Scope Economic Study – King Island

“What is the Economic Forecast for King Island with and without Wind Towers?”

This was a question posed at the Community Meeting held on the 18\textsuperscript{th} March 2013 from the floor (see Appendix 1 for Meeting Report).

Preamble:

King Island takes up the middle third of the Western entrance to Bass Strait, lying between Cape Otway and Cape Grimm. King Island is 65km from north to south and 25km at it widest with a diamond shape. King Island has a population of 1,565 (2011 ABS census); 25 years ago it was approximately 2300.

In November 2012 Hydro Tasmania announced to the King Island community a proposed project known as TasWind. TasWind is a concept being investigated by Hydro Tasmania that would involve constructing a wind farm with around 200 wind turbines on King Island with a connection to Victoria via an undersea High Voltage Direct Current cable. The project is currently in the pre-feasibility phase.

King Island is at a stage where it needs to make a major decision on its direction; other factors influencing this decision also include:

1. The abattoir closed in September 2012 with the loss of approximately 90 direct jobs. This has also led to a downturn of other businesses and a reduction in population. There is a further community cost as farmers now have to ship cattle off the island to abattoirs’ in Tasmania at further cost impost.

2. There has been a decline in dairy production over the last 10 years; with a reduction in the number of dairy farms and an associated decline in production levels of specialist cheeses.

3. Other industries on King Island include:
   - Fishing, mainly crayfish and some abalone.
   - Kelp Industries, who contract harvesters to collect bull kelp from the beaches and employ a small workforce drying and pelletising the kelp for overseas shipment.
   - Tourism has remained fairly constant over the years, with visitor number of between 6-10,000 per annum (details to be confirmed and provided by twCC).

In addition to these factors last year, 2 separate golf course developers purchased land on King Island, with the intent of developing links golf courses targeting the international high end market.

Cape Wickham Golf Course Development:
This development involves the construction of a links golf course and eco-lodge accommodation at Cape Wickham, on the north-western tip of King Island. The facility will be aimed at the top-end market, targeting in particular interstate and international visitors for the stay and play golf market. Proposed visitor numbers in the preliminary stages of operating are in the order of 10-15,000 people per annum, with long term projections of up to 25,000 people per annum. This will not only bring visitors to the Island, but create both direct and indirect employment on the Island.

Ocean Dunes Golf Club Development
The Ocean Dunes Golf Club Development likewise proposes to construct a world class golf links course, in conjunction with a tourism development of 80 holiday units for the play and stay golf market. Ocean Dunes project that the establishment of two world class golf facilities will provide significant economic benefits to the Island. Ocean Dunes project visitor numbers of 8-10,000 per annum by 2015, with the aim of reaching 20,000 visitors per annum over time.
**Deliverables:**

The aim of the study is to provide a socio-economic assessment of ‘What's on the table for King Island with and without wind towers?’

Prospective consultants should provide a proposal for the following work.

1. **Review of Hydro Tasmania list of Economic Benefits and Costs for King Island.**
   Hydro Tasmania has commissioned a socio-economic study to examine potential economic and social costs and benefits to King Island of the TasWind Project. This report is due for release in early April. Appendix 2 contains the scope of the study and the contents page of the report.

   A peer review is required of this report and associated economic benefits and costs to King Island of the TasWind Project.

2. **A socio-economic profile of King Island:**
   Provide a snapshot of the economic forecast for King Island under model 1 (with wind towers) and model 2 (without wind towers) at the following time points / milestones:
   - 5 years (during construction of wind towers)
   - 10 years (post wind tower construction, during operational phase of TasWind project).
   - Post wind towers

3. **An Economic Comparison of both models.**
   Consider population changes, spin off into tourism (with the possibility of 2 high level links golf courses), opportunities as a result of the wind towers etc. Consideration should also be given to the pros and cons of changes to ‘Ports Infrastructure’ and shipping services.

   Where does this place King Island from an economic perspective? How can a small community best prosper?

4. **Presentation to the King Island community.**
   The successful consultant will be asked to present the findings at community meeting(s) and field questions. The report will also be presented in hard copy and electronic form.

   The report should be presented in layman terms so as it is available to all readers. It is expected that the report would be no more than 10 to 15 pages plus appendices and references.

