



South Australian Centre for Economic Studies

Kangaroo Island: Initial Assessment of Economic Impacts of the Transformation Project

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Admiral's Arch: Flinders Chase National Park, Kangaroo Island



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Authors: Associate Professor Michael O'Neil, Executive Director, SA Centre for Economic Studies
Mr Mark Trevithick, Research Economist, SA Centre for Economic Studies

Published by: South Australian Centre for Economic Studies
University of Adelaide
SA 5005
AUSTRALIA
Telephone: (61+8) 8313 5555
Facsimile: (61+8) 8313 4916
Internet: <http://www.adelaide.edu.au/saces>
Email: saces@adelaide.edu.au

Introduction

This study and analysis is the first component in the development of a larger document on Kangaroo Island's Economic Growth including the development of a set of monitoring indicators to report on economic, social and environmental issues.

The Kangaroo Island's Economic Growth project is described as:

"With anticipated population increases, tourism, and economic activity forecast for the Island over the next five years, it will be valuable to determine the current economic situation on the Island, develop projections and assess the capacity of the Island to meet the projected economic needs. This project will establish baseline data on Kangaroo Island's economy, against which economic growth can be measured. The findings of this project will inform the Transformation Project and the potential areas of business development."

As a first step and intended for discussion with business, industry and council, what is reported here is a closer examination of each of the transformation projects that are occurring now, that are planned to occur and/or, where there has been an expression of interest to proceed. The principal purpose is to assess the potential economic impacts and flow on effects of all this activity on sectors of industry, local businesses and the labour market.

A review of all the actual and proposed Transformation Projects highlights the absolute requirement for the development of essential infrastructure, much of which is Federal, State and Local Government responsibility, some of which requires private sector investment and some of which will be required to be covered by "user pay" fees.

The gross impacts predicted for Kangaroo Island from an increase in visitations, tourism, increase in investment, an increase in production of all goods and services, an increase in production inputs and an increase in exports are contingent upon infrastructure improvements, specifically:

- airport (for people, goods and services);
- power (including off the grid, renewables);
- water (notably for the golf course);
- telecommunications;
- environmental impacts (minimise the "bads", maximise the "goods"); and
- sealed main access roads.

The provision of public infrastructure facilitates private investment and subsequent employment, first in the construction phase and then on-going employment. This provides the basis for training and skills development, export, housing, personal and community services. Essential infrastructure is also required to meet the needs opportunities of the local population estimated at 4,513 (2011) to rise to 5,252 (2031). The projections to 2031 provided by DPTI are for a growth rate of 0.77 per cent when the historic growth rate for the past 10 years to 2015 has been below that at 0.49 per cent.

The projects we have reviewed are "key announced and proposed projects" drawn from the document *The Kangaroo Island Economic Development Outlook*. They are the following:

- American River Resort and Marina Wharf Development;
- Feral Animal Eradication Program: Deer, Goat and Cat;
- Golf Course, Club House and Resort;
- Kangaroo Island Airport Upgrade;
- Undersea Cable;
- Wilderness Trail;
- Acacia Apartments;
- Aurora Ozone Hotel;
- Bickfords Distillery Development (Kingscote Wharf);
- Dudley Wines Function Room;
- Emu Bay Housing Development and Holiday Village;
- Forestry Port;
- Kangaroo Island Bike Trail;

- Kingscote Wharf Precinct Development;
- Kangaroo Island Outdoor Action;
- Sunset Winery;
- Penneshaw CWMS.

The objectives of this initial analysis are to provide an informed assessment of the likely impacts of these projects within a broader context of “branding and promoting” Kangaroo Island with an initial broad brush estimate of \$171 million of investment and 300 jobs expected to be created over the next 3-5 years (total calculated in the Transformation Project document). There is a commitment to utilise local contractors and businesses and an understanding that job seekers may need to access skills training to meet the demand for labour. Businesses will be assisted to access labour requirements, to up-skill and to access specialist training to address skill gaps. Training providers and recruitment agencies are directly involved in a broad workforce development program. The Transformation Project is also undertaking development work with groups and representative organisations (e.g. KI Food and Wine Association).

In short, this overview is a “think piece” to:

- provide some numbers on direct jobs created in construction;
- provide some numbers on on-going jobs and what type of jobs;
- ask what new businesses might arise;
- ask what new employment , skills, training demands might arise;
- ask what might a new airport provide;
- ask what industries will be impacted, where opportunities are likely to emerge; and
- identify issues for industry and the community.

Comments on “key announced” projects and “key proposed” projects are included in the following section detailing (where it is known) estimated investment, employment in the construction phase and employment which is on-going.

A comment on gross numbers

The following include projects approved and projects proposed, some with reliable estimates of expenditure on construction and best estimates of ongoing employment; other projects are in the negotiation stage so investment and employment impacts are unknown; still other projects with employment estimates may be above or below the estimate depending upon success in raising the profile of Kangaroo Island, the impact of the airport and tourism numbers.

