-year period
- the estimated health benefits
- the user value.

The costs include construction costs, asset maintenance costs and depreciation. For the comparison, the present value of the benefits is calculated using 3 discount rates (4%, 7% and 10%).

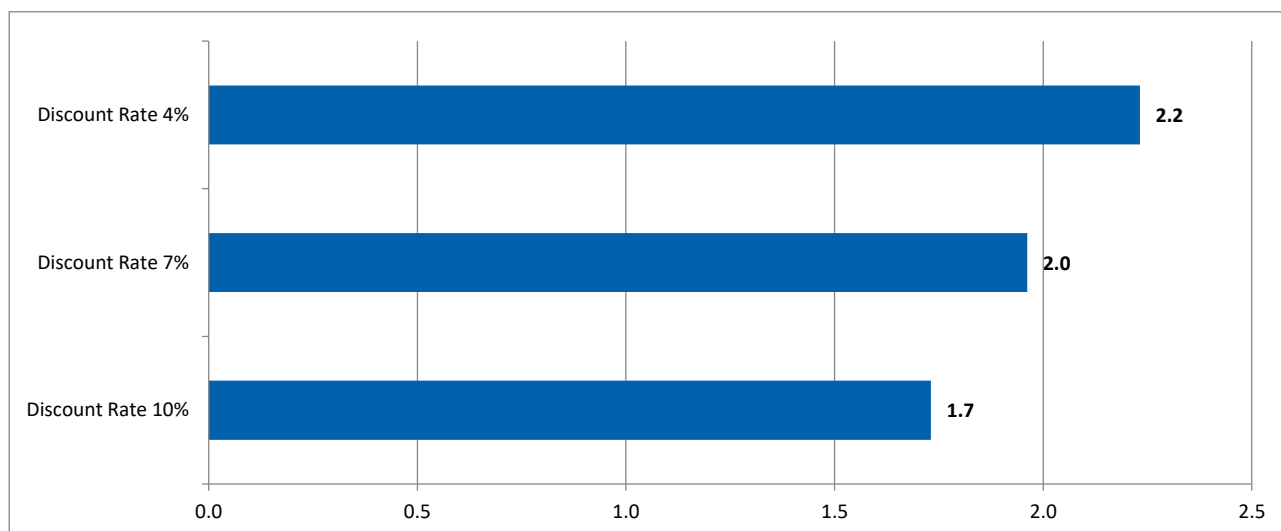
Table 18. Benefits and Costs Analysis – Gippsland Trails Sections – 10 Year Period (Constant \$2020 Prices)

Trails Development: 10 Year Operations Period (Gippsland Trails Sections Only)	Discount Rate 4%	Discount Rate 7%	Discount Rate 10%
Costs (10 Years)			
Construction Costs (\$) (2020 prices)	\$40,755,000	\$40,755,000	\$40,755,000
Costs - Asset Maintenance (3% per year- 10 years)	\$12,226,000	\$12,226,000	\$12,226,000
Total Capital Costs	\$52,981,500	\$52,981,500	\$52,981,500
Benefits to Region (10 Years) -			
Regional Benefits (increase in regional income generated)	\$75,062,433	\$75,062,433	\$75,062,433
Indirect Benefits (health benefits – local & other regional users only)	\$28,107,125	\$28,107,125	\$28,107,125
Direct Benefits - User Value (shadow user price)	\$39,818,427	\$39,818,427	\$39,818,427
Total Benefits (2020 Prices)	\$142,987,985	\$142,987,985	\$142,987,985
Total Benefits (\$) Present Value	\$118,262,158	\$103,929,348	\$91,721,382
Net Present Value (\$)	\$66,280,658	\$51,947,848	\$38,739,882
NPV/ Costs	1.2	1.0	0.7
Benefit Cost Ratio (BCR) <Total Benefits: Present Value/Total Capital Costs>	2.2	2.0	1.7

Source: MCa modelling & estimates, May 2020

The chart below compares Benefit Cost Ratios (BCR) for the 3 discount rates. For a trail project a 7% discount rate is appropriate, and the project yields a positive BCR of 2.0. The present value of total benefits (\$103.929 million) generated by the investment are 2 times the total costs of the project (\$52.891 million) over a 10-year period.

