

# Expert Conclave – Economics

**Subject Matter** : Technical Report G Economic Impact Assessment, and specifically impacts on the tourism sector and economy in Hepburn Shire

**Date of Conclave** : 22 October 2025

**Time of Conclave commencement** : 0900 AEDT

**Time of Conclave conclusion** : 0950 AEDT

**Attendees** : Mr Craig Fenton & Mr Karl Flowers

**Date of finalisation of conclave report**: 24 October 2025

## Introduction

In accordance with Inquiry and Advisory Committee (IAC) Directions 23, **Mr Craig Fenton & Mr Karl Flowers** met on 22 October 2025 to consider matters of agreement and disagreement in relation to Technical Report G Economic Impact Assessment, and specifically impacts on the tourism sector and economy in Hepburn Shire.

The following table outlines the key technical issues raised by any or all of the experts, and records their opinions on the following key issues:

- Can electricity transmission projects impact tourism?
- Are those impacts uniform or regionally differentiated?
- What is the likely scale of impact?
- Can impacts be managed or mitigated?
- Did the EIA address the impact of potential full or partial undergrounding of the Project?
- Are the proposed EPRs sufficient and appropriate?
- Is the economic analysis in the EES adequate?

Each expert has documented their commentary in the relevant column.



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**Signature of Mr Craig Fenton**

***K.S. Flowers***

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**Signature of Mr Karl Flowers**

Main Issue	Question	Mr Fenton Comments	Mr Flowers Comments
A. Can electricity transmission projects impact tourism?	The experts <b>agree</b> that development and operation of high voltage transmission lines which causes a non-trivial reduction in visitation will impact tourism businesses	Technical Report G acknowledges the potential for adverse impacts attributable to the Western Renewables Link (Project) on certain businesses, including tourism business which rely on visitation to the area. Those impacts were assessed primarily through a business impact analysis (refer section 9) and drawing on an assessment of existing conditions (section 5, and in particular section 5.1.6 which addresses the tourism sector).	This is supported by the UK Government Ofgem agency responsibilities being to decide how much funding the electricity transmission companies should be able to recover from consumers to help them deliver a project, including actions to conserve natural beauty. Ofgem has allowed funding of up to £500m for network companies to reduce the visual impact of existing infrastructure in National Parks, Areas of Natural Beauty and the National Scenic Areas in Scotland. Ofgem also has funding arrangements to cover the costs of undergrounding and other mitigations if the measures are required by the planning and development consent process. The UK provides a model that Victoria could usefully follow.  My expert witness statement (EWS, pp19-20) supported this conclusion by reviewing overseas projects, where protest movements against electricity transmission projects had rationales that included protecting tourism.
B. Are those impacts uniform or regionally differentiated?	The experts <b>agree</b> that tourism sector impacts attributable to the Project will differ regionally	Impacts on the tourism sector caused by the Project are likely to differ spatially, based on factors such as the particular type of tourism businesses present in the local economy and their proximity to the transmission corridor.  Technical Report G found that the tourism sector contributes differently to various sub-regions with the Study Area, and within those sub-regions tourism businesses are likely to be affected differently given the particular location and unique characteristics of each business.	The Hepburn Shire as by far the most tourism reliant economy in Victoria and will have larger negative tourism impacts from the WRL than other local government areas relevant to this inquiry.  The State significant tourism assets of the Hepburn Shire are also comparatively closer to the WRL corridor than is the case for the other major tourism asset of the Grampians National Park that is relevant to this inquiry. Central Daylesford at the heart of this tourism region is an eleven-minute drive to the WRL at Mount Prospect.  Within the Shire, impacts will commonly be worst for businesses closest to the WRL corridor, but even businesses at the opposite end of the Shire to the WRL will risk a loss of business from a lower flow of total visitors to the Shire, affecting Shire wide tourism investment and less sightseeing which is a more common than usual visitor activity in this Shire.
C. What is the likely scale of impact?	The experts <b>do not agree</b> on the scale of impact attributable to the Project on tourism businesses and	In reporting on the scale and contribution of the tourism sector to sub-regions within the Study Area, Technical Report G (refer section 5.1.6) drew on data from Tourism Research Australia (TRA). The business impact analysis expressly acknowledged impacts on businesses that rely on the	A downturn in visitation will affect a wider range of businesses than allowed for in the economic analysis in the heavily toured area of Hepburn Shire which had 46% of jobs reliant directly or indirectly on tourist spending in 2023/24 (Source: Tourism Research Australia – the Federal Government agency responsible for analysing regional tourism impacts).  Businesses and households to be affected in this Shire spread well beyond the Accommodation and Food Services and the Arts and Recreation

