



STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

31 March 2019



Contents

Key Findings.....	4`
The Structural Challenge for Flinders Council.....	7
The Flinders Island Population Challenge	8
An employment cohort 'Tipping Point'?.....	9
Unemployment and Underemployment.....	11
What This Means for Flinders Island.....	11
Educational profile.....	11
What This Means for Flinders Island Residents	11
What This Means for Flinders Island.....	12
Business Experience.....	12
What That Means for Business on Flinders Island	13
1. PURPOSE OF THIS REVIEW	14
2. CHALLENGES FACING FLINDERS ISLAND	15
2.1. AUSTRALIAN 2016 CENSUS	15
2.2. CHALLENGES FACING FLINDERS ISLAND	16
An ageing population.....	16
Significant community volunteering masks a greater level of underlying disadvantage	16
High transport and travel costs.....	16
Constrained local government revenue raising capability.....	17
3. APPROACH TO THIS REVIEW	18
3.1. DESKTOP RESEARCH	18
3.2. COMMUNITY ENGAGEMENT	18
3.3. SURVEY AND ANALYSIS OF RESULTS	19
4. DETAILED FINDINGS	20
4.1. DEMOGRAPHICS	20
4.2. HOUSING	20
4.3. EDUCATION, TRAINING AND SKILL DEVELOPMENT	23
4.4. LIVELIHOODS	24
4.5. VOLUNTEERING	25
4.6. TRANSPORT, TRAVEL AND FREIGHT	27
4.7. BUSINESS	27
4.8. HEALTH	29
4.9. COST OF LIVING	29
4.10. ARTS.....	31
4.11. AGRICULTURE	32
5. STRATEGY AND INITIATIVES	33
STRATEGY FOR GROWTH AND AN OVERALL IMPROVEMENT IN QUALITY OF LIFE ON FLINDERS ISLAND.....	33
Annexure A: Existing arrangements servicing the Flinders Island community	38
AIR TRANSPORT	38
FREIGHT / SEA TRANSPORT	38
TELECOMMUNICATIONS	38
POWER.....	39
ELECTRICITY COMMUNITY SERVICES OBLIGATIONS	39
WATER COMMUNITY SERVICES OBLIGATIONS	39
HEALTH – MULTI-PURPOSE CENTRE	40
FLINDERS ISLAND – BUSINESSES ON ISLAND.....	40
EDUCATION – FLINDERS ISLAND HIGH SCHOOL.....	41
GOVERNMENT SCHEMES/SUBSIDIES/POLICIES AFFECTING FLINDERS ISLAND.....	42

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND



Flinders Island is one of Australia's unique island communities, in a pristine environment. With a rich heritage including indigenous and European settlement, there are numerous assets that draw original generations and more recent arrivals, and growing numbers of visitors, to Flinders Island and the Furneaux Group.

Flinders Council has been pro-active in investing in data that will help islanders meet some significant predicted future challenges. This Report is one element of Council's prescient work, noting that its focus is on Flinders Island generally rather than on the work that Flinders Council as a local government undertakes to address the various aspects of disadvantage. That said, the report's outcomes aim to focus Council on scoping future work in that regard.

Flinders Island residents value their uniqueness and the opportunities it offers for many of the characteristics that urbanization and larger population centres do not support. A different pace, closer community, housing and lifestyle affordability, and an idyllic environment are cited by many residents as elements of Flinders Island life that they would like to see sustained. However, some of the factors behind these assets are also threats to their sustainability. High costs

of goods, materials, and transport, logistic, skills and access difficulties, choices for young people, and skills and demographic trends are all impacting the shape and sustainability of Flinders Island life. Some people fear local growth will compromise the qualities they value, however FTI Consulting's survey found strong support for the need for population growth.

This Report identifies 5 immediate challenges for consideration by Flinders Council and community.

These are that notwithstanding its many strengths:

- There is a quantifiable disadvantage of between \$346 - \$612/per household per week associated with living on Flinders Island, depending on dwelling structure. This island disadvantage is calculated via a combination of remoteness and scale which is not to date sufficiently addressed by existing official comparative methodologies.¹
- That Flinders Island will need to grow its population if it is to sustain the amenity, quality of life and opportunity it has enjoyed in the past.

¹ Refer to page 5 for more detail

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

- That Flinders Island will likely reach a 'tipping point' in 7 years, in which its own population will not be able to maintain essential public and private services, because its resident working population will reduce to fewer than 472 people.
- The costs of providing services (infrastructure related and social services, residents and visitors, public and private) will grow and Flinders Island will become increasingly dependent on outside resourcing. Government intervention could potentially be a 'last resort', if sustainable structural funding models are not realized and due weight not put on factors of 'remoteness'.
- Developing future opportunities for a sustainable future will require investment in infrastructure, solutions to housing, and innovative approaches to fit-for-purpose regulation.

These findings validate Council's desire to understand the finer grain of the social and economic determinants of future choices for residents.

They provide a basis for immediate engagement with government, regulators and community with the objective of transparent discussion and forward planning, to maintain choices, rather than require reaction, for Flinders Island residents into the middle and long term. These discussions can be entered into with constructive evidence, to underpin proactive approaches to respond to the priorities of the community.

This report expands on these high-level findings and proposes some approaches to address these challenges. Initiatives range from local initiatives, to an agenda for engagement with government.

This Report is undertaken against a backdrop in which Flinders Council's strategic priorities are identified as:

- Population Growth;
- Infrastructure and Services;
- Access and Connectivity;
- Strategic, Efficient and Effective Organisation; and
- Liveability.²

Amongst the findings in this report is the likelihood that in only 12 years' time, a little more than one in 4 people – or 238 individuals - will be under 45 years old.

This projection and its implications for the economic and social sustainability of the Flinders Island community validate Council's inclusion of population growth as a strategic priority.

KEY FINDINGS

FTI Consulting has been commissioned by Flinders Council to undertake this Business Economic and Social Structural Review of Flinders Island.

As a remote island community with a small population, Flinders Island faces many challenges. However, these challenges are not always fully understood by decision makers both on and off the island. In large part, this reflects the fact that there is little data and evidence about the various challenges and the changing dynamics and trends of the Flinders Island economy. While the Australian Bureau of Statistics collects some information about Flinders Island through the Census, this information is not sufficiently detailed or regular to facilitate such an understanding.

The purpose of this Review is to develop a better understanding of day-to-day life on Flinders Island and its current economic context including:

- 1) The goods and services people on Flinders Island need, including the circumstances where additional cost needs to be borne to access them due to the remote island location of their residence on Flinders Island.
- 2) The economic and business environment including for example how compliant Flinders Island businesses are impacted financially and similar by regulations designed primarily for mainland Tasmania and Australia, and their scale.
- 3) Where Flinders Islanders live, how the community sustains itself, its strengths, structure and challenges as well as the age of the population, its access to services, skills and other matters that may be currently 'known' but not properly quantified;
- 4) Assess future risks and trajectories.

This improved understanding should support and inform future planning by Flinders Island and strengthen future advocacy to decision-makers.

² Flinders Council Annual Report 2017-18 <https://www.flinders.tas.gov.au/client-assets/images/Council/Downloads/Annual%20Reports/2017-18%20Annual%20Report%20%20complete.pdf>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

For the first time, this review has identified a much broader set of data than was previously available. It provides a good indication of the issues and challenges facing Flinders Island and provides a foundation for liaising with State and Commonwealth Governments in relation to programs and funding.

Flinders Island boasts comparatively high rates of volunteering and outright home ownership, and low rents and mortgage costs. This is countered by comparatively higher median population age, lower household income, very high utility and fuel costs, and poor digital connectivity.

Future generations will continue to be burdened with the cost of structural fiscal disadvantage if it cannot be corrected. Flinders Council has experienced an underlying deficit over the past 4 years, with its highest point to date in 2018 at just over \$1.5million. Rates and charges contribute only 18% of Council's revenues and Council is reliant on operational and capital grants to finance much of its expenditure.