On balance, SACES estimate is the following based on known variables:

- investment at \$182 million;
- construction impacts in the range 140-180; and
- ongoing impacts being 260-350 (see Jobs created: further analysis below).

The impact of the airport in association with other developments is likely to have a major impact based on past history and recent trends in other regional airports. It is well documented that airports along with telecommunications and energy deliver the greatest services from investment in these types of infrastructure.

Aircraft arrivals and departures to Kingscote fell from 9,044 (1999/00) to 2,142 (2014/15) and passenger numbers declined from 87,354 to 35,665 in the same time period. The decline in passenger numbers was due to the closure of Kendall Airlines, a subsidiary of Ansett Airlines. The reduction in flights and passenger numbers of itself would increase the unit costs of airport operations, all else the same. The Sealink Ferry was then the main form of transport to the Island.

The development of the airport is a major undertaking likely to deliver/to spur greater investment. The first impact will be greater efficiency and lower unit costs. The second impact will be additional aeronautical and non-aeronautical revenue streams. The third impact will be to change the mix of visitations to increase those from international and interstate. Improved customer service will follow from greater diversity of passengers and an increase in actual numbers. In time, as is evidenced by what has occurred in other regional airports, the volume of exports will increase with an associated increase in export facilities (e.g. cold storage, bulk loads) supported by private investment.

Jobs created: further analysis

The planned airport development to enable direct flights to Kangaroo Island, supported by a wider range of accommodation options and activities (e.g. golf, walking and riding trails) will have the benefit of changing the mix of visitations. That is to say, the current origin of visitors to Kangaroo Island from surveys is 42 per cent interstate, 26 per cent overseas and 32 per cent from South Australia. Air travel access will alter these relative shares but it is not possible to be precisely accurate by what percentages. A second factor to consider when estimating the likely growth in air passenger tourism and its impact on employment, is that there is a greater intensity of service employment attributed to overseas and interstate visitations, including and because, visitors require commercial accommodation, they are most likely to not have a car or be visiting friends and relatives. It is well documented that interstate and overseas visitors typically stay longer and spend more (based on TRA and SATC data from NVS and IVS). A third factor is that the airport and associated developments are intended to raise the growth rate of visitations so linear projections are likely to understand impacts.

These three factors – changing mix of visitors, change in the intensity of services demanded and likely higher number of air passengers – imply strong growth in employment.

Table 1 models these three factors and the assumptions behind the three scenarios for the period 2014/15 to 2020/21.

Table 1: Jobs created on Kangaroo Island due to increased tourist visitation, 2014/15 to 2020/21

Scenario	Annual growth in visitation (CAGR: 2014/15 – 2020/21)	Visitors (No.)			Jobs created, 2014/15 – 2020/21 (FTEs)	
		2014/15	2020/21	Increase in visitors (2014/15 – 2020/21)	Lower estimate	Upper estimate
Base case	2.2	197,700	225,275	27,575	70	335
Scenario 1	2.2	197,700	225,275	27,575	81	388
Scenario 2	2.5	197,700	229,271	31,571	93	444
Scenario 3	3.0	197,700	236,064	38,364	112	540

Source: SACES calculations.

The assumptions for the base case are 2.2 per cent compound average growth rate (CAGR) and the origin of visitors does not change. The growth rate is the historical average and the number of visitors is a four year average.

Scenario 1 uses the historical average of visitors but the mix of visitors change; scenarios 2 and 3 retain the changing mix of visitors but the growth rates of visitations are higher (2.5 and 3.0 per cent).

Summary of assumptions for Table 1

- Base Case - 2.2 per cent CAGR in visitation; origin of visitors follows historical average, FTE employment created per visitor same for all origins;
- Scenario 1 - 2.2 per cent CAGR in visitation; share of visitor's from overseas and interstate origins both increase by 4 per cent, FTE employment created per visitor 30 per cent higher for overseas visitors and 15 per cent higher for interstate visitors relative to South Australian visitors;
- Scenario 2 - same as scenario 1 but with a 2.5 per cent CAGR in visitation;
- Scenario 3 - same as scenario 1 but with a 3.0 per cent CAGR in visitation;
- Lower estimate - FTE employment created by additional visitors based upon a tourism employment to visitor ratio of 0.25 FTE jobs per 100 visitors; and
- Upper estimate - FTE employment created by additional visitors based upon a total employment to visitor ratio of 1.2 FTE jobs per 100 visitors.

The lower estimate assumes that increased tourist visitations only directly impacts on tourism related employment (currently approximately 500 in FTE's).

The upper estimate considers total employment impacts (i.e., across all industries where there are currently 2,400 FTE's) and takes into account both direct and indirect impacts from increased visitor numbers including that for some sectors such as retail, food, wine, leisure, entertainment there will be large impacts but other areas of industry of employment there will be no impacts (e.g. forests, wheat, sheep farming).

