

# **BiGGAR Economics**

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## Precognition of Graeme Blackett

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### **BiGGAR Economics**

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## **1 Introduction**

- 1.1 I am Graeme Blackett, Director of BiGGAR Economics. Details of my experience are provided in APP-T-1. The scope of my evidence relates to tourism, recreation and economic impacts.

## **2 Economic Context**

- 2.1 The Moray economy is characterised by high employment, low wage – unemployment levels and wages are lower than the Scottish average (APP-T-1, page 5).
- 2.2 Important sectors in the Moray economy include food and drink, employing 11.5% of the workforce, making the sector five times more important than for Scotland (APP-T-1, page 4).
- 2.3 Recent announcements made by the UK Government present significant challenges for the Moray economy. The public sector is important with 32.6% of jobs (more than 11,000) in public administration, education and health and 5,700 jobs dependent on RAF Kinloss and RAF Lossiemouth (APP-T-1, page 4).
- 2.4 The public spending cuts announced in the recent Comprehensive Spending Review will impact on levels of public sector employment in Moray although details will not become clear until after the Scottish Budget in mid-November.
- 2.5 The recent Strategic Defence Review made announcements which implied the almost certain closure of RAF Kinloss and may also lead to the closure of RAF Lossiemouth.
- 2.6 Diversification, including growth sectors such as renewable energy, is therefore key to the future economic prosperity of Moray. Dorenell Wind Farm presents a significant opportunity for economic diversification.
- 2.7 The local Cabrach area has a declining population and is one of the nation's most geographically remote areas. Transport links, access to services, connections to other communities, qualifications and standards of living are amongst the poorest in the North East. The area is in need of development and regeneration (APP-T-1, page 4). Highlands & Islands Enterprise is committed to employing a Local Development Officer but to have any impact, regeneration funding will also be required.
- 2.8 The public sector spending environment means that the area will have to look to the private sector for investment, particularly since the focus of economic development in Moray over the next few years is likely to be in the coastal areas where the RAF bases are located. Dorenell Wind Farm represents the only realistic opportunity for the area to access the investment required for development and regeneration.

## **3 Tourism**

- 3.1 Tourism is an important contributor to the Moray economy (employing 9.2% of the workforce, the value of tourism to Moray is an estimated £94 million, sustaining over 3,750 jobs) but it is no more important than for Scotland as a whole (APP-T-1, pages 9&10).

- 3.2 At the local level, the Cabrach has failed to invest to attract tourists like many other rural areas of Scotland (APP-T-1, page 4).
- 3.3 Whisky and castles are key drivers for the tourism economy and assets include the Whisky (in Moray) and Castle (in Aberdeenshire) Trails. ZTV analysis has found no significant visual effects on these Trails associated with Dorenell Wind Farm (APP-T-1, page 8).
- 3.4 Impacts on walkers is dealt with in APP-L-2 (at 10.5) where Mr Welch concludes that “in other parts of the country, the coexistence of footpaths and turbines is considered acceptable”.
- 3.5 There is no evidence of impacts on the tourism economy associated with existing wind farms in Moray (including Paul’s Hill Wind Farm, close to the Tormore Distillery and the Whisky Trail) or of impacts associated with Castle Trail visitors from the established wind farms in Aberdeenshire (APP-T-1, page 10).

## **4 Existing Tourism Evidence and Decisions**

- 4.1 A number of surveys and reports have been published that aimed to assess the potential impacts of wind farms on tourism. The report that is referred to in planning guidance is the Moffat Report and, therefore, greatest weight should be placed on this report (APP-T-1, pages 11-12).
- 4.2 It finds that, based on a review of 40 studies from the UK and Ireland and reports from Denmark, Norway, the US, Australia, Sweden and Germany, there is no evidence to suggest a serious negative economic impact of wind farms on tourists.
- 4.3 It includes a worst case scenario of small potential negative impacts at the local level. However, even this marginal negative impact is attributed to two effects, neither of which is relevant to the proposed Dorenell Wind Farm: visibility from tourist routes (impacting on decisions to return) and visibility from accommodation (impacting on prices some tourists might be prepared to pay).
- 4.4 Operational wind farms in Moray including Paul’s Hill and consents (including the Rothes extension and Berry Burn) have been consented without going to public inquiry. In none of these cases did Moray Council consider tourism impacts to be a significant factor in deciding its position (APP-T-1, page 18).
- 4.5 Other inquiries, elsewhere in the country, have found that concerns about negative impacts on tourism have not been considered to be persuasive evidence. This includes cases where important tourist routes have been in close proximity to wind farm sites and cases where objectors argued that wind farm developments could have a harmful effect on the brand image of the area (APP-T-1, pages 18-22).