The structural deficit has worsened over the last 4 years despite rigorous efforts to improve effectiveness and productivity:

- 2018 (\$1,593k)
- 2017 (\$1,124k)
- 2016 (\$1,004k)
- 2015 (\$635k)³

³ Source: Flinders Council General Manager - 7 March 2019

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 1: Comparison between Flinders Island and Australia

Key Characteristic	Notes	Flinders Island	Rest of Australia	Flinders Island compared to rest of Australia
Median Age	1	53 years	38 years	39%
Volunteering – Rate	2	70.14%	37.40%	87%
Identify as Aboriginal or Torres Strait Islander	1	15.90%	2.80%	468%
Married (15 years and over)	1	45.90%	48.10%	-5%
Single	1	31.20%	35.00%	-11%
Homes owned	1	60.20%	65.50%	-8%
Homes owned outright	1	42.80%	31.00%	38%
Median Household Weekly Income	1	\$1,021	\$1,438	-39%
Multiple Occupations	3	43.60%	6.70%	551%
Run their own business	4	36.80%	14.00%	164%
Price per litre of regular unleaded fuel	5	\$187	\$110	70%
Quarterly electricity bill (average)	6	\$696	\$400 (Victoria)	74%
Monthly internet bill (average)	7	\$118	\$89 (Telstra NBN)	33%
Fortnightly rent (median)	1	\$200	\$670	-70%
Fortnightly mortgage (median)	1	\$379	\$878	-57%
Quarterly home insurance (average)	8	\$705	\$311 (Tasmania)	127%
Quarterly vehicle insurance (average)	9	\$433	\$173 (Tasmania)	150%
Notes				
1	Australian Bureau of Statistics 2016, 'Flinders and Cape Barren Islands, Tasmania, and Australia, QuickStats', http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/602031099?open=document			
2	Volunteering Tasmania 2014, 'State of Volunteering Report 2014: The Economic, Social and Cultural Value of Volunteering', https://www.volunteeringtas.org.au/wp-content/uploads/2016/04/SOVR-2014-Full-Report-P-015-15a.pdf			
3	Australian Bureau of Statistics September 2018, 'Australia, Secondary Jobs', http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/6150.0.55.003Main%20Features4September%202018?opendocument&tabname=Summary&prodno=6150.0.55.003&issue=September%202018&num=&view=			
4	Australian Bureau of Statistics 2018, 'New Census data reveals boost in Indigenous business owner managers', http://www.abs.gov.au/ausstats/abs@.nsf/mediareleasesbyReleaseDate/DD5A61C880006117CA25827B00045D3B?OpenDocument			
5	This is the actual price of petrol on 3 January 2019. Comparison outlets are Walker's IGA in Whitemark, Flinders Island and 7/11 in South Melbourne, Victoria			
6	Simon Downes, Canstar Blue 2019, 'What is the average electricity bill', https://www.canstarblue.com.au/electricity/average-electricity-bills/			
7	Telstra, 'Home Broadband Plans', prices as of 24/01/2019, https://www.telstra.com.au/broadband			
8	William Jolly, Canstar Blue 2017, 'What Does Home Insurance Cost in 2017?', average of minimum and maximum home and contents policies taken https://www.canstar.com.au/home-insurance/home-insurance-cost-2017/			
9	Ellie McLachlan, Canstar Blue 2018, 'How Much Does Car Insurance Cost in 2018?', https://www.canstar.com.au/car-insurance/what-does-car-insurance-cost/			

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

THE STRUCTURAL CHALLENGE FOR FLINDERS COUNCIL

As outlined, and despite its attractions, there is a quantifiable weekly socio-economic disadvantage of between \$346 and \$612/per household associated with living on Flinders Island, depending on dwelling structure.

In other words, each individual bears on average the burden of additional costs per year of between \$18,016 – \$31,812 if compared with their counterparts across Australia and misses out on tangible and intangible benefits that are available to many Australians who live in communities and regions with higher population density and more connected geography.

There are many ways to calculate disadvantage but FTI Consulting has adopted a method of comparing median rents and cost of living between Flinders Island and the rest of Australia. This island disadvantage is a combination of remoteness and scale, which is not to date sufficiently addressed by existing official comparative methodologies. Compounding the experience for residents is that:

- The State Grants Commission Tasmania, which determines the allocation of Financial Assistance Grants to local government, uses the ABS Socio-Economic Indexes for Areas (SEIFA) methodology for calculating relative disadvantage, including reference to unemployment. The demands on Flinders Council for which it is the only resource for many community-initiated activities, however strongly volunteer-supported, are not adequately understood in this model.
- Flinders Island's 2016 SEIFA score ranked in the 34th percentile, meaning that Flinders Island residents are disadvantaged compared with the average Australian.

Figure 2: Flinders Island Household Disadvantage vs. Australia

Dwelling Structure	Weekly	Annual
Renting	\$346.46	\$18,015.72
Own home with Mortgage	\$362.51	\$18,850.64
Own home without Mortgage	\$611.76	\$31,811.64

Note: Methodology for disadvantage is taking median rent of Flinders vs Australia and subtracting the costs from Figure 16: Cost of living on Flinders Island and Australia on page 31.

Revenues to Council include Rates and Charges (\$1.65m/18%), and a series of Operational and Capital Grants.

Expenses include to resource facilities for the community that might in a larger population be normally provided by the private sector but are not commercially viable in a population of Flinders size (for example, gym facilities), along with major essential utility infrastructure.

This Report is expected to assist Flinders Council provide the detail lacking in ABS data to describe a more accurate picture of the current and future needs of the Island. Representations are being made to the State Grants Commissioner to create a better balance between measures of social disadvantage, and physical characteristics such as remoteness and number of islands and more material will be provided in due course.⁴

Resident profile

The 2016 Census identified 906 Flinders Island residents. Of these, around 16% (143) were Indigenous people and 763 were Non-Indigenous people. Flinders Island has an older population – with the median age of 53 which is 15 years older than the Australian median. A high proportion of Flinders Island residents are older than 55 (49%) and 65 (27%)⁵. Likewise, a low proportion of residents are aged 5 to 44 (32.49%) compared with the Tasmanian average (47.17%)⁵.

Figure 4 includes information from previous Censuses. It highlights that the number of Flinders Island residents in older age brackets has increased over the last decade:

- The proportion of the population that is 45 years and older has risen from 55 to 62%.
- This rise is mirrored in the 55 years and older and 65 years and older categories, which have risen from 36 to 49% and 17 to 27% respectively.

Coupled with the proportion of Flinders Island residents aged between 5 and 44 decreasing from 39 to 33%, these results highlight the need to encourage young people to move to Flinders Island and retain Flinders residents where possible.

⁴ 2019 Hearings and Visits – Discussion Papers and Conversation Starters Response (From Flinders Council to Pam Marriott, State Grants Commission 1 Feb 2019)

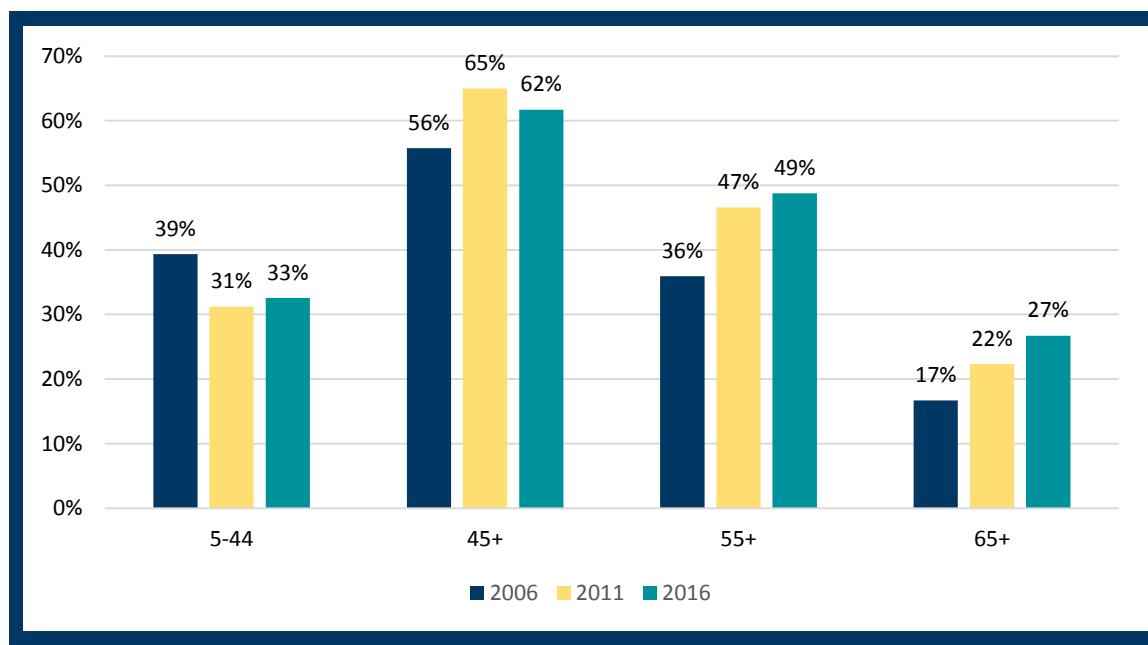
⁵ Australian Bureau of Statistics 2016, 'Flinders and Cape Barren Islands, Tasmania, and Australia, QuickStats', http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/602031099?opendocument

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 3: Flinders Island Age Profile over Time

Age of Flinders Island Resident	2006	2011	2016
5 - 44	39.3%	31.2%	32.6%
45+	55.8%	65.0%	61.7%
55+	35.9%	46.6%	48.8%
65+	16.7%	22.3%	26.7%

Figure 4: Flinders Island Age Distribution



THE FLINDERS ISLAND POPULATION CHALLENGE

FTI Consulting modelled the potential future demographic profile of Flinders Island, based on recent trends.

The following observations from this data have significant implications for the socio-economic health of the community, and its capacity to sustain itself in the face of population loss of an already strained critical mass. It is salient to note that Flinders island currently has a population of 906, compared with King Island whose population is reported to be 1585 with a median age of 47⁶ (compared with a median age of 53 on Flinders). According to trend from previous census data, population is predicted to increase modestly over the next decade. If trends continue, it will rise from 906 in 2016 to, 926 in 2026 and 953 in 2031.