The most likely employment impact in our view is skewed towards the upper estimate as an increase in interstate and overseas visitors is likely to be achieved, they have higher expenditure patterns, they rely more on commercial services than local visitors, the development projects are designed to extend their stay and offer a greater range of experiences and expenditures (e.g. food, wine, golf, activities).

Key Announced Project

Project	American River Resort and Marina Wharf Development
Overview	<p>A 4-star resort, including a marina at American River has been given major project status by the South Australian Government.</p> <p>The resort is expected to feature:</p> <ul style="list-style-type: none"> • tourist accommodation • function and conference facilities • marine and ferry docking facilities • retail premises • commercial premises • maintenance facilities • 160 hotel rooms with 40 individual villas.
Development Assessment	DA in progress and not yet lodged
Government/Private	Private City and Central Consulting
Funds to be Invested	\$35 million
Estimated Jobs Created: Construction	30-60 (for 12-24 months)
Estimated Jobs Created: On-going	100-160 direct jobs

Broader Impact Assessment

- actual construction labour demand could be higher than 60;
- consideration of on-going staff accommodation (100);
- wharf development (as second stage) to include retail, café, restaurant;
- facilities/maintenance staff with skills/training demand likely in future;
- conference facilities would need top class IT and very good transport links (i.e. work/make this an all-year facility with airport expansion, including charter flights from places other than ADL);
- high speed catamaran might be an attraction, weather conditions permitting;
- increase in local land taxes, lease fees, to Kangaroo Island local government?
- could hold events at marina, e.g. sailing days.

Key Announced Project

Project	Feral Animal Eradication Program: Deer and Goat
Overview	Feral animals devastate natural eco-systems, primary production and impact water quality. Australian Government funds, with in-kind support from the Government of South Australia is working towards a total feral deer and goat eradication on Kangaroo Island. The program is one year from completion, but is progressing successfully.
Development Assessment	Not required
Government/Private	Government Government of South Australia Australian Government Natural Resources Management Kangaroo Island Kangaroo Island Council
Funds to be Invested	\$2.5 million
Estimated Jobs Created:	5 direct jobs in eradication program
Estimated Jobs Created: On-going	1-2 (require ongoing monitoring)

Broader Impact Assessment

- post-eradication, effort to restore natural vegetation, eco-system could provide on-going employment, monitoring by NRM.
- long term monitoring required; as detection of feral animal becomes more difficult with decreasing numbers, monitoring staff 'productivity' will decline (scope for developing job roles)
- various reports raise doubts that a once-and-for-all solution is possible. So, investment may need to be long term, with cost benefits to local (primary) industry and tourism balancing expenses;
- some suggestions to link eradication programs to education programs (tourism);
- prevention of greater damage is principal objective, including protection of native vegetation;

Table 15: Annual cost Impact of Feral Goats (Australia 2004)

Cost Component	Control \$A million	Loss \$A million	Total \$A million
Agricultural Production ^a			
Sheep Production Loss	-	1.85	1.85
Cattle Production Loss	-	2.39	2.39
Management Cost ^b	2.00	0	2.00
Research Cost ^c	1.50	-	1.50
TOTAL COST	3.50	4.23	7.74

a Agricultural production losses are included in this cost component. The gross margin per sheep or head of cattle sold is multiplied by the numbers in each region and the estimated reduced carrying capacity estimates. ABARE (2003) farm level statistics have been utilised to calculate production loss values.

b Management cost taken from Bomford and Hart (2002).

c Research cost taken from Bomford and Hart (2002).

Source: McLeod 2004

- other estimates than in Table 15 are higher. According to a Bureau of Resources Science publication in 1996, at least \$17 million is lost to the Australian sheep industry through competition between feral goats and domestic sheep for water and grazing land." (The State of Queensland, Department of Agriculture and Fisheries, 2015)

Key Announced Project

Project	Golf Course, Club House and Resort
Overview	Development authorisation has been granted by the Government of South Australia for an international golf course and resort on the southeast coast of Kangaroo Island. The golf course development will include a world class, 18 hole championship-length golf course and practice facilities. This development will include a clubhouse with dining and function facilities and 20 twin-bedroom suites.
Development Assessment	Major projects approved
Government/Private	Private Programmed Turnpoint Pty Ltd
Funds to be Invested	\$30 million
Estimated Jobs Created: Construction	25-60 (for 12-24 months)
Estimated Jobs Created: On-going	53-76 direct jobs (course, management, resort, shop)