## **5 Direct and Indirect Economic Impacts Associated with Dorenell Wind Farm**

- 5.1 There is clear evidence that the proposed development has potentially large and wide ranging economic benefits for the economy at a national, Moray and local level. The positive economic benefits expected are summarised in (APP-T-1, pages 23-28). Following the submission of the letter from Infinergy

of 18<sup>th</sup> October 2010, I have undertake some further analysis to quantify the economic impacts, which will include:

- i) the construction of the Dorenell Wind Farm, a large capital investment of around £266 million is expected to generate at least £93 million in direct benefits for the Scottish economy;
- ii) during the construction phase, up to two years, an average of 75 jobs will be available and the developer has committed to maximising the use of local labour (for example, 'meet the buyer' events for local companies);
- iii) the operational phase will sustain 2 to 4 direct jobs for a period of 25 years as well as jobs in suppliers of maintenance services (based on existing wind farms this will support 9 jobs);
- iv) during both the construction and operational phases, the income effect will generate additional income for local businesses. Based on standard induced multipliers this would support 25 jobs during construction and 4 jobs during operation;
- v) Infinergy has committed to relocate its Scottish headquarters to Deveron House on Cabrach Estate, a significant inward investment for rural Moray. Based on the experience of similar companies in Scotland, this could support 15 jobs;
- vi) contributions of £2,000 per installed megawatt (£8.85 million over 25 years) to a community benefit fund to support projects in the local community. On the basis of a conservative assumption that each £50,000 would support a job for a year, this funding would support 5 jobs for 25 years. If match funding is attracted, this would increase to 10 jobs;
- vii) there will be benefits associated with the implementation of the Access Management Plan, including the employment of a warden, employment in the construction and maintenance of paths, the visitor centre and car parks and consequent positive impacts on the tourism economy as a result of the improved recreation facilities and access to the Estate;
- viii) there will be employment impacts associated with the implementation of the Habitat Management Plan, including employment of a wildlife ranger;
- ix) regeneration benefits will include refurbishment of Blackwater Lodge, refurbishment of Deveron House, refurbishment of at least six residential properties for use of those associated with the Dorenell Wind Farm project, refurbishment of at least six residential properties for use as affordable housing and the development of Nether Ardwell. This represents regeneration in the widest sense by providing physical regeneration, affordable housing and employment opportunities. This investment will support an estimated 24 construction jobs, most, if not all of which are expected to be local;
- x) the Wind Farm will deliver tourism development benefits associated with the development of a visitor facility at Nether Ardwell and by attracting and facilitating access to the Estate by investment in paths and be providing car parking for tourists and recreational visitors. Based on a conservative assumption of an additional 10,000 visitors (Glenlivet Estate attracts 20-30,000), this represents a 2.2% increase in day and tourist trips to Moray and so would support 82.5 tourism jobs; and

- xi) non domestic rates, estimated at around £1 million per year, will make a substantial contribution to the cost of delivering public services, at a time where funding cuts are expected.
- 5.2 Overall, this adds up to 124 jobs supported during the construction period of up to 2 years and 126 jobs supported during the 25 year operational period.

## **6 Tourism and Economic Impact Objections**

- 6.1 Moray Council's Inquiry Statement makes reference to the "tourism and amenity value" of the Dorenell site but offers no evidence on the extent of that value or on the impact that Dorenell Wind Farm would make.
- 6.2 The Inquiry Statement from Scotways indicates that evidence will be offered that will "assess the recreational value of the setting to the development" and "make links between the enjoyment of open-air recreation and the tourism economy of the area". However, the report by John W Mackay offers evidence on neither and fails to recognise the benefits to recreation and the tourism economy associated with the implementation of the Access Management Plan.
- 6.3 The Inquiry Statement and Evidence from the Cairngorms National Park Authority offers no objection or evidence on tourism or economic impacts.
- 6.4 The Speyside Business Alliance has submitted a survey of local businesses and a tourism and recreation report by Professor Terry Stevens.
- 6.5 The survey of local businesses (SBA-I-3) is flawed and biased, containing leading questions and questions phrased with opinion presented as fact and presumptive clauses, and should therefore be disregarded.
- 6.6 The report by Professor Stevens (SBA-I-2) offers no evidence of any wind farms developed elsewhere having a negative impact on tourism. The report focuses on the relationship between market position, branding and perception or market motivations. How the development of Dorenell Wind Farm would have a negative impact on perceptions and motivations is not explained and Professor Stevens fails to consider the positive impact that could be made by using wind farm developments such as Dorenell to promote the area as eco-friendly.
- 6.7 Professor Stevens was not concerned about the impact of existing or planned wind farms on tourism when his consultancy was working on the Moray Tourism Audit (APP-T-5 to APP-T-10) since the subject is not referred to in the documents produced by the audit and so it does not seem reasonable to argue now that the development of Dorenell Wind Farm would be a threat to the tourism economy.

## **7 Conclusion**

- 7.1 There is no evidence that existing wind farms (including those in Moray, closer to the Whisky Trail than Dorenell and in Aberdeenshire, closer to the Castle Trail than Dorenell) have had a negative impact on the tourism economy. Where studies have identified potential negative impacts in particular, the Moffat Report's "worst case scenario" demonstrates these are for reasons (visibility from key tourist routes and visitor accommodation) that are not relevant to Dorenell.

- 7.2 There is no evidence that the concerns of objectors relating to the impact on the brand will harm the tourism and food and drink sectors in Moray. On the contrary there is evidence from elsewhere of positive impact associated with using wind energy developments to contribute to an eco-friendly brand image.
- 7.3 If consented, Dorenell Wind Farm will deliver substantial direct and indirect economic benefits. These will include the opportunity to diversify the Moray economy and the delivery of tourism development and regeneration benefits to the local area. Overall, Dorenell Wind Farm will support 124 jobs during the construction period of up to 2 years and 126 jobs during the 25 year operational period.