Further challenges are presented by Flinders Island Age Distribution. Modelling (Figure 5, below) shows that if current Flinders Island trends continue over the next 12 years, by 2031:

- More than 40% of people will be 65 and over;
- 67.0% will be 55 and over; and
- 71.1% of the population will be 45 and over.

In only 12 years' time, a little more than just one in 4 people – or 238 individuals - will be under 45 years old.

⁶ Australian Bureau of Statistics 2016, 'King Island 2016 Census QuickStats', accessed at 19 March 2019, https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/604031093

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 5: Flinders Island Age Distribution Projection

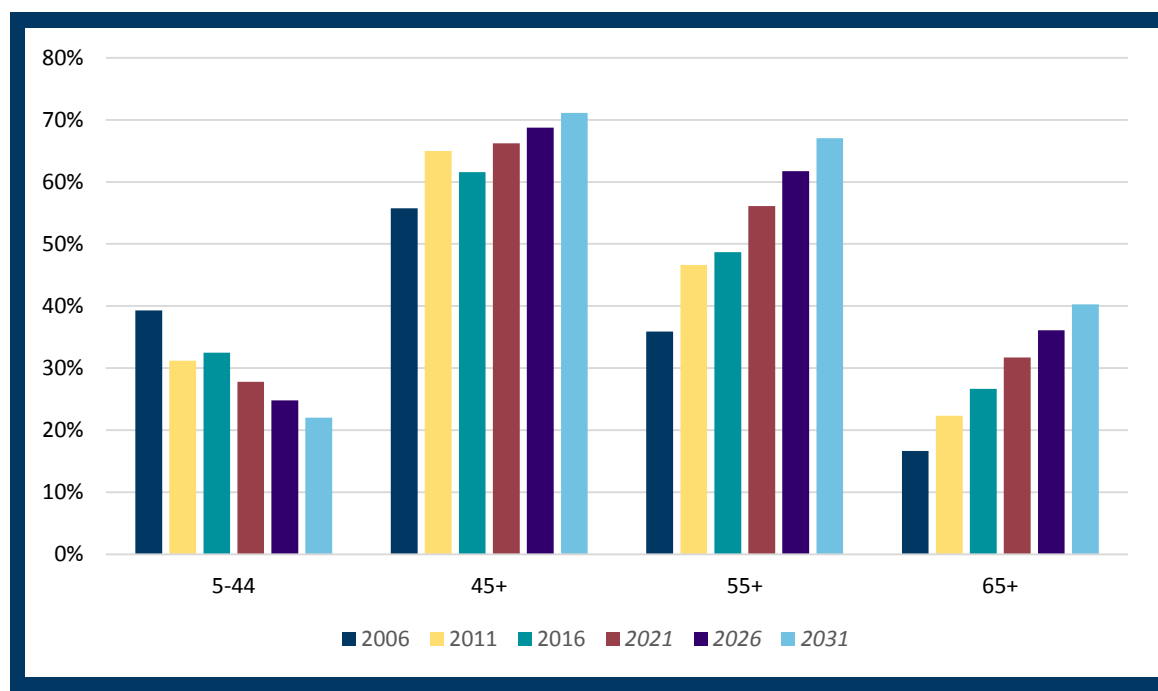


Figure 6: Flinders Island Age Profile into the Future

Age	2006	2011	2016	2021	2026	2031
5 - 44	39.3%	31.2%	32.6%	27.8%	24.8%	22.0%
45+	55.8%	65.0%	61.7%	66.2%	68.7%	71.1%
55+	35.9%	46.6%	48.8%	56.1%	61.7%	67.0%
65+	16.7%	22.3%	26.7%	31.7%	36.1%	40.3%
Population	859	776	906	898	926	953

Note: Future values predicted by linear best fit trend series based on 2006, 2011 and 2016 data.

Compounding the picture is that the average age of retirement for those ages 45 years and over in 2016-17 was 55.3 years. This number jumps to 62.9 for the average age of those who have retired in the last five years.⁷

AN EMPLOYMENT COHORT 'TIPPING POINT'?

These projections are speculative and rely on assumptions which may not eventuate. But they assist to focus on a potential challenge whose early abatement will benefit both the Flinders Island community and stakeholders including government.

The social and community implications of these age distribution projections are clear and are detailed in Section 1: Detailed Findings:

A more specific question may be asked, namely;

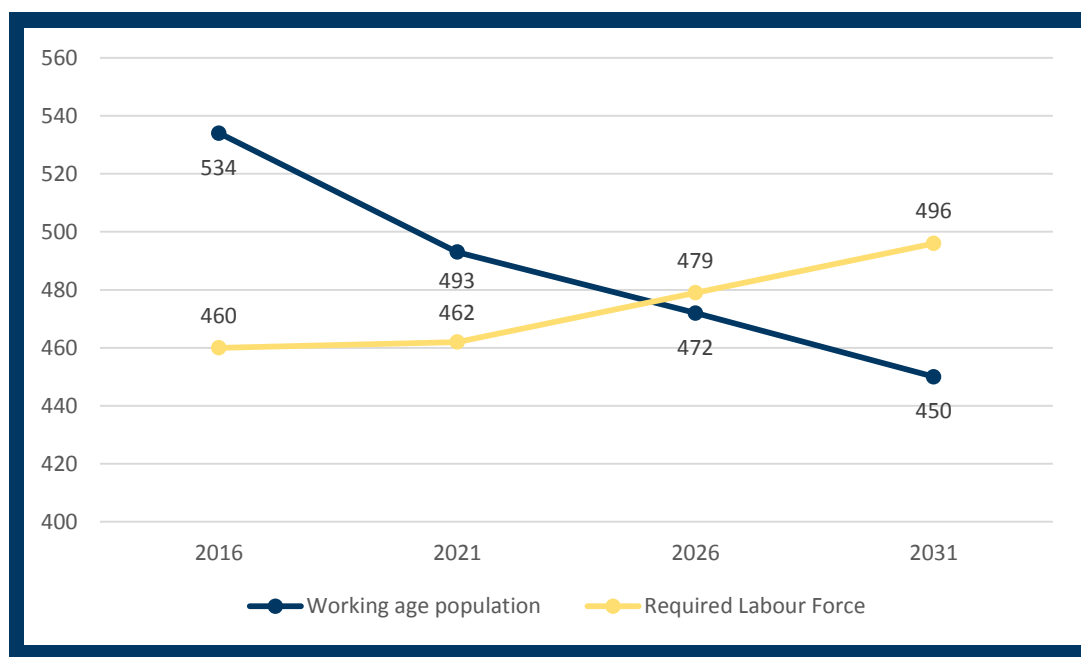
'is there a point at which Flinders Island 'runs out' of a sustainable workforce, if these projections are correct? At what point does a loss of critical mass of local working aged people impact the quality of life and community on the Island?'

Figure 7 (below) shows that if current demographic trends continue, Flinders Island will not be able to sustain essential business and public services beyond 2025.

⁷ Australian Bureau of Statistics 2017, Retirement and Retirement Intention Australia, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6238.0Main+Features1July%202016%20to%20June%202017?OpenDocument>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 7: Flinders Island Working Age Population Projection



The following assumptions have been made in this modelling:

- Natural population growth rates do not change (based on trend from previous three censuses);
- Immigrant (Australian or other new residents to Flinders Island) rates do not change;
- An average age of 65 is applied, meaning that everyone aged 65 and over are retired, and those aged 15-64 are available to join the labour force; and
- The required labour force to maintain the current state on Flinders Island is calculated by multiplying the 2016 participation rate by the number of persons aged 15 and over in each subsequent period.

A tipping point is looming.

In the context of these assumptions, it will be likely that:

- The working age population of Flinders island will drop from 534 to 493 in the next five years.
- By 2026, the working age population (472) will drop below the required labour force (479) needed to support essential service needs and business activity on Flinders Island. This gap will increase to 46 in 2031.
- This will be further impacted by pressures on working aged parents, who have fewer older family members to share family caring roles with (such as informal childcare). This may cause some working aged people to reduce their local workforce engagement.

- This may in turn see more Flinders Island businesses contract.
- This may see the permanent loss of essential services such as those provided by a veterinarian, which may further constrain new investment in agriculture and impact existing industry.
- Essential public services such as hospital, nursing home, and schools may be forced to rely on itinerant or FIFO core staff, at considerable extra cost to governments.
- An increased dependence on FIFO will have downstream impacts on local community social capital and resilience.

If these potential scenarios are to be avoided and managed, engagement is necessary with state and federal government to scope these scenarios and fast track engagement with potential solutions canvassed in Section 5 of this report.

IN SHORT, FLINDERS ISLAND FACES A POTENTIAL TIPPING POINT IN 2026 WHERE THE AVAILABLE WORKFORCE CANNOT SUPPORT THE ESSENTIAL SERVICE NEEDS OF THE COMMUNITY.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

UNEMPLOYMENT AND UNDEREMPLOYMENT

The unemployment rate for Flinders Island residents is 7.4% compared to 6.9% for Australia.⁵ However, 43.68% of those employed work multiple jobs. This suggests there may be a level of underemployment.