Figure 34. Benefit Cost Ratio (BCR) – Gippsland Trails Development (Gippsland Sections)



Source: MCA modelling & estimates, JUNE 2020

All Trails Sections

The following table and chart show the benefits and costs of the operations of the trails over a 10-year period. The benefits are measured by:

- the increase in regional income generated by trail users over a 10-year period
- the estimated health benefits
- the user value.

The costs are for all trails sections and include construction costs, asset maintenance costs and depreciation. For the comparison, the present value of the benefits is calculated using 3 discount rates (4%, 7% and 10%).

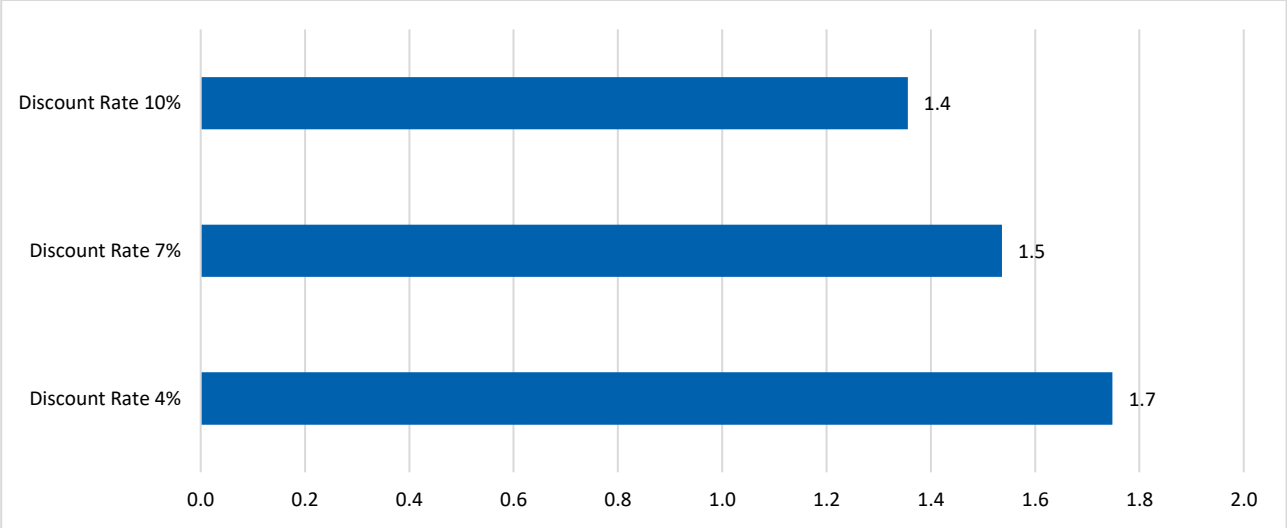
Table 19. Benefits and Costs Analysis – All Trail Sections – 10 Year Period (Constant Prices \$2020)

Trails Development: 10 Year Operations Period (All Trails Sections Only)	Discount Rate 4%	Discount Rate 7%	Discount Rate 10%
Costs (10 Years)			
Construction Costs (\$) (2020 prices)	\$52,655,000	\$52,655,000	\$52,655,000
Costs - Asset Maintenance (3% per year- 10 years)	\$15,796,500	\$15,796,500	\$15,796,500
Total Capital Costs	\$68,451,500	\$68,451,500	\$68,451,500
Benefits to Region (10 Years) -			
Regional Benefits (increase in regional income generated)	\$75,062,433	\$75,062,433	\$75,062,433
Indirect Benefits (health benefits – local & other regional users only)	\$28,107,125	\$28,107,125	\$28,107,125
Direct Benefits - User Value (shadow user price)	\$39,818,427	\$39,818,427	\$39,818,427
Total Benefits (2020 Prices)	\$142,987,985	\$142,987,985	\$142,987,985
Total Benefits (\$) Present Value	\$118,262,158	\$103,929,348	\$91,721,382
Net Present Value (\$)	\$49,810,658	\$35,477,848	\$23,269,882
NPV/ Costs	0.7	0.5	0.3
Benefit Cost Ratio (BCR) <Total Benefits: Present Value/Total Capital Costs>	1.7	1.5	1.3

Source: MCA modelling & estimates, May 2020

The chart below compares Benefit Cost Ratios (BCR) for the 3 discount rates. For a trail project a 7% discount rate is appropriate, and the project yields a positive BCR of 1.5. The present value of total benefits (\$103.929 million) generated by the investment are 1.5 times the total costs of the project (\$68.451 million) over a 10-year period.