**Timeframes:**

A very tight timeframe for the project is proposed as follows:

- **10th April 2013:** Consultant proposals due by **12 noon** by email to debbidelaney@bigpond.com
- **12th April 2013:** Consultant appointed and project commences
- **W/C 6th May 2013:** Draft Written Report completed
- **10th May 2013:** Final Written Report provided to twCC
- **W/C 13th May 2013:** On Island presentation(s) to King Island community
**Budget:**
In the vicinity of $15 -20,000.
Costs of travelling to the island and day rate may be extra, but should be specified in your proposal.

**Project Management:**
Project Manager:  
John Brewster  
Chair TWCC  
0427875832 /0364611582 or jhbrewster@bigpond.com

Alternative contact:  
Debbi Delaney  
Project Officer  
0427 647505 or debbidelaney@bigpond.com

Milestone reports should be provided to the project manager weekly.

*Terms and Conditions - To be agreed upon.*
Models & Assumptions:

Economic Assumptions:

For the purposes of the study, the following economic assumptions should be made within both of the models:

i. That it is ‘business as usual’ for beef and dairy farming, kelp industries, fishing, dairy production (cheese manufacturing) and mining. That is production levels remains relatively similar to present day levels. CPI should be included in economic analyses. The exception to this assumption is where economic impacts are identifiable as a result of activity within the model. For example if agricultural practices were negatively affected as a result of wind turbine exclusion zones.

ii. Tourism projections should be included in both models, including any associated changes in correlation with the proposed golf course developments.

Model 1. - King Island with the Wind Towers:

As a minimum, this model should consider the positive and negative economic impacts in relation to the following:

- **500 fly in and out workers.** For example the impact on housing, tourism, plane movements, King Island businesses (will supplies be purchased locally), health and social services, volunteer services e.g. Ambulance, SES etc.
- Other services purchased locally to inject money into community e.g. KI Council contract roading; other leveraged opportunities.
- Impact on the King Island Brand (positive and negative).
- Shipping services and infrastructure.
- Wind tower maintenance and decommissioning. Once the wind towers are installed there will be a maintenance crew of 10-15, possibly all or part fly in fly out. What are the economic implications of this? How will decommissioning impact the Island?
- Effects of boom and bust cycle associated with the construction phase of the TasWind Project. That is the initial flurry of activity will abate after a few years; how will this impact the Island?
- Effects on population e.g. comparison with other communities with wind towers such as Toora, Waabra, and Waterloo.
- Effect on land values, future zoning and use restrictions.
- Agricultural practices: Will attenuation zones impact on agricultural practices such as calving, fertiliser application, vermin control (shooting, in particular wallabies), aerial spraying etc. Will this impact economically on agriculture on King Island? If so, how?
- TasWind community fund. What will be the direct and indirect benefits and costs of the fund?
- What are the physical realities of a 200+ wind towers? That is what is the footprint, what materials will be need to be sourced on the Island or imported. What does this mean for King Island; what opportunities and pitfalls exist? For example will our gravel resources be depleted? Will there be business prospects King Island?
- Golf course developments. Will wind towers affect the economics of the proposed developments? If so, how?
Model 2: King Island without the Wind Towers.

As a minimum, this model should consider the positive and negative economic impacts in relation to the following:

- Business as usual with golf links opening up on King Island and the potential flow on benefits. Barnboogle and Lost Farm at Bridport Tasmania are comparable examples of this and could be used as case studies. Examine benefits, costs and flow on effects.
- Does King Island need to preserve its point of difference as a boutique tourist destination with a visual and natural environment unique so close to a major population centre?
- What will be the impact (positive & negative) on the King Island Brand if the wind towers do not go ahead?
- Population projections.
- Shipping services & infrastructure.
- Impact on King Island businesses, for example supermarkets, petrol stations etc.
APPENDIX 1: REPORT COMMUNITY MEETING 18th MARCH 2013

TasWind Consultative Committee - Community Meeting
Monday 18 March 2013

BACKGROUND:
The TasWind Consultative Committee (TWCC) hosted a community meeting at the King Island Town Hall to:
   1. provide an update to the King Island community on the TasWind Project and
   2. to seek feedback from the community.