Broader Impact Assessment

- staff housing as on-going requirement, includes apprentices and trainees;
- conference facilities, formal and informal dining;
- water systems management, irrigation systems;
- new skills in greenkeepers, course management, dining staff, food preparation;
- SACES looked into this as part of the FDI verification exercise for IAA. It was found that the “Public Environmental Report 2015 by PT suggest \$14m investments, 60 construction and 30 FTE ongoing jobs”. This is different from the \$30m investment reported here and also originally obtained by IAA;
- golf courses financial viability would be supplemented by local membership, although course is intended as a world class championship-length course;
- there may be opportunities for ‘themed developments’ that connect the golf course to, say, local culinary industry, including vineries, as proposed for golf course development in the Hunter Valley, NSW;
- “Data obtained from Tourism Research Australia (TRA) indicates in 2011 there were 172,000 international golf tourists, who stayed 11 million nights and spent an estimated \$1.05 billion. This represents an average trip duration of 64 days with daily expenditure of \$95. International golf visitors represent 3.2 per cent of total international visitors.” (from: JBAS 2014 Golf Tourism and Economic Impact Assessment of The Vintage Balance Lands Proposal);
- course maintenance costs have been estimated to be as high as \$1m (incl. two thirds on labour) (from: JBAS *op cit*);
- average driving range revenues estimated at about \$490,000 in 2008 dollars (Source: Australian Golf Industry Council 2010);
- real estate premium/value capture. Housing/residential and hotel developments may spin off;
- likely to boost overnight visitors from Adelaide that expands economic impact.

Key Announced Project

Project	Kangaroo Island Airport Upgrade
Overview	The project proposal includes runway lengthening and strengthening, apron expansion, and an upgrade of the existing terminal. The Kangaroo Island Airport upgrade will enable the airport to accommodate larger aircraft and subsequently allow for direct, non-stop flights from Melbourne, Sydney and Perth to improve access to the Island for tourists and freight. It will also enable businesses and residents on the Island to gain direct flights to major States of Australia.
Development Assessment	Major projects approved
Government/Private	Government Kangaroo Island Council Government of South Australia (\$9m) Australian Government (\$9m)
Funds to be Invested	\$18 million
Estimated Jobs Created: Construction	25 jobs
Estimated Jobs Created: On-going	8-11 direct jobs; 50+ indirect jobs

Broader Impact Assessment (passenger and aircraft arrivals/departures attached)

- allow for larger aircraft and support expanded airfreight capacity;
- to include Visitor Information Centre, car rental hire, airport management and staff;
- tourism data indicates that those travelling by air were more likely to stay overnight so potential additional impact of improved air service;
- air arrivals spend on average \$1,626 relative to sea arrivals \$669;
- contribute to making conference facility plans more viable;
- other potential opportunities include container storage etc.
- recent upgrades made to Port Lincoln Airport were of similar nature to the proposed upgrades for KI Airport - cost of Port Lincoln Airport project approximately \$13m completed in late 2013;
- additional security staff required, possible business development opportunity, alternatively outsource security screening to an appropriate provider, as a result of upgrading Port Lincoln Airport an estimated 20 full-time and part-time passenger baggage and security jobs or 15 FTE positions were expected to be created;
- hire vehicle cleaning and detailing staff, correspondence with Port Lincoln Airport Manager indicates a doubling of hire car usage since the introduction of Q400 (74 seat plane) services creating 4 FTE positions;
- business development opportunity for a café and kiosk facility within new KI Airport terminal, as a result of upgrading Port Lincoln airport an estimated 6 FTE positions were expected to be created;
- possibility of holding catered events and wedding functions at KI resorts. Port Lincoln Hotel function coordinator advises the majority of bookings in 2011 for wedding receptions were couples based in Adelaide which found Port Lincoln cost effective, airfares and accommodation appear not to deter wedding guests;
- industry flow-on effects across accommodation, cafes, restaurants, hotel dining, retail (souvenirs, wine, food, etc.) and hire cars;
- increased activity for tourism operators e.g., sightseeing, hiking, fishing, boating, swimming, cage diving, etc., creates additional demand for tour guides, equipment, supplies, etc.

Number of passengers and aircraft movements (actual Airport traffic data) - see Department of Infrastructure and Regional Development, Airport Traffic Data 1985-86 to 2014-15, March 2016 release.

Table A.1: Passenger arrivals and departures, major regional airports South Australia, 1999/00, 2009/10 and 2014/15 (Data for Figure 1)

Airport	1999/00	2009/10	2014/15
Ceduna	10,345	24,517	21,815
Cooper Pedy	4,493	9,330	8,443
Kingscote	87,354	54,480	35,665
Mount Gambier	74,477	97,085	76,950
Olympic Dam	23,082	60,168	74,346
Port Augusta	9,743	10,107	7,734
Port Lincoln	102,341	168,147	190,853
Whyalla	46,651	62,401	62,850

Table A.2: Aircraft arrivals and departures, major regional airports South Australia, 1999/00, 2009/10 and 2014/15

Airport	1999/00	2009/10	2014/15
Ceduna	838	1,198	1,164
Cooper Pedy	732	570	562
Kingscote	9,044	3,256	2,142
Mount Gambier	7,048	4,459	3,985
Olympic Dam	2,720	1,809	2,234
Port Augusta	1,909	1,182	983
Port Lincoln	5,908	6,803	7,166
Whyalla	4,637	2,730	3,229

The data for Kingscote looks unusually high especially as Sealink was operating the Sealion 2000 ferry and the Island Navigator ferry. If the data is correct it may have been due to the operation of Kendall Airlines (a subsidiary of Ansett) which closed in 2001 when Ansett Airlines collapsed.