Flinders Island residents have an extremely high rate of community volunteering of 70.14%, averaging 5.68 hours per week. This is equivalent to 83 full time employees.

Flinders Island residents face a higher cost of living than on mainland Tasmania.

Residents are also more likely than not support significant growth in the population of the Island at a level which is in the order of 30% growth against the status quo.

Bank financing remains a key barrier to growth, and Flinders Island is at a risk of high servicing costs into the future without this being addressed.

WHAT THIS MEANS FOR FLINDERS ISLAND

The results of the FTI Consulting survey suggest without policy or other actions:

- There are likely to be fewer workforce participants over the next decade as people age and begin to leave the workforce – and this may also lead to businesses struggling to find employees.
- There is an urgent need to attract more residents to Flinders Island (including younger people and people with the right skills).
- Many people attracted to the island are unable to complete a move due to there being no housing available for them to live in or because of bank lending policy toward the island being restrictive.
- There is an acute need to address the housing market issues including those above which represent a significant barrier to people relocating to Flinders Island.
- The very high rates of community volunteering may disguise a degree of disadvantage and economic vulnerability. The current reliance on volunteering may not be sustainable as the population ages and may result in facilities or services which rely on the volunteers being withdrawn. This may have a broader impact on the economy, including core industries such as tourism.

EDUCATIONAL PROFILE

On Flinders Island:

- There are many Flinders Island residents with diploma and degree level qualifications, and many more with certificate level education.
- More than 55% of residents aged 15 years and over have completed year 12 or higher compared with 53.4% in Tasmania, and 62.3 in Australia.⁵
- Of those below high school age, 28.89% plan to attend Flinders District High School (which in 2018 begun to offer a year 11 and 12 syllabus), 31.11% will attend a private school off-island, 20% will attend a government school off-island, and 20% don't know where they will attend high school.
- While Flinders Island residents now have the option to remain on Flinders Island to complete their final years of high school – the decision to send Flinders Island children off-island to complete year 11 and 12 reflects small class sizes and limited choice of subjects.
- The costs of off-island schooling are often significant – particularly where families 'split' temporarily, with one parent moving to another location (such as Launceston) to support their child at school while the other remains on Flinders Island. In this scenario, the direct costs include the cost of the second residence and 'reunion' travel during the year.

WHAT THIS MEANS FOR FLINDERS ISLAND RESIDENTS

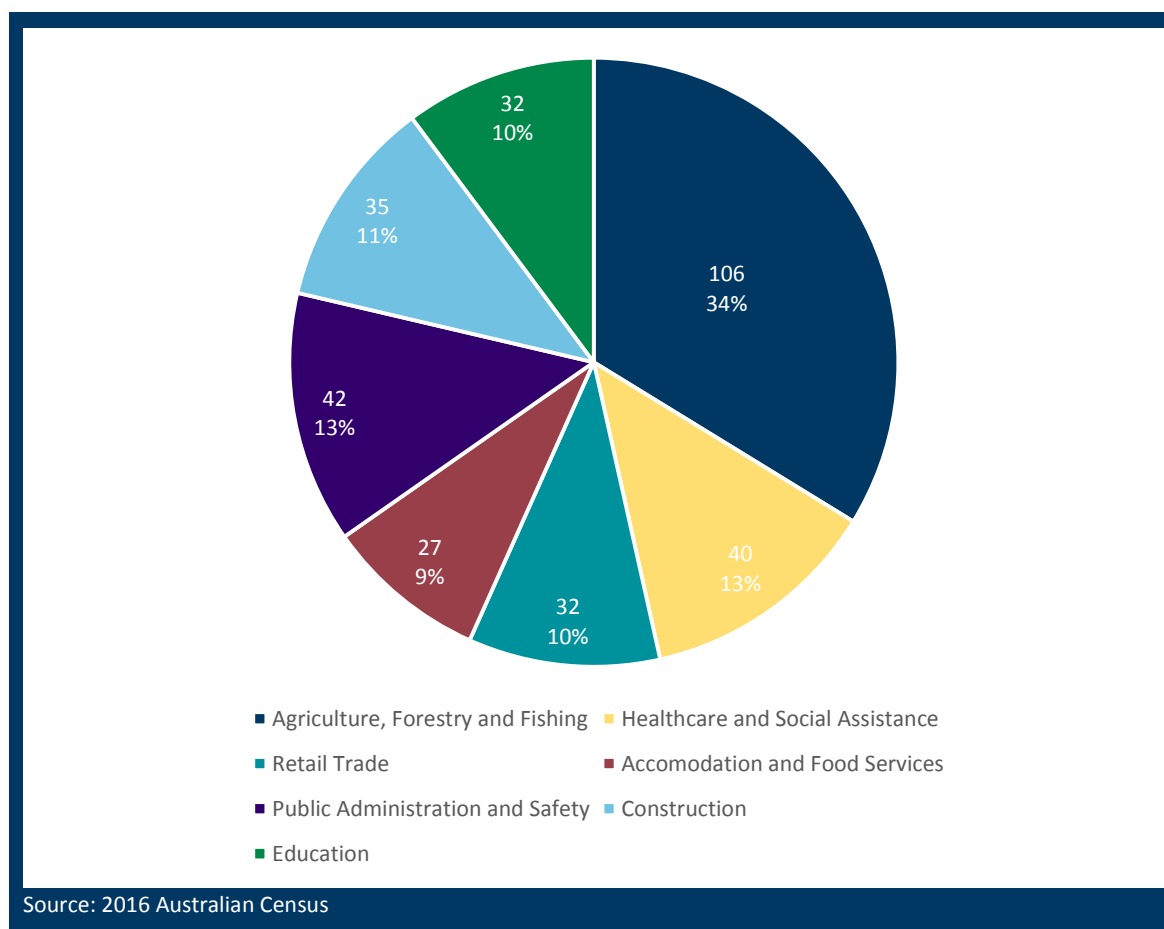
These figures suggest that there are benefits to increasing education and skill development opportunities on Flinders Island which could improve workforce participation and create new employment and business opportunities

WORKFORCE / EMPLOYMENT PROFILE

The 2016 Census indicates that 47.8 per cent of Flinders Island residents (433) were employed. Of those aged 15 years and over – 226 were employed full-time and 165 were employed part-time. A total of 261 people were not in the labour force and a further 35 people were unemployed and looking for work. The high numbers of residents not in the labour force most likely represents the number of retirees. For example, 27% (244) of Flinders Islands residents are over what is often considered the 'typical' Australian retirement age of 65.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 8: Proportion of Flinders Island Residents by Key Employment Sectors



The unemployment rate for Flinders Island residents is 7.4% compared to 6.9% for Australia.⁵ However, 43.68% of those employed work multiple jobs. This suggests there may be a level of underemployment.

This may be due to part time work or businesses failing to provide adequate income to support a household on their own. As the workforce on Flinders Island increasingly retires, it will be important that education and skill development opportunities are available to those who are currently unemployed or underemployed (in particular) and who are looking to take advantage of further employment opportunities.

WHAT THIS MEANS FOR FLINDERS ISLAND

Long-term, stable employment opportunities are required to both prevent people moving away from Flinders Island and to encourage more people to move to Flinders Island. The results presented above show that there are likely to be:

- Fewer workforce participants in the next decade as the largest population group (aged 55+) on Flinders Island retire.

- Emerging skill gaps on Flinders Island as particular specialized professions are among those that retire.

This creates opportunities to both expand existing sectors and emerging industries, and to increase the upskilling and training opportunities for Flinders Island residents.

BUSINESS EXPERIENCE

A range of small and medium sized businesses provide services to Flinders Island residents and more broadly. This includes businesses that focus solely on servicing Flinders Island residents (e.g. supermarkets; hairdressers) as well as businesses that derive most of their income from outside the Island's economy (e.g. professional business consultants, artists). The most recent census data indicates that there were 154 registered businesses on Flinders Island.

The household survey did not seek to validate the above number, though indicated that 36.89% of people (own a business) on Flinders Island drew income from self-employment activities.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

One dynamic worthy of consideration is that many people who derive income from self-employment related activity also work part time as an employee to support their business (or vice versa). The survey indicated that people who run their own enterprise and work another job (42 respondents), 54.84% would prefer to work just for their own business.

There are four core challenges for businesses operating on Flinders Island:

- Limited market size – particularly for business that rely primarily on the local market (43.59% of business owners said limited demand was an issue they faced).
- Cost and time involved in transporting the required materials to operate businesses from either Tasmania or mainland Australia.
- Regulatory regimes designed for either mainland Australia or the main island of Tasmania, and at a scale beyond practical relevance to Flinders Island, at times adding considerable time and cost for compliant businesses.
- Constrained growth in the local market due to the ability to attract more residents. This is in part due to a lack of suitable housing.

Businesses on Flinders Island often experience additional cost associated with regulatory compliance because of their location (see Case Study 4 on page 27). This constrains growth and competition. The considerable extra compliance costs also create a higher risk of non-compliance, which carries various associated costs.

