



## **Dorset Council Submission | 1 November 2018**

Dorset Council wishes to make a submission to the Government Administration Committee 'B'-Inquiry into Tasmania's North-East Railway Corridor. As the State Government has commissioned a number of reports into the alternate uses of the North East rail corridor this submission will not seek to make comment on the merits of those reports. Instead this submission has been prepared on the basis that Council supports the compromise position of the State Government and only wishes to comment on a proposal to expand heritage rail beyond Lilydale Falls.

### Introduction

The concept of a Heritage Rail extending as far as Wyena and as far as Scottsdale is fundamentally flawed from a sustainability perspective and in many respects is a selfish and ill-conceived concept that has absolutely no regard for its impact on other tourism products or existing heritage rail products. Indeed in the face of overwhelming evidence refuting the viability of the concept, it is possible that the motives of the L&NER group are not to establish a viable heritage rail product but rather to hinder the development of the North East Rail corridor into a low impact tourism and recreational asset.

The recent treasury report concludes that there is no business case to support the concept, passenger numbers are grossly overstated and conversely maintenance cost are grossly understated. Nor do the proponents of the concept have any appreciation of the impact it will have on competing heritage rail products. It is not difficult to understand that this concept risks cannibalising passenger numbers of the ABT Railway and the volunteer base of the Don River Railway. It would be a tragic and ironic situation if the establishment of an extended North East Heritage Rail was the cause of the ultimate demise of both of these iconic heritage rail operations.

The claim that the value of the North East rail corridor infrastructure is in the vicinity of \$40 million is predicated on the line being commercially viable. This claim is not factually based and conveniently ignores the fact that TasRail has stated in writing that the *North-East Line offers no significant commercial rail freight opportunities now or within the foreseeable future* and is therefore unviable for commercial freight. The Raylink report has also stated that in this context the corridor infrastructure has zero value.

The final point is the refusal of the L&NER to accept the compromise position of the State Government and to insist on an extension of the heritage rail concept to Wyena and as far as Scottsdale. This latest position shows total disregard for the impact such a concept would have on the viability of the rail trail, diluting the economic benefit of a rail trail to the point of making it a worthless exercise.

In conclusion, it is heartening that both the rail trail advocates and genuine heritage rail enthusiasts are accepting of the State Governments compromise position. The same cannot be said about L&NER who reject this compromise in the face of overwhelming evidence and appear to be a

fanatical group with an agenda to stop the use of the rail corridor for a rail trail at any cost, no matter what the consequences.

### Extension of Heritage Rail Beyond Lilydale

There are three fundamental flaws with this concept. The capital cost of co-locating both products in the same corridor, the sterilising of the economic benefits of a rail trail and unviability of maintaining the additional length of the rail infrastructure.

The concept of co-locating both products between Lilydale and Wyena is not grounded in reality because it does not take into consideration the impracticability or cost of doing so. Based on the Raylink report co-location of the rail trail in the corridor alongside the rail line would cost \$530,000 per km at a total cost of \$7.7 million for the section from Lilydale Falls to Wyena. That is based on the assumption that it is physically possible (diversion around tunnel for example) and of course there is no mention of how the funding for this would be sourced.

Alternately, if the rail trail were to start at Wyena the economic benefit would be substantially reduced making the project unviable from an economic benefit perspective. To maximise economic benefit rail trail and mountain bike trail networks need to start and finish in towns.

The economic case for successful rail trails is based around a critical mass of product that requires the visitor to spend multiple nights in an area. Indeed this is the basis of the phenomenally successful Blue Derby mountain bike network which averages a 4.5 night's stay during the peak season. It is also critical that rail trails finish and start in a town, again similar to Derby which has the trailhead in the township. The existing rail trail from Scottsdale to the Billycock is 28km in length and creates minimal economic benefit as it is lacking in critical mass. However, combined with the Lilydale to Scottsdale leg there would be a total of approximately 70km of trail making it a very attractive product offering.

Whilst the core market for the rail trail are multiple night visitors the day visitation market is also very attractive for both Scottsdale and Lilydale, in particular Lilydale given its proximity to Launceston. By commencing the rail trail from Wyena there is no economic benefit to Lilydale.