Key Announced Project

Project	Undersea Cable
Overview	Kangaroo Island's energy is currently provided through an ageing undersea cable from the mainland. In partnership with SA Power Networks, a submission for the 2015-2020 Regulatory Period has recently been accepted by the Australian Energy Regulator (AER) for the replacement of this cable prior to its failure. SA Power Networks will consider other options for the provision of energy as part of the AER process.
Development Assessment	
Government/Private	Private SA Power Networks
Funds to be Invested	\$45 million
Expected Job Creation	Tbc direct jobs
Estimated Jobs Created: Construction	Unknown
Estimated Jobs Created: On-going	Unknown

Broader Impact Assessment

- basic and essential infrastructure for all industry development, tourism;
- complimentary "green energy" renewable energy projects including storage;
- currently 2,000+kw of electricity generated from solar (25 per cent of businesses and residents using renewables, 700 solar power systems), 50kw at airport, 15kw at council offices;
- further employment: solar installations, battery storage, pilot projects (R&D) for solar, wind, wave, tide, biomass, hydro and smart grid control;
- undersea cable would carry telecommunications infrastructure;
- two-ways flow system so that KI can feed into electricity supply as well as draw from it?
- recent Tasmanian experience with failing supplies suggests the need for continuous monitoring of cable conditions and possible reserve cable presence. So, either additional investment or long-term service staffing or indeed both;
- improvements to reliability of power supply, reduced costs to businesses from power outages due to intermittent supply failures due to the age and current condition of the existing undersea cable;
- backup generators used on KI would require less usage/fuel/maintenance.

Key Announced Project

Project	Wilderness Trail
Overview	Expected to be one of Australia's great walks, this 66km multi-day walk through the Western Parks of Kangaroo Island will be a world-class attraction. The project will provide an anticipated \$4.4 million boost to Kangaroo Island's annual economy. Scheduled to open in October 2016. Estimated to attract an additional 5,000 visitors each year.
Development Assessment	Major projects approved
Government/Private	Government Government of South Australia Australian Government
Funds to be Invested	\$6 million
Estimated Jobs Created: Construction	8-10
Estimated Jobs Created: On-going	20-30 direct and ancillary services jobs, increasing over time

Broader Impact Assessment

- opportunities for tour operators to sell packages; consideration of construction of eco-cabins along the walking trail, renewable technology, waste management system installation;
- overstay accommodation: hiker camps, on-walk hiker lodges (every 6-10km), hotels, motels, high end accommodation (from: Hansen partnership and Tim Nott 2015);
- opportunities for hikers from around the world;
- additional overnight stays compared to current base case may be limited if short walks are promoted and/or facilitated;
- additional development potential (and requirements): safer off-road connections for pedestrians and cyclists;
- tourism and visitor centre jobs likely to increase;
- can be marketed with the proposed Kangaroo Island Bike Trail - attractions which position the island as a destination for exploring/hiking etc.;
- construct campsites, picnic/BBQ/eating areas along track if possible - could also promote the track to schools/youth groups as an excursion/camp style walk (would be competing with areas in the Adelaide Hills offering similar experiences to school groups).

Key Proposed Project

Project	Acacia Apartments
Overview	Acacia Apartments is located in Kingscote, Kangaroo Island. The 4.5-star apartments include ten high-quality, fully equipped self-contained holiday units with adjacent ground floor parking. Facilities include a conference/function room with kitchen facilities, a heated indoor swimming pool and an on-site manager's residence. Opportunities exist to invest in this business.
Development Assessment	
Government/Private	Private
Funds to be Invested	Not known
Expected Job Creation	Not known
Estimated Jobs Created: Construction	Not known
Estimated Jobs Created: On-going	Not known

Broader Impact Assessment

- on-going job creation unknown, no estimate of construction costs, but would generate booking, services and support jobs'
- "opportunities to invest" to expand the complex (land is available that could be built on) or to take a share in the business (perhaps to help with interior upgrade);
- Acacia get high ratings on trip advisor, which may suggest low need for refurbishment despite dated appearance. Scope for additional properties;
- attract visitors to the centre of Kingscote would complement other upgrades and proposed/approved commercial developments around Kingscote and its foreshore e.g., marina, Aurora Ozone Hotel, Bickfords Distillery (Kingscote Wharf) etc;
- disability access is already considered in this proposal.

Key Proposed Project

Project	Aurora Ozone Hotel
Overview	Aurora Ozone Hotel is the original foreshore hotel in Kingscote. Part of the Aurora Group, it is managed by 1834 Hotel Group that operates hotels across Australia. With the recent announcement of the Kangaroo Island Airport Upgrade, the Aurora Ozone Hotel is looking to expand its operation by adding 45 4-star rooms. This would increase the hotel's capacity by between 16-32,000 bed nights per year.
Development Assessment	
Government/Private	Private
Funds to be Invested	\$15 million
Estimated Jobs Created: Construction	Estimate 25-30 jobs in construction
Estimated Jobs Created: On-going	Not known

Broader Impact Assessment

- unknown employment impact but includes all support, service staff, additional food catering/hotel staff;
- currently 77 rooms;
- the proposed development is additional to what's there already;
- additional construction jobs would follow to the extent that existing facilities are upgraded.