An update was provided on the following topics:
   1. TasWind Milestones (pre-feasibility is where we are at)
   2. TWCC Terms of Reference (original)
   3. Consultative Committee evolved role (new role)
   4. Proposed TWCC Plan
   5. Feasibility Study Update
   6. Additional information

COMMUNITY FORUM:
A community discussion was held to answer:

   1. As a community, **What INFORMATION do we (you) require to make an informed decision?**
      Prior to the vote regarding the feasibility stage of the TasWind Project

The following lists outcomes from this discussion and prioritisation of information requirements:

<table>
<thead>
<tr>
<th>INFORMATION REQUIRED</th>
<th>Priority (Votes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic issues</td>
<td></td>
</tr>
<tr>
<td>What is the economic forecast for KI with and without the wind towers?</td>
<td>81</td>
</tr>
<tr>
<td>How much will it restrict future development (i.e. construction nearby)?</td>
<td>26</td>
</tr>
<tr>
<td>How much of TasWind $ will come back into the community (% of profit)</td>
<td>18</td>
</tr>
<tr>
<td>What will be the impact on land values (refer to other sites)</td>
<td>14</td>
</tr>
<tr>
<td>What will be the impact on tourism? What will be the effect on accommodation during and after. What do tourist operators think?</td>
<td>13</td>
</tr>
<tr>
<td>Are the golf courses going to continue if TasWind proceeds?</td>
<td>8</td>
</tr>
<tr>
<td>Is this a business that is viable without government subsidies, renewable energy credits etc?</td>
<td>5</td>
</tr>
<tr>
<td>Will a vote “No” damage our “clean green image”?</td>
<td>1</td>
</tr>
<tr>
<td>Where will the workforce be accommodated?</td>
<td>0</td>
</tr>
<tr>
<td>What will be the impact on rates. Positive or negative. Will the towers result in increased rates for those properties with towers on them?</td>
<td>0</td>
</tr>
</tbody>
</table>
**APPENDIX 1: REPORT COMMUNITY MEETING 18th MARCH 2013**

<table>
<thead>
<tr>
<th>Social / Community</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of visual amenity</td>
<td>31</td>
</tr>
<tr>
<td>Does TasWind have an agreement with Tasports for a port upgrade, and how will the tower components be landed on the island</td>
<td>17</td>
</tr>
<tr>
<td>Community vote (not survey) by TasWind re feasibility study. Must include all residents not just rate payers (use electoral role)</td>
<td>15</td>
</tr>
<tr>
<td>What % of the community agreeing to the project will be deemed community consent? (ie 75%)</td>
<td>14</td>
</tr>
<tr>
<td>What effect on the resident population? Will potential residents considering moving to KI be put off?</td>
<td>14</td>
</tr>
<tr>
<td>Can the community benefit for the whole island be negotiated as “a block”??</td>
<td>6</td>
</tr>
<tr>
<td>Will there be a second vote past the feasibility stage seeking a “yes/No” vote from the community</td>
<td>4</td>
</tr>
<tr>
<td>Can we shoot around the towers?</td>
<td>4</td>
</tr>
<tr>
<td>Will there be restrictions on calving stock around towers (to minimise scavenging from sea eagles)?</td>
<td>3</td>
</tr>
<tr>
<td>Will farmers who potentially negotiate an agreement be made to sign a confidentiality agreement. (stick together rather than individuals so not divide and conquer)</td>
<td>3</td>
</tr>
<tr>
<td>What does Clarendon College think of the proposal?</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location / Technical Information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of towers proposed?</td>
<td>10</td>
</tr>
<tr>
<td>Location – where will the towers be sited?</td>
<td>17</td>
</tr>
<tr>
<td>Can we see scale models of the wind farm in relation to the island and topography?</td>
<td>8</td>
</tr>
<tr>
<td>How big will the transmissions lines be? Can they be underground?</td>
<td>6</td>
</tr>
<tr>
<td>Has Hydro considered alternative power systems such as wave power</td>
<td>4</td>
</tr>
<tr>
<td>Are wind towers closing down in other parts of the word? If so what are the reasons?</td>
<td>3</td>
</tr>
<tr>
<td>Lack of information back from Hydro. How serious is Hydro in listening to the community. Hydro not answering questions at public meetings. Only PR.</td>
<td>3</td>
</tr>
<tr>
<td>Are there other technology options available such as larger towers etc. (6 vs. 10 Mw)?</td>
<td>3</td>
</tr>
<tr>
<td>Will the towers affect electronically, other services such as TV, telephone, radio etc?</td>
<td>2</td>
</tr>
<tr>
<td>How much of the island will be covered by wind towers. What will be the attenuation distances or setbacks required?</td>
<td>2</td>
</tr>
<tr>
<td>Larger turbines, smaller land are required?</td>
<td>1</td>
</tr>
<tr>
<td>How long before wind tower technology is superseded by something more efficient, making these towers redundant?</td>
<td>1</td>
</tr>
<tr>
<td>What colour lights on tower – white or red?</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Can the towers be sited in Parks. The answer given to date is no.</td>
<td>17</td>
</tr>
<tr>
<td>Where will they get the 1m metres of gravel from?</td>
<td>13</td>
</tr>
<tr>
<td>What are the biodiversity impacts/threats etc?</td>
<td>6</td>
</tr>
<tr>
<td>What environmental benefits will occur? What reduction in emissions?</td>
<td>5</td>
</tr>
<tr>
<td>Will there be a loss of potential bird tourism industry?</td>
<td>3</td>
</tr>
</tbody>
</table>
Health

