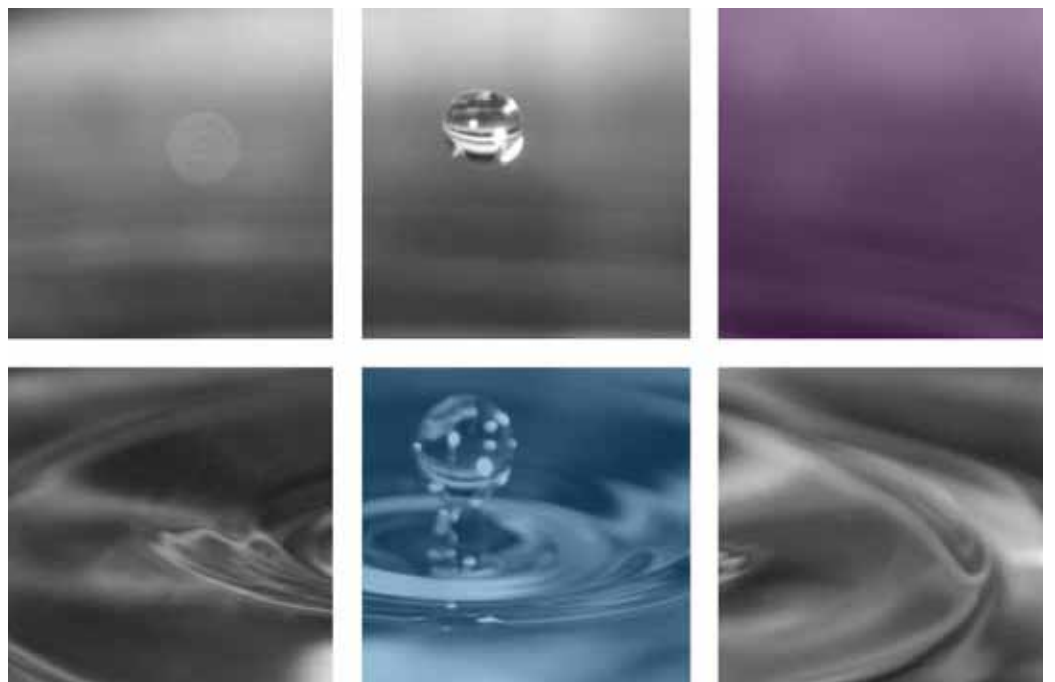




SUGARLOAF PIPELINE ALLIANCE

SOCIO-ECONOMIC AND TOURISM REPORT

FEBRUARY 2008





Document History and Status

Revision	Date issued	Reviewed by	Approved by	Date approved	Revision type
3	15/2/08	Sugarloaf Project Alliance	Sugarloaf Project Alliance	15/2/08	Final

Distribution of Copies

Revision	Copy no	Quantity	Issued to
3	1	2 (1 hard copy and 1 electronic copy)	Victorian Department of Planning and Community Development Victorian Department of Sustainability and Environment Victorian Department of Infrastructure Shire of Yarra Ranges Shire of Murrindindi City of Greater Shepparton Commonwealth Department of Environment, Water, Heritage and the Arts.

Printed:	15 February 2008
Last saved:	15 February 2008 08:54 AM
File name:	I:\VWES\Projects\VW04160\Technical\Planning\Reports\Specialist Reports\V3 - reports for public comment\Final documents\Penultimate\notracked changes 4 pdf\Penultimate_Socio-Economic V3_150208.doc
Author:	Sugarloaf Project Alliance
Project manager:	Alliance Leadership Team
Name of organisation:	Sugarloaf Project Alliance
Name of project:	Sugarloaf Pipeline Project
Name of document:	Socio-Economic and Tourism Report
Document version:	3



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Acknowledgements

We would like to acknowledge assistance in the preparation of this report, in particular the arrangement of meetings and provision of information at short notice from many different people - within the project team, the Councils (Shire of Yarra Ranges and Shire of Murrindindi) and community members who attended the various information meetings and other formal meetings, and spoke with us in person or over the phone.