WHAT THAT MEANS FOR BUSINESS ON FLINDERS ISLAND

- There are likely to be opportunities to expand existing sectors.
- Demand for aged services is likely to increase in the years ahead, providing opportunities for those who position themselves to deliver such services.
- Flinders Island businesses often experience additional costs associated with regulatory compliance because of their location. This is anticompetitive and requires attention.

These findings are further detailed in Section 5 of this report.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

1. PURPOSE OF THIS REVIEW

FTI Consulting was commissioned by Flinders Council to undertake this Business Economic and Social Structural Review of Flinders Island.

As a remote island community with a small population, Flinders Island faces many challenges. However, these challenges are not always fully understood by decision makers both on and off the island. In large part, this reflects the fact that there is little data and evidence about the various challenges and the changing dynamics and trends of the Flinders Island economy. While the Australian Bureau of Statistics collects some information about Flinders Island through the Census, this information is not sufficiently detailed or regular to facilitate such an understanding.

Demands on councils are increasing right across Australia. The small population means that Flinders Council has limited scope to support infrastructure, services and programs due to its very limited revenue raising capacity. This means that Flinders Council needs to be strategic about how it plans and delivers long term sustainability for the Flinders Island community, and it needs a robust evidence base to demonstrate the unique challenges and needs of its community.

It is important to the Flinders Island community that it is well understood by others, particularly those that are responsible for making decisions that impact upon the community and its sustainability.

The purpose of this Review is to develop a better understanding of day-to-day life on Flinders Island including:

1. The goods and services people on Flinders Island need, including the circumstances where additional cost needs to be borne to access them due to the remote island location of their residence on Flinders Island.
2. The economic and business environment including for example how compliant Flinders Island businesses are impacted financially and similar by regulations designed primarily for mainland Tasmania and Australia.
3. Where Flinders Islanders live, how the community sustains itself, its strengths, structure and challenges as well as the age of the population, its access to services, skills and other matters that may be currently 'known' but not properly quantified.

For example, the data will assist:

- Education administrators understand the challenges and costs involved with educating children on Flinders Island.
- Policy makers to make decisions about, for example, the extent to which additional funding, infrastructure, services and programs are required to support the community.
- Development of an advocacy program for initiatives to achieve practical regulatory reform to enable continued investment and diversity of economic activity.

The Flinders Island Council's decision to commission this Survey is timely and valuable both for the residents, and for decision-makers. The survey provides finer grained evidence than available in existing public sector data for an 'early warning' of significant challenges that are likely to develop should current trajectories be ignored. Flinders Island Council can now offer real insights into likely scenarios (social and economic) that if realized, will require much greater and costlier intervention and attention than if the opportunity is taken now to set solutions in place.

For the first time, this Review has identified a much broader set of data than was previously available. It provides a good indication of the issues and challenges facing Flinders Island and provides a foundation for liaising with State and Commonwealth Government's in relation to programs and funding.

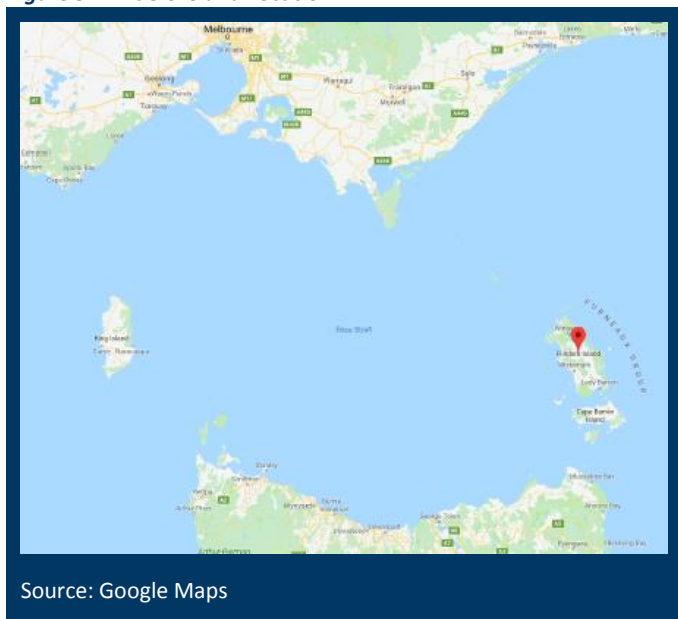
Flinders Council should consider repeating this study again on a regular basis to understand the changing dynamics on Flinders Island, and the impact of any actions or initiatives in response.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

2. CHALLENGES FACING FLINDERS ISLAND

Flinders Island is the largest island in a group of 52 islands collectively known as the Furneaux Group, located in the Bass Strait northeast of Tasmania. In the 2016, population of the Flinders Island was 906. Flinders Island forms part of the state of Tasmania and is managed from a local government perspective by Flinders Council.

Figure 9: Flinders Island Location



Source: Google Maps

The Flinders Municipality generates \$42m through its main industries: agriculture, fishing, accommodation, tourism, and health care.⁸ Education standards and income levels are similar to the Tasmanian average. However, the median age of the Flinders Island population (53) is significantly above the broader Tasmanian (42) and Australian (38) median ages.

There are opportunities for people to move to the region for work. However, expanding industries and employment opportunities is currently restricted by a lack of available, trained staff in the area as well as a lack of available housing on the island.

The future growth of Flinders Island relies on the development of niche products and value-adding to already high-quality primary products. With Flinders Island beef, lamb, wallaby and seafood products increasingly in demand and tourism numbers rising annually, the region is well placed

to continue to steadily grow if the right investment takes place.

The investment may be related to infrastructure, education, skill development, marketing, ensuring the regulatory environment is fair.

The remote island location and small resident population of Flinders Island creates several challenges which are unique from other regional and rural communities in Australia.

Although State and Federal Governments accept that remote island communities such as Flinders Island face significant challenges, it has been difficult to quantify the extent of any disadvantage due to a lack of data and information. As a result, funding for a range of social and community services is often at risk, uncertain or short-term. This has limited the Council's ability to plan for the longer term and to address economic issues – sometimes leading to government intervention to ensure the population's survival.

2.1. AUSTRALIAN 2016 CENSUS

The Australian Bureau of Statistics (ABS) undertakes a Census of Population and Housing every five years that collects key characteristic data on every person in Australia. The last Census was undertaken in 2016 and includes relevant data in relation to the residents of Flinders Island. However, the data is not sufficiently detailed for Flinders Council and the Tasmanian or Australian Governments to make evidenced based decisions in the interest of Flinders Island residents.

Flinders Council is also concerned that the reported ABS data for Flinders Island may not provide an accurate representation. Further, the reported 2016 Census data for the Furneaux Islands includes data from three collection districts in North Eastern Tasmania which compromises the ability to conduct a reliable longitudinal study on the Island.

The ABS' decision in this regard is likely a response to the Australian Government requiring it to identify efficiency dividends. In the case of Flinders Island - especially given its unique status as an outlying island of Australia's own island State, it is likely that the saving that flows from this decision represent a false economy and Council should make its dissatisfaction known in this regard with a view to having the historical collection arrangements restored.

⁸ <https://www.flinders.tas.gov.au/community-profile-id>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

2.2. CHALLENGES FACING FLINDERS ISLAND

Flinders Island faces several significant challenges including:

- An ageing population
- Significant community volunteering masks a greater level of underlying disadvantage
- High transport and travel costs.
- Constrained local government revenue raising capability

These are further discussed below.

AN AGEING POPULATION

Not unlike the national ageing population, it has been noted that there is an increasing section of Flinders Islands' population ageing in situ. This means that many of the people that raised families on the Island call it home for the rest of their lives.

As a result, Flinders Island will increasingly be expected to be friendly to those of an advanced age. A key concern of aged people is quality of life. Housing is important not only because aged people need a secure and comfortable home but also because housing provides social surroundings for aged people to interact with others in the community and live a quality life.

However, planners from both public and private sectors, with the responsibility to provide housing and services for aged population, are divided into two schools of thought: One believes in full integration of the ageing communities for their healthy living, whereas the other supports a built and community environment which specifically caters to their needs.⁹

SIGNIFICANT COMMUNITY VOLUNTEERING MASKS A GREATER LEVEL OF UNDERLYING DISADVANTAGE

A significant volunteering base exists on Flinders Island (which, as a cohort, is also ageing).

Flinders Council has previously noted that an apparent increased cost of living pressure sits alongside an anecdotal reliance on volunteering. This reliance on volunteering effort potentially masks the level of disadvantage in the community.

The study sought to estimate the size and broad financial value of the volunteering base on Flinders Island. This

information should provide an enduring source of data for community groups, Flinders Council and local businesses for use in support of funding applications; the pursuit of business opportunities or any other purpose that is of benefit to and agreed by the Flinders Island community.

Volunteering, although a valuable economic contributor and asset to the social strength and resilience of the community, relies heavily on Flinders Council for logistic and infrastructure support. Volunteer efforts to create facilities that in a larger population would be offered by the private sector, or supported by private sector facilities, have limited options other than Council to assist. This is a cost to Council in the sense of opportunity and maintenance cost in Council resources, which is not recognized in the State Grants Commission formulae.