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	<p>the economy in the Hepburn Shire</p>	<p>visual landscape to attract patrons, with a potential for reduced patronage during the Project's operational phase (refer Table 27, p.107).</p> <p>While Mr Flowers similarly used (more recent) data from TRA, in my opinion his assessment of Project-related impacts on the tourism sector is overstated:</p> <ul style="list-style-type: none"> <li>• Visitor spending is assumed by Mr Flowers to reduce by between 5-9% in each of the first five years from construction commencement, which Mr Flowers says is a "conservative" assessment (p. 23 Flowers statement). No basis is provided for that assumed reduction in visitor spend. At the upper end of the range it suggests that nearly 1 in 10 visitors would choose not to travel to Hepburn Shire because of the Project. For context, Mr Flowers' assessment of the annual reduction in visitor spend in the Hepburn Shire alone, as a result of the Project, is broadly equal to the entire increase in annual visitor spend in Victoria anticipated as a result of the Goldfields World Heritage designation – described by Mr Flowers as a "transformative change" (refer p.11-12 Flowers statement).</li> <li>• That reduction in visitor spend occurs across the entire tourism sector in Hepburn Shire, regardless of the location or type of tourism business. Conversely, Technical Report G examined the distribution of businesses, by industry-type and by</li> </ul>	<p>Services ANZSIC industries as the only industries included in tourism in the economic analysis to include most retail sector businesses, many construction and agriculture businesses, and the home-based businesses of the one in ten private residences in the Hepburn area offering 932 Airbnbs (one of the highest ratios in Australia).</p> <p>A key difference between the experts is in our judgement of the extent of impacts on businesses that rely on the visual landscape in the very unusual tourism market of Hepburn Shire. Technical Report F. noted that during operation, the Project would alter the character and amenity of locations within the study area by inserting structures into the landscape which may be visible across a wide area (9.2 kms being the theoretical viewshed and between 2 and 4.6kms being potentially visually dominant in the landscape. (page 71). Unlike the production process of other industries, tourists move about by car, bike and foot and when sightseeing so their exposure to the WRL is not limited to fixed tourism sites. Not recognising the strong mobility of tourists is a key problem in the economic analysis, stakeholder consultation and mitigation measures proposed.</p> <p>Technical Report F. also noted that the industrial character and scale of the proposed towers, the audibility of hissing or crackling sounds and perceived health risks from electric and magnetic field emissions (EMF) may also affect the attractiveness of a locality. Importantly, this report also notes that sensitivities may vary considerably depending on the reason for visitation. (page 72)</p> <p>The nature of the activities more heavily undertaken by visitors (wellness, sightseeing, farm gate buys, fine dining on local food) to the Shire ensure greater "sensitivities" and tourism impacts. This striking difference in visitor activities in this Shire was not considered in the economic modelling.</p> <p>My EWS is supported by the submissions to the EES process by Hepburn Shire, Destination Central Victoria (the regional tourism organisation) and the included three opinions of prominent local tourism stakeholders in Hepburn Shire (see Attachment). Hepburn Shire was reported in Technical Report G, as noting that "Tourism is a key part of the Shire's economy and is based on strong associations with the pristine natural environment in the region. The impacts to this perception by the building of the line is a main concern." No doubt some Hepburn locals view the WRL as bringing transformative negative change to the Shire's tourism – but there is a fair</p>