Abbreviations

ABS	Australian Bureau of Statistics
CFA	Country Fire Authority
CMA	Catchment Management Authority
DPI	Department of Primary Industries
DSE	Department of Sustainability and Environment
EES	Environmental Effects Statement
EMP	Environmental Management Plan
GHD	Gutteridge Haskin & Davey
GL	Gigalitre
ICN	Industry Capability Network
SKM	Sinclair Knight Merz



Limitations

This Report:

- has been prepared by Melbourne Water, GHD Pty Ltd, Sinclair Knight Merz Pty Ltd, and John Holland, the participants in the Sugarloaf Pipeline Alliance (the 'Alliance');
- has been based on information provided up to 8 February 2008;
- has been produced as part of the Sugarloaf Pipeline Project Impact Assessment report and is for the purpose of identifying preferred pipeline corridors and associated management and mitigation measures for the Sugarloaf Pipeline Project.

This Report should not be altered, amended or abbreviated, issued in part or issued incomplete in any matter whatsoever without prior checking and approval by the Sugarloaf Pipeline Alliance. The Alliance expressly disclaims responsibility for any liability which may arise from the issue of this Report in part or incomplete or its modification in any way whatsoever.

It should also be noted that due to time constraints, this Socio-Economic and Tourism Impact Assessment is essentially a desk top, high level assessment of impacts supported by some limited consultation. It has not been possible to undertake the full extent of fieldwork that would be necessary to underpin a comprehensive assessment of economic and tourism impacts. Consequently it has had to rely to a large extent on secondary data sources and limited conversations with peak groups and key individuals in the community.

Because the project development work and technical studies have all proceeded in parallel, key information such as detailed pipeline design information is not available at this stage. Also it has not been possible to completely examine the findings of other specialists (e.g. noise, traffic, cultural heritage) which may have flow on socio-economic and tourism impacts.

An economic impact assessment of the project will be undertaken and reported later when final information on the construction and sourcing process is available.



Executive Summary

The Sugarloaf Pipeline Project aims to deliver additional water supply to Melbourne. The pipeline will transfer 75 gegalitres per year of water from the Goulburn River into the Melbourne water distribution network via Sugarloaf Reservoir in the Yarra Ranges. Water for the Sugarloaf Pipeline will be sourced from savings achieved through the Food Bowl Modernisation Project, which involves modernisation of irrigation infrastructure in the Goulburn-Murray Irrigation District.

The project will involve the construction and operation of a water pipeline, approximately 70km in length, a Goulburn River intake pump station, a balancing storage and a high lift pump station to deliver water to Sugarloaf Reservoir and associated electrical infrastructure.

This socio-economic and tourism impact assessment has been conducted to identify key economic and tourism issues for the purpose of assisting in the selection of the preferred pipeline corridors. Some potential management and mitigation measures have also been identified which will be incorporated into the Environment Management Plan (and other management plans) for the Sugarloaf Pipeline Project.

This assessment comprises a:

- Brief description of the project in order to set the context for the assessment;
- Description of the key socio-economic and tourism impact assessment categories and applicable assessment criteria;
- Description of the methodology employed to undertake the assessment;
- Description of the existing regional socio-economic and tourism profile and key assets by location along the pipeline corridor within the three municipalities through which the pipeline would pass – namely Shires of Yarra Ranges, Murrindindi and Nillumbik. The bulk of the pipeline passes through the Shires of Yarra Ranges and Murrindindi;
- Description and broad assessment of the potential socio-economic and tourism impacts of the Sugarloaf Pipeline Project within each of the eight sections into which the project corridor has been divided ; and
- Set of proposed mitigation measures to overcome identified impacts.

Due to the nature of the regional economy and the current social climate in which the Sugarloaf Pipeline Project is to be constructed and operated, any of the pipeline corridors will have direct and indirect socio-economic and tourism impacts. These will vary by location and across the time horizon of the project in specific locations. As such, consideration will be given to planning the construction program to take into account seasonal issues to minimise tourism, recreational and agricultural impacts.