HIGH TRANSPORT AND TRAVEL COSTS

Transport and travel costs for people living on Flinders Island are high. Residents on Flinders Island face fuel prices that are significantly higher than on mainland Australia. For example, on 4 January 2019, the price of regular unleaded petrol at a petrol station in South Melbourne was 109.90 per litre compared to 186.90 on Flinders Island. Further, it would not be uncommon for Flinders Island residents to have two cars, one on the Island and one on "mainland" Tasmania, which results in double the annual registration fees.

The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) reduces the cost of sending eligible passenger transport across Bass Strait. It is administered by the Australian Government Department of Infrastructure, Regional Development and Cities.

The BSPVES provides drivers of eligible passenger transport with a reduced fare from ferry service operators, who receive reimbursement from ferry service operators. Drivers do not need to apply for the reduced fare, which applies to travel north and south between Flinders Island and Port Welshpool.

As an outlying island of Tasmania, Flinders Council has identified a need to amend the BSPVES to include an intrastate component i.e. between 'mainland' Tasmania and the Furneaux Group. The outcomes of the study would support such action being taken and further discussed in Section 6 of this report.

The Australian Government provides targeted support for aerodrome infrastructure and for air services to remote areas where they are not commercially viable. The funding is provided through the Regional Aviation Access Program (RAAP). Flinders Council recently submitted that the RAAP

⁹ Dr Sivam, Dr Karuppannan 2011, 'Factors Influencing Old Age Persons' Residential Satisfaction: a case study of South Australia', accessed at <https://tasa.org.au/wp-content/uploads/2011/01/Sivam.pdf>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

provides much needed funding to assist with the costs of capital works at the Flinders Island. Council further submitted that it considers it essential that this program continues past the current Round 4 allocation.

The current 1:1 funding split applied within the RAAP is applied regardless of the location or size of the eligible airport. This contrasts with the Australian Government's Building Better Regions Infrastructure Program which classifies Flinders Island as 'very remote' with a 3:1 funding allocation. Flinders Council has argued that allocations should be based on relative disadvantage using an approach like the Commonwealth Grants Commission Equalisation methodology.

CONSTRAINED LOCAL GOVERNMENT REVENUE RAISING CAPABILITY

Local Governments in Australia face several challenges in meeting and financing the needs of their communities. The Productivity Commission's recent review of local government noted that the demands on Local Government are increasing across Australia and their ability to undertake their roles is affected by some degree by restrictions on raising revenue.¹⁰

Flinders Island's island status and population will always require some level of subsidization. The outcomes from this study will support this being at the right level and in the right areas.

¹⁰ Productivity Commission 2017, Local Government, Shifting the Dial: 5-year Productivity Review, Supporting Paper No. 16, Canberra

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

3. APPROACH TO THIS REVIEW

FTI Consulting has taken a structured and consultative approach to this Review which has involved three key elements:

- Desktop research;
- Community engagement (meetings and feedback); and
- Survey and Analysis of Results (including development and administration



3.1. DESKTOP RESEARCH

FTI Consulting undertook comprehensive desktop research to inform the Review and the development of the survey. The desktop research included:

- Developing an understanding of existing arrangements including costs, service arrangements and frequency as well as any subsidies and similar, across a range of sectors including air transport, sea transport (freight), telecommunications, healthcare, education and power and details of the Bass Strait Passenger Vehicle Equalisation Scheme and Tasmanian Freight Equalisation Scheme.
- Reviewing current and historical community records including Flinders Council's Annual Reports, the regular

'Island News' publication as well as other newspaper articles about Flinders Island which provided community and other insights into life on Flinders Island.

- Identifying similar studies undertaken of other small communities and remote areas – including a recent study on Norfolk Island
- Identifying available data and information about Flinders Island demographics, income and employment levels including data published by the Australian Bureau of Statistics.

3.2. COMMUNITY ENGAGEMENT

FTI Consulting visited Flinders Island on several occasions to:

- Develop a first-hand understanding of the unique features and challenges associated with living on Flinders Island. This involved visiting local businesses as well as important community facilities and infrastructure such as the school and a wind-powered-power station.
- Meet with relevant stakeholders and the community. The community meetings assisted in the survey design.
- Test a pilot version of the survey.

The focus groups were assembled across several areas of interest.

Figure 10 (below) provides further detail on the five focus groups formed and their associated scope.

Figure 10: Scope of Flinders Island Focus Groups

Focus Group	Scope
Access	Motor vehicle costs. Air travel frequency and cost. Impact on household purchases. Impact on connectedness with friends and family (inbound and outbound visits). Access to goods. Access to services. Access to which goods and services.
Housing	Supply. Variety. Cost. Quality of Housing. Access to finance. Impact of housing dynamics on day to day life. Friends that have moved as a result.
Community	Community; Families; Men; Women; Youth; Diversity and Acceptance. What is the best thing about the community you would never change (e.g. volunteering; community spirit); Concerns; Support for families; Relationships; Alcohol consumption;
Skills	Access to skills development opportunities and any associated challenges. Any skill shortages impacting the services available to you on island. Impact of skills shortages or barriers to accessing skills development.
Business	Regulatory burden, fairness and impact. Skills availability. Challenges. Emerging issues. Dynamic for businesses on island.
Arts and culture	Access to appropriate facilities and spaces. Appreciation and dynamic of arts in the broader community. Intrinsic vs extrinsic value of art.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

3.3. SURVEY AND ANALYSIS OF RESULTS

Having regard to the community and stakeholder engagement, FTI Consulting prepared a comprehensive questionnaire. The purpose of the survey was to collect data to enable us to understand the population of Flinders Island and the relative access to services and opportunities available to other people living in Australia.

The initial draft survey was tested with a group of five Flinders Island residents, half of which worked for Council. A pilot survey was undertaken with a small number of people.

Copies of the Survey questionnaire were sent to 446 Flinders Island Household on 18 October 2018, including with instructions on how to lodge responses on line. Households were given 14 days to complete survey. Copies of the survey questionnaire and letter accompanying are included in Annexure B and C.

Of the 446 household surveys who were sent surveys for completion, 146 were returned representing around 309 residents. This represented around 33 per cent of the total resident population and is considered a robust enough response rate on which to draw conclusions.

The survey outcomes are reported in the following chapter of this report.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

4. DETAILED FINDINGS

4.1. DEMOGRAPHICS

The 2016 Australian Census reports that Flinders Island had a population of 906. Our survey results indicate that the population is concentrated at the following locations on Flinders Island:

Figure 11: Concentration of Flinders Island Population - by location

Whitemark	Lady Barron	Memana	Emita
33.56%	17.12%	9.59%	7.53%

The most significant characteristic of the Flinders Island population that is different from the rest of Tasmania is age. The median age of Flinders Island residents is 53 compared to 42 for Tasmania, and 38 for Australia. Around 27% of the Flinders Island population is aged over 65 and nearly 49% are aged over 55 – compared to nearly 16% and 27.5% respectively in Australia.⁵ Flinders Council also reported that there is an increase in Flinders Island residents ageing in situ.

In the main, Flinders Island residents desire a larger population on the island. There is demand from people that don't live on the island to relocate to Flinders. However, there are a range of barriers that often prevent people from relocating to Flinders Island including lack of available and suitable housing and restricted access. These factors impact Flinders Council's strategic ability to grow the population and contribute to the ageing profile of the island's residents.

The challenges associated with an ageing population on the island will likely include:

- An increase in the dependency ratio
- An increase in demand for health services
- Shortages of workers.

To avoid either a higher cost to service the needs of residents and/or a lower overall standard of living into the future, it is imperative that action is taken by government to encourage young people, with appropriate incentives, to move to Flinders Island. It is likely that Flinders Council will need to lead and champion such action, with support from both the Tasmanian and Australian Governments.

On Flinders Island, nearly 46% of residents are married and 31% are single, compared with 48% and 35% in Australia respectively.⁵ Almost 16% of Flinders Island residents identify as an Aboriginal or Torres Strait Islander compared to just

2.8% across the whole of Australia.⁵ The higher than average number of people in the Furneaux Group that are Aboriginal, and the associated financial benefits that are offered to them via the Flinders Island Aboriginal Association Incorporated (FIAA) noticeably impacts all three of Flinders Island's social, economic and business structures. As one example, FIAA owns over 50 rental properties, with rental practices that distort the rental market.¹¹

Most Flinders Island residents indicated that they are related to all other people that live in their household (87%).

There is a need to increase the number of new residents moving to Flinders Island. A large proportion of respondents moved to Flinders Island in the 1980s or earlier (23.52%), with 4.62% arriving in the 1990s, 24.37% arriving in the 2000s, 31.93% arriving in the 2010s, and 15.55% were born on Flinders Island. If the number of new residents moving to Flinders Island does not increase, then its population will continue to age with an overall negative impact in the community.