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the health impacts on farm animals and possible reduction in farm productivity?</td>
<td>17</td>
</tr>
<tr>
<td>Health impacts</td>
<td>11</td>
</tr>
<tr>
<td>How far will the noise of the turbines carry?</td>
<td>5</td>
</tr>
</tbody>
</table>

Communications

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information delivery ideas – Face book, website, dedicated meetings for younger people, school sessions or debates.</td>
<td>11</td>
</tr>
<tr>
<td>How can we increase the level of input from younger people?</td>
<td>7</td>
</tr>
</tbody>
</table>

The Consultative Committee were requested by the meeting to:
- Seek a written answer from Hydro Tasmania that the community will still be able to have a vote post feasibility study. This was endorsed by the meeting.
- The vote should be by postal vote for the feasibility study to go ahead - ensure those people who are away at the time still get captured and counted.
- Vote from the electoral road and rates base.

Potential Benefits/Positives were discussed as follows:
- Ecotourism
- People and money
- Employment
- Extra fibre optic – better communications (extra people due to increased communications)
- Green energy
- Marketing clean & green power
- Upgrade of Grassy Harbour
- Roads and bridges upgraded
- Increased air transport/planes
- Possible subsidy of power/airfares
- Cheaper rates
- Cheaper freight
- More jobs – wave energy

COMMUNITY DECISIONS:

The following questions were put to the vote:

1. Does the community endorse the revised consultation process / plan (attachment 1)?
   Carried unanimously

2. Does the community endorse the Consultative Committee revised role (attachment 2)?
   Carried unanimously
Attachment 1: Consultative Committee – Consultation Plan

1. April & May Facilitated presentations co-ordinated by Consultative Committee
2. Late May – Facilitated community meetings, co-ordinated by Consultative Committee
3. Early June – Hydro Tas survey/vote re: going to feasibility

Attachment 2: Consultative Committee Proposed Expanded Role

Ongoing role, expanded to also include:
1. To seek UNBIASED information & professional advice
2. INFORMATION DISSEMINATION to community
3. Point of FOCUS for Island
4. Seek ANSWERS that the community wants from Hydro

TasWind Consultative Committee Terms of Reference
(as established by Hydro Tasmania)

1. Represent views of KI Community & seek input from community in the TasWind project
2. Facilitate understanding about TasWind in the KI Community
3. Facilitate a more effective response to matters of importance to the community & TasWind project team.
APPENDIX 2: HYDRO TASMANIA SCOPE OF SOCIO ECONOMIC STUDY

Hydro Tasmania - Scope of Socio Economic Study

Deliverables:

Production of two reports by 16th March that can be used to inform the King Island Community and Hydro Tasmania of potential flow on economic and social benefits and costs.

1. Report for TCC and Hydro Tasmania examining high level potential economic and social costs and benefits to King Island.

2. Recommendations report for Hydro Tasmania to examine:
   a) future options to more precisely quantify potential economic and social costs and benefits.
   b) possible future community consultation approaches and potential methods to maximise economic returns to the island including opportunities and risks.

Other
- input into development of a community consultation survey, to be undertaken in late March 2013.
- meetings with Hydro Tasmania to better define contract scope
- Participation in workshop/s on King Island with TasWind Consultative Committee to understand potential direct and indirect benefits and costs as a result of the TasWind development

Methodology
- attendance at TasWind Consultative Committee.
- meeting with project team
- Collection of data (maximise use of TCC members)
- Analysis of data

Draft report (minus detailed analysis) listing headings of all potential economic and social benefits and costs to King Island from the project, to be presented to Hydro Tasmania by 1 March 2013

Response on draft report from Hydro Tasmania by 5 March 2013.

Final reports presented to Hydro Tasmania by 16 March 2013.
APPENDIX 2: HYDRO TASMANIA SCOPE OF SOCIO ECONOMIC STUDY

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APPENDIX 2: HYDRO TASMANIA SCOPE OF SOCIO ECONOMIC STUDY

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