Extending the Heritage Rail beyond Lilydale Falls would be a folly and virtually ensure the failure of the Heritage Rail due to the associated ongoing costs and maintenance burden, particularly given the reliance on volunteers to perform the maintenance. Indeed, ATHRA the Association of Tourist and Heritage Rail Australia agrees that the longer the train trip the less attractive to the average passenger, the more expensive it is to repair and maintain the rail line and therefore a greater risk of failure. The Ida Bay Railway for example has recently made a plea to the State Government to provide financial support of up to \$2 million to fund required maintenance.

The compromise position of the State Government is imminently far more sensible and sustainable as it would require maintenance of approximately 10km of rail infrastructure whilst providing a train trip of around 20km from Launceston to Lilydale Falls.

### Removal of Rail Infrastructure

A counter argument put forward by the most vehement opponents of the rail trail is the requirement to remove the rail and sleepers. Opponents are claiming the infrastructure has a value of \$40 million and removing it for the purposes of a rail trail would constitute economic vandalism. This argument is fundamentally flawed as it makes no consideration of the physical limitations of the rail corridor or the economics of using the corridor as a commercial freight line into the future.

The corridor has considerable limitations, in particular the winding nature of the line making it unsuitable for long trains. The corridor has a long history of train derailments which is an indisputable fact conveniently over looked or not at all understood by those loosely suggesting the corridor could be a commercially viable freight option. In addition, almost all North East produce is not suitable for rail travel (milk, livestock, perishable fruit and vegetables).

It is not difficult to understand that the cost of carting freight on a truck to a rail head then unloading it onto train and then repeated at the destination is extremely inefficient and uncompetitive when compared against other freight options.

For the corridor to be used as a viable freight option there would need to be considerable realignments made to the existing corridor and a compelling business case to justify a required infrastructure investment approaching \$100 million. TasRail has made its position abundantly clear on the matter stating that the current corridor is commercially unviable and there is extremely limited probability of it becoming so into the future. This position of TasRail was fundamental in negotiations with the State Government to convert the corridor into a broad based low impact adventure based tourism product.

### Undermining Viability of Heritage Rail in Tasmania

There are currently two well-known Heritage rail operations in Tasmania, the ABT Railway on the West Coast and the Don River Railway. What is not discussed by L&NER is the impact a heritage rail from Launceston to Scottsdale would have on these two existing iconic heritage rail operations.

It is a commonly understood fact that the ABT railway is commercially unviable without substantial ongoing financial support from the State Government, support that is in excess of \$50 million to date. This financial support is justified on the basis of the impact of the ABT railway on the West Coast tourism economy. In conjunction with other product offerings, the ABT railway provides a critical mass of quality tourism product on the West Coast establishing the area as a bona fide tourist destination. Establishing a competing heritage rail product just three hours away, commencing in Launceston and finishing in Scottsdale, creates a very real risk of cannibalising the 38,000 annual visitors to the ABT Railway further eroding its ongoing viability. In this context the proposed extended North East Heritage rail concept makes no strategic sense.

The Don River Railway is an iconic Heritage Rail product run on a limited annual budget and is sustainable only due to a highly dedicated volunteer labour force. Like all volunteer based organisations the Don River Railway is under increasing pressure to maintain its volunteer base due to the nature of Tasmania's ageing demographic and a general decline Australia-wide in volunteer based community groups. It is not difficult to understand that a volunteer run North East Heritage

rail product has the very real potential of undermining the volunteer base of the Don River Railway. Indeed, members of the Don have shared this view privately when contacted by North East Rail Trail Inc (NERT).

Taking the above into consideration, to create a competing third heritage rail product offering in the Northern half of the State makes absolutely no strategic sense and in fact undermines the ongoing viability of the two existing heritage rail products.

#### Debunking the Myth of Maintaining a Rail Trail

There have been myths perpetuated by Heritage Rail fanatics that the community of Dorset will be burdened with considerable annual costs to maintain a rail trail between Lilydale and Scottsdale. This is a falsehood and totally disregards the grant application submitted by Dorset Council which included a self-funding maintenance model. This self-funded maintenance model is evidence based emanating from research conducted on two rail trails in South Australia.

This cost burden argument is mischievous and is easily rebutted when one considers that the existing 28km Scottsdale rail trail is maintained by the Scottsdale Rotary Club with zero financial contribution from Dorset Council. The experience of the Scottsdale rail trail provides compelling evidence to support the self-funded maintenance model on which the Lilydale to Scottsdale rail trail is predicated.



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