Key Proposed Project

Project	Bickfords Distillery Development (Kingscote Wharf)
Overview	An unsolicited bid has been put forward to the Government of South Australia by Bickford's Australia to develop a craft distillery and microbrewery in addition to a visitor and function centre. The old Kingscote Police Station and surrounding lands is the proposed site of the distillery. A business case is currently being developed by the proponents, which would outline this opportunity to expand on Kangaroo Island's food and beverage offerings.
Development Assessment	DA not yet approved
Government/Private	Private Bickford's Australia
Funds to be Invested	Not known
Estimated Jobs Created: Construction	10
Estimated Jobs Created: On-going	4 (potentially few more)

Broader Impact Assessment

- more labour intensive than traditional breweries;
- increasing consumption while beer consumption in Australia falling overall;
- competing with Kangaroo Island Brewery; Kangaroo Island Brewing Company; Island Pure; Drunken Drone, so potential for local product "beer tours" similar to existing wine tours;
- will need restaurant as part of function centre; perhaps additional but separate bar food style service in distillery (e.g. Little Creatures in Fremantle);
- branding strengthened by local product (and 'story'): hops, barley, yeast; construction of malt-house. What can KI agriculture offer as local suppliers of ingredients?
- potential flow-on impact for airport upgrade for anticipated export volumes at least as far as Adelaide;
- brewery/distillery staff, visitor centre, bottling, sales, distribution.

Key Proposed Project

Project	Dudley Wines Function Room
Overview	Dudley Wines are expanding their existing Cellar Door building on Kangaroo Island's stunning north coast to include a function room, extended deck area and kitchen with the capacity to cater for up to 200 people. This project is due to be completed by the end of 2016
Development Assessment	
Government/Private	Private
Funds to be Invested	\$500,00-\$600,000
Estimated Jobs Created: Construction	Minor construction
Estimated Jobs Created: On-going	Expect 4-5 based on additional capacity

Broader Impact Assessment

- kitchen, food beverage staff, who likely require training.
- estimate multiplier effect for 'Never Before Bought Wineries' Wine Brands' through cellar door sales: net gain 4.9 per cent (bought the brand in 6-month period after the cellar door visit) (from: Australian Wine Industry Cellar Door Research Study 2013);
- local merchandise currently sold on site: hand knitted garments, including; wool denim jeans, jumpers, jackets, thermal wool underwear, socks, scarves, hats, beanies, gloves and ugg boots. Potential to increase sale of local products;
- current food options: platters, and SA king prawns, a selection of KI gourmet pizzas and a selection of house made desserts. Gluten free pizza bases available by request; expansion would probably warrant a more diverse menu, more facilities and staff;
- opportunities for local food producers to supply inputs of food products/ingredients, seafood, fish, meat, vegetables, etc., for meals
- "Savvy Sundays"(afternoon entertainment program) – currently first Sunday of month. Jobs for local artists.

Key Proposed Project

Project	Emu Bay Housing Development and Holliday Village
Overview	A housing development is proposed for Emu Bay that would include 82 allotments of 1500m ² , which would be comprised of residential and holiday accommodation. In addition, an adjacent two hectare section of land would be home to a Holiday Village development that would include individual architecturally designed villages, accommodating 200 or more guests. A restaurant, café, health spa and other leisure facilities are expected to be included in the Holiday Village development. Opportunities to use renewable energy sources to power the site would be explored following development approval.
Development Assessment	DA not yet approved
Government/Private	Private Amadio Group
Funds to be Invested	Not costed, scale depends on cost of energy
Estimated Jobs Created: Construction	Not known
Estimated Jobs Created: On-going	Not known

Broader Impact Assessment

- developer currently investigating investment in solar, additional employment from solar installation;
- beach activities: snorkelling, fishing, scuba diving, sailing, 4WD tours;
- Uncertainty around proposed development at time of writing as energy supply is being investigated. No estimate of investment dollars, size and scale;
- attract new residents e.g., retirees;
- increased tourist visitation, market holiday village as weekend getaway for visitors from Adelaide;
- demand for restaurant staff, waiters, cleaners/room service, etc., may require training in food handling preparation, etc.