Figure 35. Benefit Cost Ratio (BCR) Gippsland Trail Development (All Sections)



Source: MCA modelling & estimates, May 2020

10. Governance and Ongoing Management

Governance

Ongoing collaboration, effective decision making and working together to continue to develop and promote a Gippsland Trail, and more broadly some of the proposed Gippsland wide signature trails that are currently in planning and feasibility stages, is critical to their success. Management of the Gippsland Trail includes the complexities of balancing demands of 6 local government areas (6 Councils of Gippsland), and a number of different incorporated associations that may be managing a section of trail, in addition to raising revenue for the trail's maintenance and ongoing management.

In addition, other State Government and regional agencies and organisations have a direct interest in the management and governance of the trail. These include:

- **Department of Environment Land Water and Planning (DELWP)** – manager of Crown Land including the establishment and governance of committees of management
- **Victrack** – manager of active and non-active rail easements including the leasing of the easements to Council's for rail trail development
- **Sport and Recreation Victoria** – have an active interest in pursuing better recreation and active living outcomes for the community across Gippsland and Victoria
- **Destination Gippsland** – the Regional Tourism Board responsible for promoting Gippsland as well as strategy supporting product and industry development
- **Parks Victoria** – manages much of Victoria's reserve system including elements of the Gippsland Trail where it is proposed to go on existing roads through the Lakes National Park
- **Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC)** – represents traditional owners and implements the native title settlement of the prescribed area which includes jointly managing 10 Parks and Reserves.

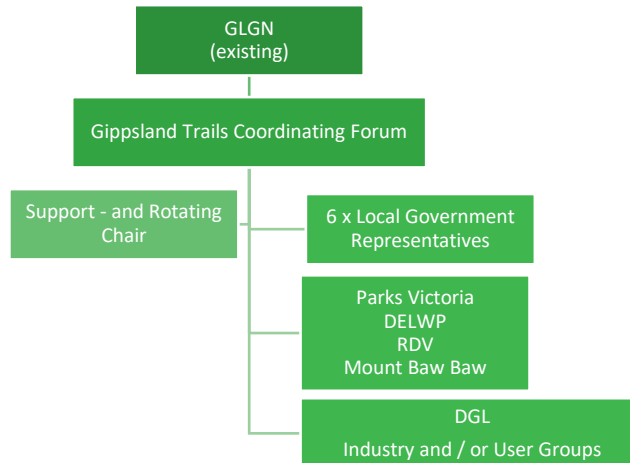
In addition to the Gippsland Trail, there are proposals in development (feasibility and business case stage) for the G7 and the Gippsland Epic Adventure Ride. These trails also require effective multi-agency governance arrangements to be put in place. Aligning the governance needs of all three trails can potentially avoid duplication and provide scale and resources.

As described in the Gippsland Tracks and Trails Feasibility Study, a proposed new group aligned to the existing Gippsland Local Government Network (GLGN) is proposed with a charter to collaborate and develop the general (all user) trails-based visitor economy in a systematic and planned way.

The role of the group is not to direct manage trails, but to provide advice on the strategic planning of the network in alignment with the principles and directions of the Gippsland Tracks and Trails Study (TRC 2019).

The following figure provides the recommended model for coordination.

