PRESS RELEASE
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Forestry to bring 234 jobs, $41m to Kangaroo Island

The forestry industry will create 234 jobs on Kangaroo Island and contribute more than $41 million to its economy annually, according to an economic impact report prepared by EconSearch.

A comparison with other agriculture on the island shows plantation forestry will generate a three-times greater return, more than double the number of jobs, and more than three times the household income per hectare.

Kangaroo Island Plantation Timbers commissioned EconSearch to assess the economic impact of the proposed Smith Bay deep-water wharf on the KI, SA and national economies. The full report will be available as part of the company's Environmental Impact Statement, which is being prepared now and will be released for public consultation.

The report says forestry will create 163 direct jobs and 71 indirect jobs on the island.

"Some of these numbers are higher than we had previously anticipated. It has been an exhaustive process for EconSearch, using their experience as well as the complex modelling prepared by our Director of Operations Graham Holdaway," KIPT Managing Director John Sergeant said.

The report finds that while Kangaroo Island has lower unemployment than the rest of SA, it also has a lower average income, a steeper decline in school enrolments, lower building approvals and its population is ageing more quickly.

The total value of KI exports in 2015-16 was $302 million, of which tourism represents $110 million or 36 per cent. Agriculture exports were worth $106 million and fishing and aquaculture were worth $12 million. From a much smaller land footprint than other agriculture, forestry will contribute about $60 million in exports.

"There are just under 100 people who are unemployed on Kangaroo Island, and given the high labour force participation rates it is likely that many of the jobs created will be taken by people currently not living on Kangaroo Island," Mr Sergeant said.

It is likely that at least 60 per cent of the jobs (140 FTE) will go to people who will move to Kangaroo Island. Assuming an average household size of 2.4 persons, this means an increase in population on the Island of around 336, the report says.

"A strong benefit of jobs in the forestry industry is that they will not be seasonal like tourism and agriculture. These are jobs all year round, which will improve the resilience of the local economy," Mr Sergeant said.

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“The indirect jobs will be spread over a wide range of industries, such as retail, services, teaching, medical and government agencies. They will create demand for housing, improve the ratepayer base for local government and provide participants for all of the island activities, such as sports clubs and volunteer organisations,” Mr Sergeant said.

Jobs in forestry will range from tree-planting, forest and road maintenance to harvesting teams, transport, logistics, administration and materials handling. Head office functions such as accounting, payroll, IT and environmental management will also be sources of job growth for the island.

The construction phase for the Smith Bay wharf is expected to create 22 jobs on Kangaroo Island and 89 total in South Australia.

For more information contact Managing Director John Sergeant 0412 345 359

EconSearch was established in 1995 to provide economic research and consulting services in the agricultural and resource industries throughout Australia and is considered a market leader in the field, used by all levels of government and the private sector.

Table 1: Construction Phase impacts of the proposed Smith Bay Deep-Water Wharf

	Total impacts		
	GRP ($m)	Employment (FTE)	Household income ($m)
Kangaroo Island			
Direct	5.4	15	5.3
Indirect*	2.2	6	1.0
Total	**7.5**	**22**	**6.3**
Rest of SA			
Direct	11.2	30	8.3
Indirect	18.1	38	10.2
Total	**29.4**	**68**	**18.6**
Total SA			
Direct	16.6	45	13.6
Indirect	20.3	44	11.2
Total	**36.9**	**89**	**24.9**
Rest of Australia			
Direct	0.7	0	0.7
Indirect	4.3	5	1.2
Total	**5.1**	**6**	**1.9**
Australia			
Direct	17.3	46	14.3
Indirect	24.7	49	12.5
Total	**42**	**96**	**26.8**

* Indirect is the sum or production induced impacts and consumption induced impacts. *Source: EconSearch*

Table 2: Annual operating phase impacts of the proposed Smith Bay Deep-Water Wharf [1]

	Total impacts		
	GRP ($m)	Employment (FTE)	Household income ($m)
Kangaroo Island			
Direct	34.9	162.9	12.4
Indirect*	6.8	70.7	3.9
Total	**41.7**	**233.6**	**16.2**
Rest of SA			
Indirect	7.2	20.2	4.2
Total	**7.2**	**20.2**	**4.2**
Total South Australia			
Direct	34.9	162.9	12.4
Indirect	14.0	90.9	8.1
Total	**48.9**	**253.8**	**20.4**
Rest of Australia			
Indirect	4.3	13.6	2.1
Total	**4.3**	**6**	**2.1**
Total Australia			
Direct	34.9	162.9	12.4
Indirect	18.3	104.5	10.1
Total	**53.2**	**267.5**	**22.5**