Key Proposed Project

Project	Feral Cat Eradication Program
Overview	The Kangaroo Island Natural Resource Management Board (KI NRMB), and the Department of Environment, Water and Natural Resources (DEWNR) together known as Natural Resources Kangaroo Island (NRKI) are partnering with the Kangaroo Island Council, and Primary Industries and Regions SA (PIRSA) to deliver a comprehensive feral cat eradication project on Kangaroo Island. The consortium is fully committed to eradicating the Island's federal cats, to improve the Island's sheep industry production and profitability; protect the Island's biodiversity and endangered species; and move towards a cat free Kangaroo Island. This investment will support disease research to determine the economic impacts of cat-borne diseases on Kangaroo Island and establish baseline monitoring programs. The investment will benefit up to 50 native species on Kangaroo Island, ensuring a safe haven for the endangered Kangaroo Island Dunnart and the Hooded Plover.
Development Assessment	
Government/Private	Government Australian Government Government of South Australia Natural Resources Management Kangaroo Island Kangaroo Island Council
Funds to be Invested	Not costed
Estimated Jobs Created: Construction	Not known
Estimated Jobs Created: On-going	Not known – require ongoing monitoring

Broader Impact Assessment

- on-going employment and monitoring staff;
- potential for research, academic visitation, research publication. Researchers would be interested in monitoring and evaluating impacts;
- “The economic impact of feral cats has been estimated at \$2 million per year, divided equally between management costs and research costs (McLeod 2004). Environmental impacts of feral cats, based on 18 million feral cats in [Australia](#), each killing eight native birds per year at a value of each bird to the community of \$1, are estimated to cost \$144 million per year (McLeod 2004). No attempt has been made to estimate private landholder expenditure on feral cat control as it is considered to be limited and ad hoc (Hart 2005).” (Source: Department of the Environment, Water, Heritage and the Arts. 2008);
- “Economic costs: The concept of economic welfare was used to estimate costs of production losses. Government and landholder expenditure on pest control and research were also included. Direct costs of foxes, rabbits, wild dogs, feral pigs, birds and mice were examined. The overall direct economic impact of the pest animals was conservatively estimated at \$740 million annually.” (Source: Randall Jones, 2009);
- Indirect benefits to industry of eradication programs tourism may benefit (insofar as tourist understand what are native and what are ‘feral’ animal – and plants);
- Minimal scope for training of personnel required to sustain eradication levels;
- Fencing and culling strategies may create short-term job potential;
- possible reduction of costs to KI livestock farmers due to a reduction in pests and diseases spread from feral cats to domestic livestock (if any).

Key Proposed Project

Project	Forestry Port – Two Proponents
Overview	Kangaroo Island's major forestry operators are considering the development of a port and facilities to accommodate bulk-shipping services to export timber and other Kangaroo Island produce directly from the Island. New Forests and KI Plantations are considering the development of a shared port facility on Kangaroo Island, which will open avenues for freight transport. At this time, the South Australian Government had not received development planning application for this development, nor has such a proposal been declared a major development or project.
Development Assessment	No formal DA lodged
Government/Private	Private New Forests Kangaroo Island Plantations
Funds to be Invested	\$20-30 from two proponents
Estimated Jobs Created: Construction	5-6
Estimated Jobs Created: On-going	40-60 (possibly more re. port operations)

Broader Impact Assessment

Two proponents – KI Plantation Timber and New Forests – where requirement must be for only one port (if approved). Should both or one proceed there will be impact on sealed and unsealed roads with construction and maintenance.

- involve employment at port operations, management, shipping;
- sawmill operations;
- significant construction development, earthworks, labour;
- impact on requirement to seal roads unknown;
- might need a fuel depot;
- heavy machinery warehouse;
- customs services;
- provide an alternative method (or more cost effective method) for bulk transportation of products produced in other KI industries to the mainland market;
- increase trade/exports from KI;
- use to load/export agricultural produce and livestock (create a dual purpose port for timber and primary products).

Key Proposed Project

Project	Kangaroo Island Bike Trail
Overview	Plans to develop a bike trail which circumnavigates Kangaroo Island's 540km coastline are being explored. This would be made up of smaller loops of spectacular coastline and scenery amidst an abundance of rare flora and fauna. The trail would take 5-10 days to complete and would link current popular tourist destinations, food and wine attractions, historic and iconic sites, beaches and fishing spots. The trail would be supported by privately owned service providers for food and accommodation including bed and breakfasts, hotels, motels, caravan parks, farm stays as well as new and existing public and National Park camping facilities. The trail would provide excellent opportunities for guided tours and would be open 365 days a year. There would be no charges to use the trail.
Development Assessment	
Government/Private	Government Government of South Australia
Funds to be Invested	Not known
Estimated Jobs Created: Construction	Not known
Estimated Jobs Created: On-going	Not known

Broader Impact Assessment

- private business in bike hire, servicing, equipment, then in provision of all services required by trail users;
- bike service depots (with and without staff), bike hire stations, bike drop off points and collection;
- bike shelters;
- signage, cycle paths, phone coverage;
- "tour de kangourou";
- accommodation would need to adapt to cyclists – safe bike storage/garages, bike related equipment;
- drinking water supplies on route; health advice (sun protection).