4.2. HOUSING

The 2016 Australian Census indicated that there are 446 occupied private dwellings on Flinders Island and there is a notable shortage of houses available for people to live in – whether it be through renting or purchase. The total amount of dwellings has decreased by 17 between the 2011 and 2016 Censuses¹². In 2018, the former Mayor described the situation as there being nowhere for people to live on Flinders Island:

*"Housing as a difficulty has been mooted for quite a few years, but we've got to the stage where we're turning people away or people can't come because we can't find the housing"*¹³

The Flinders Island property market is affected by a range of factors including:

- Size
- A significant proportion of the housing stock on the island being owned by the Flinders Island Aboriginal Association
- The cost of building on the island
- Restrictions on lending for housing investment

¹¹ FIAAI, 'Housing', <http://fiaai.org.au/portfolio-item/housing/>

¹² Australian Bureau of Statistics 2011 and 2016, 'Flinders Island and Cape Barren Islands, Dwellings', accessed at <https://profile.id.com.au/flinders-island/population>

¹³ Allison Warrall, The Advocate 2018, 'Flinders Island population growth causes housing issues', <https://www.theadvocate.com.au/story/5198224/flinders-island-grappling-with-growing-pains-and-identity-crisis/?cs=3674>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

- Property owners leaving properties vacant and
- Lack of an established property management service.

Survey responses indicated that almost half (45%) of residents had family and friends that had left Flinders Island because of a lack of housing and that more than one in five (21.91%) may have to leave themselves for the same reason in the future. Given there is broad support among Flinders Island residents to increase the population for broader community and economic benefit, this and other review outcomes, should be cause for a significant level of concern.

The Tasmanian Government has recognized that accommodation is a significant issue on Flinders Island. The Tasmanian Government Coordinator-General recently commissioned an Accommodation Supply Analysis for Flinders Island. While making several interesting observations, the analysis was unable to make firm conclusions or strong recommendations on the basis that it did not at that time have enough data to do so and relied on various assumptions.

Notwithstanding the above, the report was firm in showing a strong correlation between the availability of housing with the prevailing short-term tourist accommodation market. It highlighted a significant number of unoccupied houses that could be rented out but are held back so that the owner can utilise the house for personal as well as family reasons, yet still provide a return greater than with a fulltime rental.

It is expected this survey data could be offered to the Coordinator General to encourage and enable a further look at this issue.

If the (survey) responses lead to a continuation of past behaviour and there is a proliferation of even more housing being kept vacant than is already the case - this would place further downward pressure on the population and create an even more significant issue for the island than is currently the case.

If not addressed, the current property market issues on Flinders Island have the potential to generate a significant market failure, higher servicing costs, and suboptimal service outcomes well into the future. Such situations often 'spiral' – and impact potentially a wide range of matters that lead to the community both losing direct control and requiring costly interventions.

Figure 18 (on page 34) sets out FTI Consulting's initial recommended actions. The fifth action will recommend

further actions to maintain momentum and, with focus, ought to go a long way to addressing the status quo.

The survey responses indicate most households reside in a house with three bedrooms (60%), followed by houses with four or more bedrooms (19%) and 2 bedrooms (nearly 17%). Of these dwellings, 59% own their homes outright, while nearly 17% own them with a loan from a financial institution, and almost 14% rent with a long-term lease agreement. There are a small number of households that rent month-to-month or are provided accommodation through their employment.

Flinders Island residents' overall satisfaction with their primary dwelling is high. On a scale from one to 10 (0 = poorest fit and 10 = best fit), residents rating their dwelling 8.73 for meeting their needs overall, 8.96 for being in their preferred location, 8.65 for meeting their size requirements, 7.66 for being easy to maintain, and 9.0 for the tenure arrangement being suitable for their housing preferences.

Of these dwellings, nearly 80% have an internet connection. Only 51% of these connections meet personal and professional needs. Key issues reported include slow speed (80%), intermittent connection (almost 42%), cost (9%) and data allowance/limits (7%). Of the nearly 25% of Flinders Island residents who own additional dwellings on Flinders Island, the average number of additional dwellings is 1.6, with one extra dwelling being the most common. Of those with other dwellings, 4% have vacant or rental properties, 18% have accommodation for visitors, and 30% have accommodation for tourists. Dwellings are often left vacant for several reasons because it is not worth it financially, concerns regarding maintenance, keeping vacant for family/friends/workers, and the cost and logistical difficulty of operating a rental.

The majority (61%) of respondents have planned to build or purchase a house on Flinders Island, with almost 58% of those successful with their plans. Of those who were unsuccessful, the main barriers were the prohibitive cost of construction (49%) and the cost of regulatory process or materials and labour (29%). Other barriers included failing to secure planning or building approval or being unable to secure a loan for construction or purchase.

Six people were unable to secure a loan for security reasons. Figure 12 shows the percentage deposit required by the bank. The average deposit available was \$48,333, and the average deposit required was almost 51%. That said, the sample size is too small to rely heavily on the average. The first two figures

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA’S FLINDERS ISLAND

in the example likely are more representative based upon FTI Consulting’s further enquiries.

Figure 12: Size of Bank Deposit Required

Percentage required by the Bank	20%	30%	35%	80%	100%
Incidence	2	1	1	1	1

In parallel to the housing shortage:

- The percentage of people who own their own house outright on Flinders Island is high at almost 43%, compared to 31% for the rest of Australia.¹⁴ The main contributors to this dynamic are likely to be the older average age profile and a level of intergenerational wealth transfer.
- People are generally very happy that their house meets their needs.
- Almost 25% own multiple dwellings.
- The above dynamic, while resulting in a flow of benefits to the owners, also creates a range of significant costs to the broader community. For example, on Flinders Island, second houses are often left vacant, contributing to the housing shortage.
- While existing Flinders Island residents are very satisfied with their homes, there is a chronic shortage of housing suitable for new residents to live in. The shortage includes both an undersupply of rental properties as well as a shortage of homes available to buy.
- The population is ageing which in the future has the potential to create a range of issues for the population if not addressed.
- If no action is taken to address some of the issues, the flow on effects for residents of Flinders Island in the medium and long term will be significant.

In the main, flow on effects will include a shortage of skills available on island in a range of areas adding significant cost to government providing services associated with travel off island for those residents accessing accessible services and repatriation; downward pressure on property values and with it the political environment for the council when setting rates.

¹⁴ Australian Bureau of Statistics 2016, ‘Flinders and Cape Barren Islands and Australia, Tenure’, http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/602031099?opendocument

Whether the policy position of the banks is:

- Justified and considered; and
- Damaging the economy, housing market and social structure.

Ought to be examined further. It is suggested that Council seek to have this properly explored through the key industry bodies that represent Australia’s banks – the Australian Banking Association and the Community Owned Banker’s Association. The timing may be right to have such a request treated seriously, as it would give the Banks an opportunity to demonstrate a commitment to local communities.

The case study below reflects feedback received by FTI Consulting from community and stakeholder engagement.

IT DEMONSTRATES HOW A FIRST HOME BUYER IN 2018 WOULD NEED TO SAVE A DEPOSIT AROUND THREE TIMES THE SIZE FOR A PROPERTY ON FLINDERS ISLAND COMPARED TO A PROPERTY IN LAUNCESTON.

Case Study 1: Flinders Island Property Market – where supply does not meet demand

Flinders Island has a population of around 906, compared to Flinders Council’s target of 1,200. Achieving this target requires a 32.5% increase in the number of residents. If you ask around the community, most locals will tell you that the 1,200 number feels about right, and many will recall when that was indeed Flinders Island’s actual population. The sense of natural beauty on Flinders, Tasmania’s third most populated island behind King Island (population 1,585) and Tasmania itself, is phenomenal. This, the welcoming community and a range of other reasons have meant that there is no shortage of demand for places to live, though often, there is nowhere suitable for someone to live on the island. This shortage of suitable houses extends to both the sales and rental markets, and there is a lack of awareness that a Real-Estate agency currently operational on the island is available to provide professional property management services to those that

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

seek such services for their rental property.

In most of Australia, if a person wanted to buy for example a \$400,000 home, they would need a 5% deposit if prepared to pay the additional Lender's Mortgage Insurance plus purchase costs, which in Tasmania for a house of that amount would be around \$15,000 including stamp duty, legal and other expenses). In the example provided – a total of \$35,000 in savings would be required. With the additional fee of around \$10,000 added to the loan such that \$390,000 would be the starting loan balance at the start of the loan.)

In Flinders Island, it is more likely that the hypothetical \$400,000 house would require at least 20% plus expenses. (\$95,000) meaning the house would require 271% of the savings required of someone on the island (or an additional \$60,000). In addition, buying land has a much higher deposit rate, and getting a construction loan is very difficult on Flinders Island.

4.3. EDUCATION, TRAINING AND SKILL DEVELOPMENT

Flinders Island's size and remote island status impact its resident's ability to access education, training and skills development opportunities because:

- There is limited availability of subjects/training opportunities on Flinders Island due to its size.
- It often requires travel off-island, which is either is costly or logistically prohibitive.

There are opportunities for Flinders Island students to study between years 7 and 12 on the island. Quite recently, Flinders Island District High School introduced small class sizes in year 11 and 12, with limited choice of subjects.

However, more than 51% of residents below high school age plan to attend high school off Flinders Island. Accessing offshore education and training opportunities involves significant financial costs, as well career development and growth. This often has a significant impact for students, particularly where overnight stays away from home are required.

