

# ECONOMIC IMPACT OF THE PROPOSED SMITH BAY DEEP-WATER WHARF

## ECONOMIC IMPACT ASSESSMENT

The Adelaide-based economic consultancy, EconSearch, was commissioned to produce an independent analysis of the economic impact of the proposed Smith Bay deep-water wharf.

The economic impact can be summarised in three key numbers.

**Gross Regional Product (GRP)** measures the net contribution of an activity or industry to the regional economy. Broadly it is the sum of wages and salaries (paid to people who are employed) and profits to business owners.

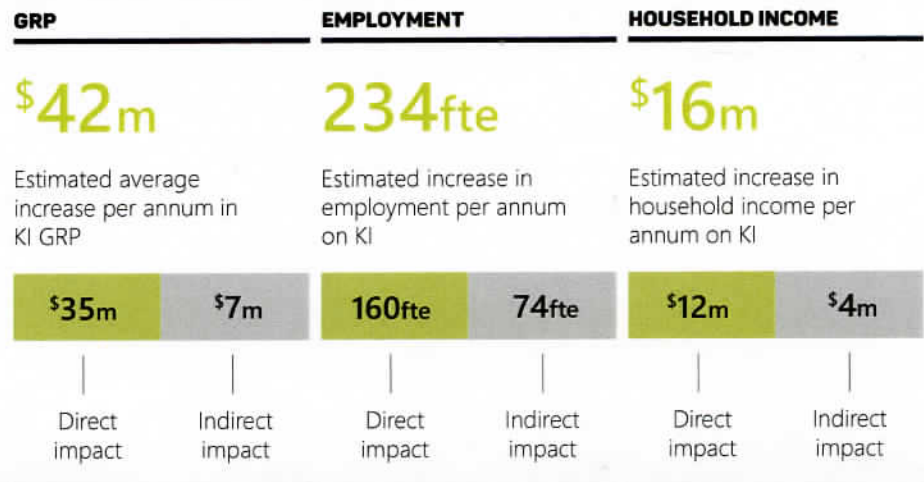
**Employment** which is the number of jobs created, measured as full-time equivalents (fte); two half-time jobs is equivalent to one full-time job.

**Household income** is the income earned by people employed by the project.

This fact sheet, produced by KIPT, summarises key findings from EconSearch's report *Economic Impact of the Smith Bay Wharf* (October 2017).

