

The Regional Economics of Windfarms

Attention wanders the moment the word "regional" is mentioned. Yet it is precisely the **regional** impact of windfarms that has been overlooked. The **national** impact is and will be low: the cost burden of one minor form of power generation, spread across the entire economy, is a minor impost in a time of prosperity.

Which is of course why windpower attracts little metropolitan attention. It's a tenth-order issue.

The fact that wind is extremely inefficient both in regularity and quantum of supply (15% of rated capacity is typical, not the 30 or 35% claimed by proponents), scarcely raises a metropolitan eyebrow. As all political parties are now in the grip of anthropogenic global warming near-panic, the function of windfarms is purely symbolic. As a leading Green friend of mine emailed me recently, windfarms are 'in your face', and their (agreed) environmental irrelevance was a small price to pay.

Profound hypocrisy lies just beneath the surface here: the severe if localised costs of windfarms are never born by metropolitans. Consider the regular political dramas caused by modest mobile phone towers, suburban shopping developments, house extensions or even the colour of house facades. Such sound and fury is justified as principled defence of hard-won amenity and good planning regulations. Put another way, **their** backyards are heavily defended.

And the protected zone has been quietly extended of late: windfarms began on the coast. Most of the coast is owned by metropolitans, not least politicians. They quickly realised that both their amenity and investment were in imminent danger. We are unlikely to see another windfarm approved on the Victorian coast.

Political pressure has forced windfarms inland, where there is less wind. Nothing could emphasise more the irrelevance of economics to the windfarm debate.

In general, the inland is politically naive and economically weaker. This makes the imposition of windfarms so much easier.

Economic Impact of Inland Windfarms

The chief driver of new inland economic growth is neither tourism nor agriculture: it is the internal migration of metropolitans. In recent years, the movement of relatively affluent city people to the bush has accelerated. In effect, urban capital is transferred to capital-starved rural areas. Often holiday homes or small farms are developed with a view to future retirement. Economically, whether these places are second or first homes is irrelevant: the development occurs regardless. Local business is greatly strengthened and, as the city-country links are enhanced, serial migration occurs. Rural tourism is also a long-term beneficiary.

The rash of windfarms currently proposed or under construction in Victoria targets precisely those poorer rural areas which have benefited most from internal migration: the hill country of Gippsland, the Goldfields and the Western District. Hill country is agriculturally poor but touristically advantaged, and is the prime target for capital-rich urban migrants and second-home builders.

The irony is that just as these backward regions are beginning to prosper, windfarms are destroying value. Both the rural poor in small towns and the new migrants are immediate and heavy losers. Often the only capital the rural poor possess is their house and small parcel of land. Likewise, the prosperous urban migrants often invest the bulk of their savings in their rural enterprise.

The economic effect is twofold: (a) in the short term, there is a catastrophic loss for those close to windfarms. (b) in the long term, if an entire region becomes a windfarm province, small-acreage land prices fall sharply even at considerable distances from windfarms. Tourism also declines. The service towns which depend on new migrants and tourism follow suit.

Contrary to the assertions of proponents, windfarms bring negligible economic benefits to the regions. Beyond the short-term market distortions of the construction phase (which carries serious economic costs to locals), virtually everything is imported- the plant and the very small permanent skilled labour force. Further, there are a mere handful of beneficiaries- ranging from a single landowner to perhaps a dozen for the largest windfarms.

Local government in these poorer regions is not only penurious, but of a very low standard. Councils naively believe that the pittance they receive in windfarm rates will relieve their budgets. They are unaware that in the long term their rate base will erode because of falling land values caused by windfarms.

Windfarms would not exist without subsidy. Windfarms are so hopelessly inefficient that they add to environmental problems rather than solve them. These subsidies create many uncompensated victims. The injustice is palpable, the economics absurd.

The Social Impact of Windfarms

I have personally observed the following in the Victorian Goldfields: bomb threats, death threats, arson threats, verbal abuse, criminal damage, permanently divided communities. A tiny number of people gain windfall profits, while the rest suffer economic loss and loss of amenity. It is a recipe for permanent hatred. And all for

nothing, except the political convenience of urban politicians and their comfortable constituents.

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