[1] Five-year average. *Source: EconSearch.*

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A socio-economic profile of Kangaroo Island

Population

- The estimated population for KI in 2015/16 (the most recent data) was 4635.
- Over the 13 years to 2015/16 the KI population has grown slowly – 280 people, or 6%, compared with the SA population which has grown 12% in that time.
- The KI population is projected to grow by 16% over the 20 years from 2011, whereas the SA population is projected to grow by about 18%.
- However:
    - the projected increase for persons aged 0-14 years is only 8%
    - the working age population (15-64 years) is expected *to fall* by almost 9%
    - the working age population will decline from 66% of the KI population in 2011 to slightly more than 51% by 2031
    - the 65+ cohort is expected to grow by more than 120%.

Regional migration

- Available data from the last two census (2006 and 2011) shows in-migration of 820 persons across all aged groups, and out-migration of 781 persons, which is a net in-migration of 39.
- Approximately 45% of this movement is between KI and metropolitan Adelaide.
- There were some noticeable differences in the age profile of the in-migration and out-migration groups:
    - The age group 15-24 comprised a smaller proportion of in-bound migrating residents (10%) than out-bound (27%)
    - There was a greater proportion of in-bound migrating residents aged between 25-39 (26%) than out-bound (18%)
    - The 55+ cohort comprised 22% of in-bound, and 18% of out-bound.

Education and training

Since 1996:

- the total number of students enrolled in primary schools on KI decreased by 34%, compared with a decline of only 5% for SA as a whole
- the total number of KI students enrolled in secondary school decreased by 2%, whereas secondary school enrolments increased by 13% for SA.

Employment and labour force

The labour force data covers the 10-year period from the March quarter 2007 to March quarter 2017. It shows:

- **Labour force**:
    - the KI labour force fluctuated over the period, from a low of 2,244 in March 2007 to a high of 2,682 in June 2009
    - there was a relatively sharp increase over the two years from 2007 to 2009, which is evidence to suggest there is scope for a rapid labour-supply response to an increased demand, without leading to significant local wage pressures.
- **Unemployment**:
    - The number of unemployed people on KI fluctuated over the 10-year period from a low of 44 persons in September 2007 to 146 in September 2016.
- **Unemployment rate**:
    - The unemployment rate on KI fluctuated over the period but increased overall, and was estimated to be 3.8% in March 2017.
    - On average, the unemployment rate on KI is lower than the rate for SA.
- **Participation rate**:
    - The labour force participation rate on KI fluctuates but overall shows an increasing trend, whereas the rate for SA is relatively steady, ranging between 61-63%.
    - The participation rate was consistently higher on KI than for SA (e.g. 89% in 2014/15 cf 62% for SA).
    - The relatively high participation rate suggests the increased demand for labour will lead to an increased migration to the Island when harvesting operations begin.

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Household income

- Over the 12-year period from 2004/5 to 2014/15 the proportion taxable individuals (i.e. personal taxpayers who submitted a return with net tax payable of more than $0), compared to non-taxable individuals on KI, decreased from 75% to 67%
- The mean taxable income on KI was lower than the state average over the period in both nominal and real terms; In 2004/5, the mean taxable income on KI was 82.7% of the SA average, and by 2014/15 this proportion had fallen to 81.3%, indicating a worsening of KI's relative position in the state economy.

Building approvals

- Building approvals figures are used as a barometer for the attractiveness of the region to residents and investors. To some extent these figures provide an insight into the status of the regional economy; a sharp increase in dwelling approvals can suggest increased population pressure due to improved opportunities.
- The total number of building approvals on KI decreased from 85 in 2004/5 to just 21 in 2015/15, a fall of 75%. The total value of approvals fell by 57% in the same period, from $12m to $5m; in real terms the decline was 67%.
- A comparison of the two end years shows building approvals in SA increased 16%, and the increase in total value was 69%, or 30% in real terms.

Gross regional product

- GRP on KI was estimated to be $257m in 2015/16, which is 0.3% of the state economy.
- The top six contributors were:
    - agriculture, forestry and fishing (30%)
    - transport, postal and warehousing (14%)
    - ownership of dwellings (6%)
    - health care and social assistance (5%)
    - retail trade (5%)
    - accommodation and food services (5%)

Exports

- The total value KI exports in 2015/16 was $302m, of which tourism represents $110m or 36%. Agriculture exports were worth $106m and aquaculture and fishing were worth $12m.

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