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		<p>reference to whether those businesses were located relatively close to the Project corridor, where economic impacts were expected to be greater.</p> <ul style="list-style-type: none"> <li>Mr Flowers states that reduced visitor spending in Hepburn Shire would reduce employment dependent on tourism by between 2,800-4,800 “one-year jobs” (p. 23 Flowers statement). Using data from TRA, Technical Report G notes that total direct Spa Country Tourism Region employment attributable to tourism in 2021-22 was 2,900 jobs (Figure 19, p.50), and total employment in the Creswick-Daylesford-Ballan SA3 sub-region was 9,702 (Figure 11, p.40).</li> </ul>	<p>gap between my average of 7% per annum for five years and 4% average for 15 years and 10% ongoing.</p> <p>My EWS (page 10) noted the survey of visitors to Hepburn Shire collected at Lake House Daylesford and businesses closer to the WRL corridor. In this survey of 138 respondents, 59% said towers would likely affect whether they would explore the region again. These results need to be viewed cautiously as respondents comfortable with or supportive of the WRL were likely to be underrepresented in survey results.</p> <p>Tourism impacts estimated in my EWS (page 23) are over 20 years. These estimates were derived after allowing for some small positive tourism spending impacts associated with the project during construction. Impacts will apply to both reduced demand for visitation and reduced supply side investment in and resourcing by businesses reliant on tourism in the Shire. The proponent’s modelling does not allow for impacts on the tourism supply side over time which in turn impact tourism demand.</p> <p>On behalf of the proponent, the Economic Impact Assessment does not assess the merits of a project in terms of its costs compared to its benefits (such as the findings of a cost-benefit analysis) or assess whether a project is beneficial from a community welfare perspective.</p> <p>Quoting Victorian tourism employment data from 2021-22, as all Victorians will painfully recall is not a sound basis for analysing the scale of tourism impacts in a hopefully non-pandemic period. The data from 2023-24 is notably higher with jobs reliant on direct and indirect impacts in the Spa Country region (which parallels Hepburn Shire) of 4,000 jobs.</p>
D. Can impacts be managed or mitigated?	The experts <b>do not agree</b> that the design of the Project and the way it is delivered can potentially ameliorate certain impacts	<p>The physical characteristics of the Project, including its alignment and the location of key components such as sub-stations, are directly relevant to the nature and scale of economic impacts on the tourism sector.</p> <p>Similarly, the method of construction (such as coordination of transport movements) and mitigation strategies (such as visual screening) are potential ways to manage</p>	<p>Not with currently proposed project management and mitigation measures (see also answer to Issue F. below). This would be a different answer with undergrounding.</p> <p>In the estimates on impact provided, I recognised that the impact will be less than I had expected three years ago due to: the NSW connector to the WRL being moved further west; the Hepburn Shire not being included by the State Government in a renewable energy zone; and the project redesign that eliminated the terminal station at the point of the WRL closest to Daylesford.</p>