Figure 36. Gippsland Trails Coordinating Forum Model



A governing mechanism is required to effectively manage the trails in a way that provides the trail with the following:

- Consistent marketing and information on the trail and how to visit, use and enjoy it
- Consistent signs and standards applied to each of the sections, noting the intention to have the original name of the existing trail captured and not be lost (i.e. – The Great Southern Rail Trail – Part of the Gippsland Trail)
- Prioritised works and investment across the various sections
- Advocacy for the Gippsland Trail among other trail products within Gippsland (while taking a regional view on prioritisation through the Gippsland Trails Coordinating Forum)
- Seeking ongoing funding
- Liaison with stakeholders and user groups, including Rail Trails Australia and other peak bodies
- Promoting commercial opportunities across the trail including the options for merchandise
- Coordination of outstanding maintenance issues across the network
- Effective liaison across land managers.

Governance Options

The following options are considered.

Single Agency Management

Table 20. Single Agency Governance Considerations and Options

ATTRIBUTES	STRENGTHS	WEAKNESSES
One of the existing Councils or agencies manages the entire trail.	- Puts all the necessary skills and capability into one agency that can then make decisions to help make the destination succeed. - Easier decision-making processes - Can coordinate the activity across all the trail components, including setting consistent standards and marketing / information provision - Events etc can be essentially organised/allowed permits under one agency,	- The mechanism to get to a single agency manager of the various trail elements would be complex but could be achieved under the Local Government Act - Different legislation and policy approaches to Crown Land by the managers make this option difficult to implement - Potentially lose local community connection to various trail sections
A new or special purpose organisation that becomes the single agency manager.	- There are many strengths to this model, including the ability for it to set its own constitution and purpose directly related to the destination. - The agency or organisation can establish uniform standards and has direct management control of the trail sections therefor ensuring consistent application of visitor services	- A single trail manager across the entire trail would help the trail come to life - This option would be difficult for the State Government agencies to be a part of, and may be difficult for Councils to let go of their own managed assets – particularly as some are leased through Victrack

MOU or Partnership

Table 21. MOU or Partnership Arrangement Governance Considerations and Options

ATTRIBUTES	STRENGTHS	WEAKNESSES
Agencies or Councils responsible for the trail elements develop an MOU or similar to guide the development and operation of the destination. The agreement can be in the form of a non-binding MOU or more formal agreement that may include licensing provisions under various acts and regulations.	- Relatively easy to put in place once the Councils and organisations have determined their role and what the function of the MOU is. - An agency or Council can take a lead with the agreement of the participating partners on elements such as trail maintenance etc. - Marketing and information on the Gippsland Trail is essential and this model can unite the Councils and RTB behind an agreed information and marketing program which should be led by DGL	- MOUs are generally non-binding agreements where parties agree to cooperate around a function or objective. - The powers of the agencies involved in the trail sections remain with the Councils or agencies – and may result in duplication for things such as event permits or maintenance

Multiple Agency Management

Table 22. Multiple Agency Management Governance Considerations

ATTRIBUTES	STRENGTHS	WEAKNESSES
Essentially this is the do nothing and leave the situation as it is option.	This option is relatively easy to pursue as it leaves Councils, agencies, and land managers in the position that they know and understand.	- Significant duplication of effort around management of the trail and a potential watering down of the impact of the trail in national and international markets - No one single entity is accountable for the performance and development of the trail - May lead to disagreements between Councils and partners management based on differing priorities. - Does not provide a single point of contact for the community of users to work through development or other issues. - May not result in consistent visitor service standards being applied across the trail sections leading to consumer experience or visitors not experiencing what they are expecting.

Recommended Model

The Gippsland Trail varies in its complexity and operational governance needs compared to the G7 and Epic Rides due in part to the underlying land tenure and management arrangements currently in place. The majority of the proposed Gippsland Trail is located on existing rail trails that are generally managed by a Committee of Management (which is most likely to be a Council or Rail Trail Committee), or on leased Victrack land which is managed by a Council. Small sections of the trail are located on land managed directly by VicRoads or Parks Victoria. Another key reason is that the land is generally (except for the Parks Victoria component) not reserved for its conservation values.

In the case of the G7 and Epic Adventure Ride, there are unresolved issues that preclude a single agency being able to be established. This is in part a result of the nature of the various organisations managing or likely to be a manager of one or more of the G7 hubs.