## IMPACT OF OPERATIONS –

### ON KI OVER THE FIRST 5 YEARS



### TOTAL IMPACT OF OPERATIONS

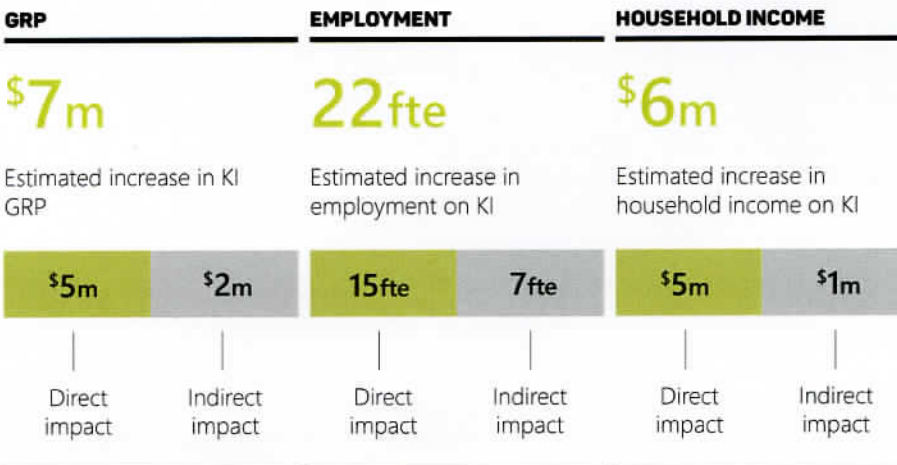


## STRUCTURE OF KANGAROO ISLAND ECONOMY – 2015/16

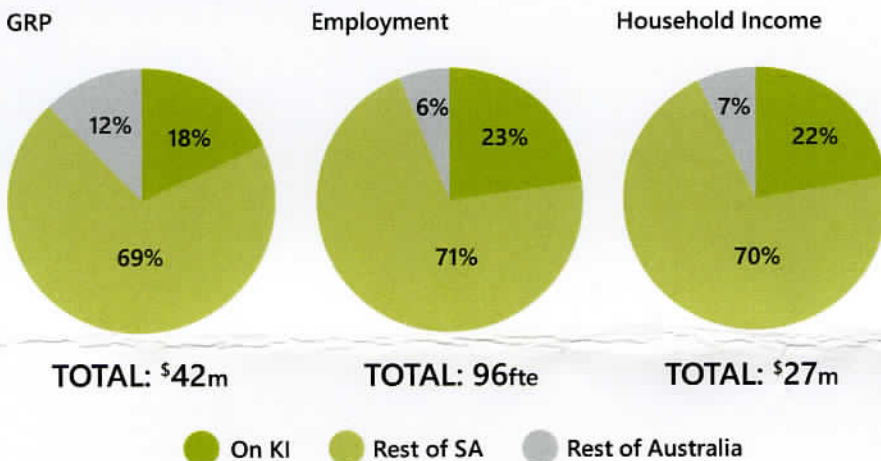
RANK	GRP	EMPLOYMENT	HOUSEHOLD INCOME
1	Agriculture 31%	Agriculture 24%	Agriculture 23%
2	Transport and storage 14%	Retail trade 12%	Transport and storage 15%
3	Ownership of dwellings 6%	Transport and storage 11%	Health and community services 9%
4	Health and community services 5%	Health and community services 9%	Retail trade 9%
5	Retail trade 5%	Accommodation, cafes and restaurants 8%	Professional, scientific and technical services 7%
	Other sectors 40%	Other sectors 33%	Other sectors 37%
<b>TOTAL</b>	<b>\$257m 100%</b>	<b>2300fte 100%</b>	<b>\$133m 100%</b>

# IMPACT OF CONSTRUCTION -

## ON KI



## TOTAL IMPACT OF CONSTRUCTION



# THE RESOURCE

**600,000**

Kangaroo Island Plantation Timbers (KIPT) owns 25,000ha on KI, of which approximately 15,000ha is plantation timber. There is approximately 4.0m tonnes of timber ready to harvest now. The first rotation will yield a sustained average annual harvest of 600,000 tonnes over a 14-year period, which equates to a 7% increase in Australia's timber exports. The second rotation, which grows from the existing root system, will take about 12 years to reach maturity.

**25%**

Western Kangaroo Island has a number of natural advantages, such as high rainfall and low rainfall variability, combined with mild summers and low evaporation rates, which means it is the best location in Australia to grow plantation timber. The rate at which trees grow is around 25% higher than the Green Triangle.

There is no commercially viable means of getting the timber off Kangaroo Island at present. KIPT proposes constructing a deep-water wharf at Smith Bay to export this timber to markets in North Asia. KIPT will fund the entire development, and is not asking for any government funds to build the facility.

## OTHER CONSIDERATIONS AND IMPACTS

**300 POPULATION GROWTH**

Unemployment on KI is low, and labour force participation rates are high. This means many of the jobs created by the Smith Bay project will be filled by people currently not living on KI. It is estimated that at least 60% of the total jobs (140fte) would be filled by people currently living off the island. These people are expected to move to KI, with their families. A conservative estimate of the increase in population on the Island is over 300 persons.

**100 NEW HOUSING DEMAND**

If the majority of households moving to the Island were (directly and indirectly) to create demand for new dwellings, there would likely be upward of 100 additional dwellings required to accommodate this increased population.

## ECONOMIC RESILIENCE

The development of plantation forestry broadens the economic base of the Island. Plantation forestry will not exacerbate the seasonality associated with tourism and agriculture, the other dominant activities on the Island.

## COMPARATIVE ECONOMIC CONTRIBUTION

A comparison of the existing contribution of agriculture, which is the largest industry sector on KI, shows the impact forestry will have on the KI economy.

**\$1931**

**\$569**

The GRP per hectare for forestry (\$1931) would be more than three times the GRP from agriculture (\$569).

**9.0**

**3.9**

The employment per hectare for forestry (9.0) would be more than double that for agriculture (3.9).

**\$683**

**\$220**

The direct household income per hectare (\$683) would be more than three times that of other agriculture (\$220).



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