Key Proposed Project

Project	Kingscote Wharf Precinct Development
Overview	Kingscote Wharf precinct is prime sea-front land in the heart of the Island's main township Kingscote. There are plans to make this State-owned land available for private sector investment, with a number of interested parties already identified. This project has the potential to rejuvenate the heart of the town, with significant opportunities for commercial investment.
Development Assessment	
Government/Private	Government Kangaroo Island Council Government of South Australia
Funds to be Invested	Not known
Estimated Jobs Created: Construction	Not known
Estimated Jobs Created: On-going	Not known

Broader Impact Assessment

- not possible to estimate construction or on-going employment as land use bids/development not known at this time.
- presumably this is aimed at hotels etc., maybe some residential homes.
- Town rejuvenations: restaurants, cultural venues, a flagship can help, mixed commercial area offering a restaurant and/or café, with a small retail shop/s e.g., souvenir shop?;
- investment in commercial precinct could complement the Bickfords Distillery Development (Kingscote Wharf) and Aurora Ozone Hotel upgrade (Kingscote) - if they are all within walking distance.

Key Proposed Project

Project	Kangaroo Island Outdoor Action
Overview	Kangaroo Island Outdoor Action has been operating on the Island since 2007. Providing a range of tourism experiences including sandboarding in the Little Sahara, kayaking at Harriet River, and quad-biking around Vivionne Bay, KI Outdoor Action have won numerous awards including Gold Medals at the South Australian Tourism Awards in the last three years. With over 11 square kilometres of coastal land in the Vivionne Bay area, opportunities exist to invest in this business.
Development Assessment	Already operating
Government/Private	Private
Funds to be Invested	Not known
Estimated Jobs Created: Construction	Not known
Estimated Jobs Created: On-going	Increase as tourism numbers increase

Broader Impact Assessment

- current provider could indicate employment and other impacts as a result of 2007-2015 operations;
- also indicate future development opportunities;
- adventure tourism/theme park would be a natural extension of current activity supported by consideration of accommodation.

Key Proposed Project

Project	Sunset Winery
Overview	Sunset Winery was the first purpose built cellar door winery established on Kangaroo Island, which received a 4.5-star rating from renowned wine critic James Halliday in 2013. Sunset Winery uses fruit sourced from Kangaroo Island vineyards on the Dudley Peninsula and Cygnet River area to produce Sauvignon Blanc, Chardonnay, Sparking Shiraz, Cabernet Sauvignon and Shiraz varieties. Opportunities exist to invest in this business, or to lease the premises for other tourism based enterprises.
Development Assessment	
Government/Private	Private
Funds to be Invested	Not known
Estimated Jobs Created: Construction	Not known
Estimated Jobs Created: On-going	Not known

Broader Impact Assessment

- currently 13 wineries operating on Kangaroo Island. There are a number already offering cellar door. Employment from increased tourism and cellar door promotion, increased income and investment from branding and recognition of KI as an officially recognised wine region;
- 6 of 13 offering cellar door, some by appointment only;
- wine tour potential, bus tour operators;
- potential to include a function centre.

Key Proposed Project

Project	Penneshaw CWMS
Overview	Installation of community waste management system
Development Assessment	Construction tenders called January 2016
Government/Private	Government
Funds to be Invested	
Estimated Jobs Created: Construction	10-12
Estimated Jobs Created: On-going	1-2

Broader Impact Assessment

- recycling, re-use potential for parks, gardens, public facilities;
- might benefit from having a strategy for managing (i.e. keeping clean) proposed walking and bike trails;
- waste-to-energy combustion;
- potential re-use/sale of wastewater to KI businesses (or industry use).

What Else ...?

Increase R&D, Education

- vocational training in expanding occupations based on tourism, food production, population increase;
- vocational training (yes) for population growth and visitation;
- vocation training for research monitoring and reporting in research fields such as marine biology, coastal management, agriculture, aquaculture, viticulture, environment management;
- are there specific research agenda that would attract students (secondary/tertiary), academics, specialists in fields of R&D referred to above?
- facilities include 3 campus for community education, rural production facility at Parndana and trade training centre with at least 7 fields of VET training;
- curriculum and accommodation for international students in agribusiness and food, tourism aquaculture and viticulture.

The Island is conceptually a “self-contained unit” where students (and potential overseas students) can experience and be trained in a variety of industries from agricultural and aquaculture production, livestock through to a diverse range of service industries including food preparation, food and wine service, tourism, marketing and more.

That is to say, it has the potential to package up a very diverse set to training opportunities and experiences that can be accessed easily.

Research

- what is the requirement for a “small kill facility” on KI and with what volume and what cost savings, including then the export promotion opportunity;
- there are estimated 300 farms, 450,000 sheep/lambs and 17,000 head of cattle;
- the potential for R&D employment and investment is significant, including studies into developing industry supply and value chains, including and because, the Island is a self-contained study area.

Business Advisory Services

On-going employment in advisory services large number of small and medium sized business.

Tourism related businesses alone are estimated at 300+ businesses.

Liaison with education providers, developing consistent branding and promotion, capitalise on expected growth of cruise ships.

Remarkable Rocks, Flinders Chase National Park, Kangaroo Island



Image courtesy of Brand Kangaroo Island