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	on the tourism sector	or mitigate potential economic impacts, where these cannot be avoided.	In my EWS (page 10) I noted the finding from Destination Central Victoria's EES submission that visitors following their recommended Hepburn Shire villages itinerary near the WRL could see 40–60 towers on their journey.
E. Did the EIA address the impact of potential full or partial undergrounding of the Project?	The experts <b>agree</b> that the EIA did not consider full or partial undergrounding of the Project.	Consistent with a typical approach to economic impact analysis, Technical Report G did not include any analysis relating to the economic feasibility of the Project relative to any alternative, including partial or full undergrounding (see p.17 of Technical Report G).	This omission is less serious than the failure to undertake the more comprehensive analysis of a full cost benefit analysis of the partial or full undergrounding of the WRL and indeed the WRL as proposed.
F. Are the proposed EPRs sufficient and appropriate?	The experts <b>do not agree</b> that proposed EPRs are sufficient and appropriate.	<p>The EPRs recommended in Technical Report G (EC1, EC2 and EC3) were developed to manage or mitigate potential economic impacts of the Project, where they cannot be avoided.</p> <p>EC1 (for businesses which would directly host an easement for the Project) and EC3 (for businesses within 2km of the Project and which rely on the existing character of the natural landscape) are particularly relevant to the tourism sector.</p> <p>The recommended EPRs were developed having regard to the nature of residual impacts anticipated from the Project, and were further refined based on feedback provided by stakeholders during the draft EES consultation process.</p>	<p>Restricting the major EES Business Mitigation and Support Strategy to businesses with WRL easements clearly ignores the far wider impacts on tourism businesses through the Hepburn Shire. EC3 does not promise fair compensation to potentially devastated tourism businesses within 2kms of the WRL with an expiry on more limited and uncertain assistance normally one year after construction concludes. See EWS Attachment, for feedback from two of the tourism businesses very close to the WRL. Technical Appendix F. noted that: from “1-2 kms away the towers are usually visually dominant in the landscape” (page 71). No support is outlined for tourism businesses beyond 2kms from the WRL.</p> <p>In response to the estimated impact on the tourism sector and economy of the Hepburn Shire, it is recommended that supplementary ameliorative actions be mandated.</p> <p>Firstly, fair financial compensation should be available to the most affected tourism businesses and those in the most affected towns heavily reliant on passing tourist trade near the WRL in the Hepburn Shire.</p> <p>Secondly, a fund should be set aside by the WRL proponents for promoting visitation to the Hepburn Shire in the Melbourne market to be managed by Destination Central Victoria. This fund should be \$2 million per annum for the first five years, and then \$1 million per annum for the following 15 years. This would help offset some of the fall in demand expected and counter some of the expected word of mouth problems that face the Shire due to the construction of the WRL.</p>

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			<p>Thirdly, a \$20 million fund should be set aside from the WRL proponents for the Hepburn Shire Council to invest in infrastructure to fortify the wellness/rejuvenation reputation of this destination.</p> <p>In practice, these three proposals are expected to cushion but not fully eliminate the impact of the WRL on the Hepburn Shire economy.</p>
G. Is the economic analysis in the EES adequate?	The experts <b>disagree</b> that Technical Report G adequately addresses impacts on tourism businesses and other businesses close to the Project corridor	<p>The approach to economic impact assessment was informed by the EES Scoping Requirements, which require that the EES identify potential economic effects of the Project, considering direct and indirect consequences on land use, farming and agriculture, other businesses, employment and local and regional economy, as well as potential impacts on tourism within and around the project area.</p> <p>As noted in my expert statement (para 2.4 refers), the focus of my analysis was on the economic impacts associated with the proposed Project, considering its location, scale, physical and energy system impacts and other factors. Inevitably, some judgement is required as to the depth and granularity of analysis of particular impacts on particular industry sectors. I do not agree that tourism impacts were inadequately considered, noting that the contribution of tourism to particular sub-regions in the Study Area was specifically acknowledged, as were potential impacts on tourism businesses.</p>	<p>Beyond the Economic Impact Assessment (EIA) as the quantitative economy-wide analysis, a qualitative assessment of industry-level business impacts was also produced. In brief, the EIA is not an appropriate method for understanding the costs and benefits of a proposal, while the qualitative analysis of industry level benefits was not an appropriate reflection of tourism impacts in Hepburn Shire.</p> <p>In the EIA a too narrow view of the tourism industry was also used which is especially important when the Shire workforce is dominated by reliance on tourism spending (including large impacts on industries such as retail trade). Understandably, the EIA also had a reliance on older data that included the serious COVID impacts on tourism affected industries so the tourism industry was smaller than in more recent data.</p> <p>However, the major problems with the economic analysis were with the qualitative analysis of tourism industry impacts. For example, only considering affected tourism businesses as within 2kms of the WRL despite Technical Report F. comments on visual impacts quoted above.</p> <p>Technical Report G did not investigate the unusual features of visitation and visitors to the Hepburn Shire which make this Shire more acutely susceptible to negative impacts of the WRL.</p> <p>Technical Report G did not allow for the publicity impacts on potential visitation to the Hepburn Shire of protests against and anger towards the WRL project within the Shire, or the risks from word-of-mouth negative marketing from the near 1 million trips to the Hepburn Shire annually by residents from other areas of Victoria to this much-loved part of Victoria.</p>