Development of this feasibility study has continued to expose the complexities in Victorian legislation around the potential for governance entities to be developed to cater for multi-tenure, multi-agency management of recreation and the trail. This is the case across several business case and trail feasibility studies being undertaken across Victoria. Other examples include the proposed development at Warburton and more recently, but in a lesser way, in Omeo (due to DELWP being the majority manager of the proposed trails and the Shire being willing conceptually to become committee of management for the land in question).

It is understood that a review of the Crown Land Acts is underway within DELWP and the government has asked to consider a discussion paper that may lead to a bill before the conclusion of this term of government. This is welcomed and may prove to provide an answer that is better suited to this proposed development, particularly considering the timeframes for this development and the review of the acts.

While there is no clear model emerging from the consultation for the proposed Epic Trail and G7, which have been subject to a separate feasibility study and business case, an MOU will work for the Gippsland Trail with Councils and agencies managing their own elements. The MOU must however have the buy in of the various partners for the collaborative approach to work and to be effective in developing the 'one trail' concept and enabling effective positioning and marketing of the trail.

Leadership of this committee could be through an existing Council, or through DGL. While DGL is not generally a land manager, the MOU leaves land management accountabilities with Councils and other managers.

In some other areas of enterprise, an Incorporated Association would be one vehicle that could be used to help manage and raise the profile of the Gippsland Trail. However, DELWP and Parks Victoria have indicated that it is a policy not to become members of Incorporated bodies due to the issue of Officer and Director liability and risk transfer.

One existing committee that could potentially form the nucleus of the Gippsland Trail leadership group is the Gippsland Trails Coordinating Forum. The function and structure are outlined above. This committee is recommended to have a clear role in priorities setting across all trails in Gippsland, including MTB trails, multi-use trails such as Rail Trails, and walking trails. To try to add in the oversight and coordination of one entity (the G7) may conflict the Forum from the original purpose of its establishment.

Other Considerations

Trails are growing in popularity and the demand is leading to the potential for growth in supply. This study, and the aligned Baw Baw Epic Ride and the G7 feasibility studies have shown that the trails are feasible and will produce a positive economic outcome. The question of whether the proposed governance entity recommended for this product should have a broader role or could be expanded as other multi tenure multi partner also needs to be considered.

It is recommended that the discussions occur with a specific objective of developing a governance framework within Gippsland that enables the objectives of the local government and land management legislation to be honoured, at the same time as providing for the opportunities these trail developments (Gippsland Trail, Epic Trail and G7 Hub) present. The initial discussions could be led by DGL, or LVA and include:

- Latrobe Valley Authority
- Destination Gippsland
- Parks Victoria
- DELWP
- Southern Alpine Resort Management
- Latrobe City
- Baw Baw Shire Council
- Wellington Shire Council
- East Gippsland Council
- South Gippsland Council
- Bass Coast Council
- Rural Roads Victoria
- GLaWAC.

11. Risk Management

This business case demonstrates the potential benefits the proposed Gippsland Trail could bring to Gippsland. Coupled with understanding the benefits, it is also important the risks of the project are understood.

The table below has been prepared showing some of the higher-level risks and proposed treatments.

Table 23. Risks Evident in Gippsland Trail Development

RISK	RATING	RESPONSE / TREATMENT PROPOSED
Only Part Funding is Received	High / Moderate	- Develop the trail with the highest priority components first. This could include developing marketing and branding in addition to on ground works. - Further funding is applied for in later years of the trail's development. - Consideration could be given to ensuring the missing links of the existing off road trails are completed as a first priority, and planning continues to resolve State managed on road riding on the two problematic links on the South Gippsland Highway and Inverloch to Venus Bay Road.
Fire or emergency	High	- Some of the sections of the Gippsland Trail sit in an environment where fire or winter conditions may interrupt visitors or reduce the amenity of the area. Careful thought to emergency management is important from a visitor safety perspective. - Fire may impact the area in several ways including devastating large-scale fires such as in 2003, 2009 and 2006/7. Careful planning in some areas around fire and other emergencies is required. This may include increased prescribed burning and fire breaks. It is noted that these elements cannot eliminate the risk but have been shown to reduce it in many areas. - Emergency management planning including risk management should sit within the Council or land manager responsibilities for each of the sections. Response will be determined by the type of land the section also sits within.
Approval for one or more sections is not forthcoming	High	- Should one or more sections have formalisation or trail development denied (based on further planning for each), the Gippsland Trail concept may be significantly delayed or lose critical mass while the issues are resolved. - Further planning on some high priority sections has been outlined in the report, as necessary. This includes the existing on road sections, in addition to the Morwell to Moe public transport options. - One of the next phases of this proposal would be further planning to define some of those routes and specify in engineering terms the trail type etc. The principles of avoidance should be implemented where any conservation or cultural heritage implications exist.