Agriculture is a significant regional industry with a total value of some \$303 million (2001 figures) similar to the total tourism expenditure at the time. Due to current climatic and economic conditions the total value of agriculture may be lower than this, currently, with a likely change in value mix.

The project construction has the potential to affect agricultural production but this is unlikely to be significant overall although individual operations could be significantly affected.

Tourism is a significant and growing industry in the region. The project has the potential to affect a significant part of the regional tourism industry directly and indirectly in terms of possible restrictions on access to both individual properties and to key areas of the region and through perceptions of access difficulties and of the project as an incompatible use. This impact is likely to be of limited duration given the timing of the project but residual effects will need to be addressed.

The direct and indirect effects of the project may require the provision of relevant local information during construction to assist visitors to access desired venues and promotional information to encourage tourists to continue to visit the region. In addition, a broader regional marketing campaign may be required post construction.

There are also broader regional strategic considerations including:

- The implications of construction on vineyards, visitor access to wineries and quality of experience and other tourism attractions, particularly in the Dixon Creek district. Consideration will need to be given to whether the project and visitor perceptions of it will reduce visitation to the Dixon Creek attractions while redistributing visitors to the other key winery areas of the Valley along the Maroondah Highway, along the road to Warburton and on the Maroondah Highway, Healesville Yarra Glen Road and then back down the Melba Highway south of Yarra Glen loop. This effect could disadvantage operators in one area of the Valley and advantage others without necessarily disadvantaging the Yarra Valley as a whole. Approaches to mitigate any such effects locally during construction and post construction (if it happens) to ensure that there is no long term impact need to be considered
- Whether there is any potential to spread a range of plant and animal diseases such as phylloxera and Johne's across the region and/or introduce new diseases and, if so, how this can be prevented.
- A similar although less likely impact could occur for the Yea area and Lake Eildon if the direct effects of the project reduce access to Yea at key times or perceptions of the project reduce visitation to Lake Eildon (section 4.1.3)
- The effect of the project construction activities or the perception of their effects on key events such as Grape Grazing Festival and the Melba Festival in the Yarra Valley.



The proposed mitigation measures are as described in the table below. This table also indicates the key socio-economic and tourism impact criteria that have been considered.

Once the detailed construction program is developed, more detailed socio-economic and tourism impacts and detailed mitigation measures will be prepared. From a landowner/business perspective, a general principle of the project design should be to minimise any adverse impacts on property and businesses during construction (both direct impacts and amenity impacts) and minimise any adverse long-term impact on usable property/land and business operations while maximising the beneficial effects on landowners and business.

■ **Table 1 - Mitigation and Management Measures**

Potential Impacts	Mitigation and Management Measures
<p>Impacts on Business/Property owners and Operators</p>	<ul style="list-style-type: none"> ■ Discussions with property owners to find least impact solution in each case including any issues related to the best time to do work where possible ■ Develop positive program to involve local businesses in project including construction, O&M and support such as local accommodation, food services and other services ■ Early information about compensation ■ Reinstatement of any property impacts after works are completed ■ Minimising construction time on any one property ■ Minimising impacts on privacy and security ensuring gates are kept closed etc. ■ Establishment of agreed protocols to prevent the spread and/or introduction of diseases and weeds ■ Discussions on implications of easement what is and is not allowed ■ Minimising the size of the permanent easement required ■ Minimising maintenance requirements on private property and development of suitable access protocols ■ Regular communication with property owners and occupiers before, during and after construction ■ Provide access to information/complaints mechanism. This relates to issues under this criterion and the others below ■ Availability of appropriate counselling services in local areas to provide help and advice to any land/business owners under particular stress as a result of the proposal ■ Financial assistance for land/business owners where business income is adversely affected ■ District promotional program during construction (Dixon's Creek/Yarra Valley is open for business) including but not limited to media information on state of play and specific on the ground