RISK	RATING	RESPONSE / TREATMENT PROPOSED
The trail concept is put in place, but visitor numbers are significantly below those forecast	Moderate	- The assumptions are thought to be conservative. The trail manager(s) will need to work hard and partner with Destination Gippsland on promoting the unique attributes of the Gippsland Trail. Events and tour operators may need to play a greater role. - Partnerships with outer Melbourne Metro Councils including Casey and Cardinia are vital in ensuring the component of the trail outside Gippsland is also managed to be a part of the Gippsland Trail.
Trail maintenance is not sufficient or effective and the trail experience deteriorates	Moderate	- Trail maintenance is a critical component of the experience remaining high quality and attracting people to ride the destination. - The trail manager(s) will need to take a broader economic benefit into account when considering maintenance expenses. - Professional design and construction may limit the annual maintenance costs due to the higher quality trail surface.
Business across Gippsland does not respond to the opportunity	Low to Moderate	Services such as bike hire, shuttles/transport (including on water) and rider-friendly accommodation will be important to the success of the Gippsland Trail. Opportunities at smaller towns including those on the 90 Mile Beach and into East Gippsland can be significant but they do require investment.
Competitor pressure	Low	Pressure from other new entrants drops the interest in visiting the Gippsland Trail. Marketing of Gippsland needs to carefully position the Gippsland Trail experience as a unique offering.

12. Conclusion

TRC Tourism has assessed the feasibility and economic benefits and costs of the proposed Gippsland Trail. The results are positive and indicate that the trail is feasible and viable to achieve in the form proposed in this report. It is not without some planning issues that need further consideration.

The advantages include continuing to position Gippsland as a centre for trails and cycling capitalising on the advantages Gippsland has including terrain, nature at its finest, villages, climate, and the variation in landscapes.

The issues to be resolved include:

- Developing a marketing strategy for the trail that builds upon the trail as a whole, yet allows for different skills and experiences on different sections (i.e. the Coastal 90 Mile Beach section is more self-reliant and contains on road riding on quieter roads, whereas the Great Southern Rail Trail component provides for easy off road multi use trails)
- Developing further route options for the State managed road options including the two sections described in this report – Inverloch to Venus Bay Road, and a small section of the South Gippsland Highway
- Continuing to work with Latrobe City Council on the route options for off road trails between Morwell and Moe to avoid the public transport option.

The strong economics provide a sound case for progressing with the trail concept. They include the following outcomes:

- Over 170 Full Time Equivalent (FTE) jobs created during construction of the trail and investment of over \$40.7 million in the Gippsland components of the trail
- Over 57 jobs (direct and indirect) created in year 1 of the trail's operation rising to over 124 jobs in year 10 due to growth of the market and visitors
- A Benefit Cost Ratio of 2 based on a 7% discount rate (appropriate for a trail).

Governance of the trail is vital to ensure that each section, while retaining its unique character, fits and grows within a Gippsland Trail context and planning framework.

Business opportunity and community liveability enhancement are both direct outcomes that can be achieved through this investment and it is one the TRC believes will be a success.

APPENDIX A – REFERENCES

Local Government Area Profiles, 2018, Bass Coast LGA, Tourism Research Australia

Local Government Area Profiles, 2018, Baw Baw LGA, Tourism Research Australia

Local Government Area Profiles, 2017, East Gippsland LGA, Tourism Research Australia

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Victoria's Nature-Based Outdoor Economy- Key Estimates and Recommendations, Marsden Jacobs Associates, January 2016.



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