In addition to the financial burden of offshore education and training, an additional dynamic is that Flinders Island residents have unused skills and qualifications that they consider redundant because of their residence on Flinders Island. Most Flinders Island residents (78%) are not studying

currently. The highest level of educational attainment is either an undergraduate or diploma degree (29%), or high school completion (28%). Of those below high school age, 29% are likely to attend Flinders District High School, 31% are likely to attend a private school off-island, 20% are likely to attend a government or private school off-island, and 20% don't know.

Education, training, and skills development opportunities are key to individual, community and economic development. A person's place of birth in Australia should not be a barrier to access.

Off-island learning comes with the added cost of travel, and potentially accommodation and a range of other ancillary costs.

The case study below applies to taking children off island but many of the concepts also apply to skill development in a business context. One particularly interesting dynamic associated with the recent addition of years 11 and 12 at Flinders Island District High School is that the number of students limits the availability of subjects accessible for students to participate in. For example, to take part of the subject of this report, economics, is not available on the island – unlike in Melbourne high schools.

Case Study 2: Significant costs involved in off island activities limits access for some

The value of professional and vocational skills development activities is magnified on Flinders Island, not least because many professions are more isolated from colleagues than is the case for city or non-island based professionals. While it is often the case that some professionals' employers provide for these costs as part of employment arrangements, many others must self-fund such activity, and commonly face additional costs in doing so – typically associated with the need to travel. This is likely to lead to an overall reduction in the aggregate level of travel by Flinders Island residents.

It is difficult to quantify the impact of such a reduction, but it is most likely to be felt beyond the professional themselves. For example, the community more broadly may receive a lower level or less contemporary level of service from the professional as a result. Participating in such activities is more expensive.

Flinders Islanders studying at Flinders Island's school face similar challenges when it comes to accessing educational opportunities outside the classroom, which does place students at a disadvantage when compared against

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Australian mainland peers.

The value of education outside of the classroom is widely acknowledged in academic literature. As the UK House of Commons' Children, Schools and Families Committee observed within a report to the house that also suggested subsidies be introduced to support it: "school trips and visits must not become only the preserve of pupils from more affluent backgrounds or the independent schools' sector."

Sacrifices should not have to be made by some to attend a final for community sport off island, especially in circumstances where others receive government funding to repatriate on island when attending private boarding schools away.

To provide an example that demonstrates the magnitude of costs involved when a child under 18 is involved a hypothetical example based upon what is likely to be an ordinary set of circumstances is provided. Consider a hypothetical scenario where two students have finished in the top three in Tasmania in a spelling competition and need to travel to Melbourne to participate in two days of finals. The total cost for two students and two accompanying teachers, including travel, accommodation and wage costs for the teachers is likely to be around \$3,700.

When making decisions about funding, the need to attend such education events external to the school setting should be accounted for. In addition, the full cost (for example, all costs in the case study provided) should be funded.

4.4. LIVELIHOODS

The median weekly income for a Flinders Island household is \$1,021. This is more than 7% lower than in Tasmania and 29% lower than for mainland Australia.⁵ One significant characteristic associated with employment is the high percentage (around 44%) of those on Flinders Island with multiple jobs, suggesting a level of under employment. In addition, many people who work part time as an employee also earn an income via a self-employment stream. Of those who run their own enterprise and work another job (42 respondents), nearly 55% would prefer to work just for their own business.

Of note, nearly 22% of Flinders Island residents have a skill, secondary occupation or preferred occupation that is no longer needed (around 61%), possible (37%), or redundant

(13%) due to living on Flinders Island. The income of Flinders Island residents ranges from nil to over \$156,000 per year, with the median income in the range of \$31,200 - \$41,599. A third of those on Flinders Island earn 91 - 100% of their income from sources off Flinders Island. Most of these sources are pensions or superannuation funds.

Case Study 3: Commercial fishing regulations have inordinate impact on Flinders Islanders

The Tasmanian Seafood Industry employed 3,439 direct employees in 2017 and had a gross value of \$913m¹⁵ this is more than any other Australian State. Wild catch rock lobster, ocean trout, whiting and scarfish are but a select few of the seafood varieties available in one of the world's healthiest ocean environments.

Notwithstanding the above, regulations and legislation managed by the Tasmanian Department of Primary Industries, Parks, Water and the Environment, and their application, result in many commercial fishermen based on the island no longer being able to work in their chosen profession, with regulations that are impossible or impractical when applied to Flinders Island.

For example:

- A reduction in the limit of crayfish that can be caught per "pot" from 150kg to 120kg results in that industry being unprofitable due to the additional transportation costs to get the product to market.
- The 35cm minimum size per for whiting is incongruent with Victoria's law, which dictates a minimum size of 29cm.
- The loss of the fishing and crayfish industry has been acutely felt on Flinders Island, as the industry has consolidated with a small number of investor owners all of which are based outside of the Furneaux Group. The two remaining operators sell almost of their catch off island such that it is virtually impossible to purchase local fish commercially. The ability to examine the causes and impacts has this far been beyond the resources of the local community warranting as case study.

As a community, residents mitigate the impact that the lower incomes have on their standards of living in a range of community-based ways. These include regularly sharing

¹⁵ www.tsic.org.au

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA’S FLINDERS ISLAND

resources, which more than 30 per cent say it is an important source of goods and services.

The very high rate of volunteering is expanded on below.

4.5. VOLUNTEERING

The high rate of volunteering was a dynamic that Flinders Council noted upon commissioning the study. As noted earlier – this study identified a volunteering rate of more than 70%. In comparison, the State of Volunteering Tasmania report suggests that the volunteering rate in Tasmania (excluding Hobart) was around 37%. Note the report referenced was prepared in 2014, 5 years ago.

In the survey, volunteering on Flinders Island was categorized according to whether the volunteering was:

- Providing an essential service for example, Flinders Island has an ambulance service that is operated by volunteers rather than professional paramedics.
- Organised volunteering for example, the Country Women’s Association, which exists to improve the lives of rural women and families, is active on Flinders Island.
- Other volunteering for example, collecting a neighbour’s children from school.

The proportion of volunteers who participate in each category is shown below:

Figure 13: Proportion of Flinders Island Volunteers

Essential Service	Organized volunteering	Other volunteering
25.18%	57.55%	26.62%

Volunteers noted their time was devoted toward a range of causes with the most popular being: the Furneaux Museum, the Fire Brigade, the Ambulance Service, the Lions Club, School Related Activities and the Arts.

Most volunteers said that their work was crucial to the organisation or recipient. On Flinders Island, volunteering is relied upon to deliver essential services and significant economic benefits. While the exceptionally high volunteering rate is indicative of a generous community, it also masks elements of disadvantage. Further, the volunteers, like the population of Flinders Island more generally, are also ageing.

As Flinders Island volunteers age, there is some anxiety among the community that many community assets currently

relying upon ageing volunteers to maintain them, may deteriorate as a result. This would create significant issues for the community. For example, the Islands’ 9-hole golf course is maintained by volunteers and serves as a recreational facility, tourist attraction and sports facility.

The golf course already operates limited hours and there is concern that there will be unnecessary economic loss and a facility that deteriorates, detracting from the quality of life for Flinders Island residents.

The rate of community volunteering is extremely high with more than seven out of ten Flinders Island residents survey respondents reporting that they volunteered on average 5.68 hours per week. This equates to an average community contribution of \$11,000 per volunteer after allowing for four weeks leave during the year.

While the very high rate of volunteering is an overwhelmingly positive aspect of life on Flinders Island, the volunteer base will continue to age without intervention.¹⁶ The potential impact is that services critical to the Flinders Island community may no longer have the resources to operate, leaving residents in further disadvantage or cost to government.

¹⁶ Volunteering Tasmania 2014, ‘State of Volunteering Report 2014: The Economic, Social and Cultural Value of Volunteering’, <https://www.volunteeringtas.org.au/wp-content/uploads/2016/04/SOVR-2014-Full-Report-P-015-15a.pdf>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 14 on the overleaf estimate the value of volunteering on Flinders Island.

Figure 14: Estimating the Value of Volunteering on Flinders Island

Metric	Flinders Island Result
A - Percentage who volunteer	70.14%
B - Flinders Island population	906 ⁵
C - Proportion of population aged 18 or over	82.20% ⁵
D - Flinders Island population eligible for full adult wage rates	744
E - Flinders Island population eligible for full adult wage rates and who volunteer	522
F - ABS value of volunteers – hourly rate	\$41.72
G - Average hours per week / Flinders Island volunteer	5.68
H - Value per week for each volunteer	\$236.97
I - Per annum (allowing for a month off)	\$11,374.00
J – (I x E) Total value	\$5,937,228.00 (per annum)
K – Median wage (Q2, 2018: Tasmania) Full-time worker	\$71,718.00 ¹⁷
L – (J / K) Equivalent number of full-time employees	83

Notes:

- Relies upon the Australian Bureau of Statistics hourly rate for volunteers.
- Attributes value only to volunteering performed by people over the age of 18 years.
- Allows each volunteer four weeks off for leave.
- Relies upon the full-time median wage for Tasmania when making the conversion to full-time jobs.

¹⁷ Australian Bureau of Statistics 2018, 'Average Weekly Earnings', <https://www.treasury.tas.gov.au/Documents/Average-Weekly-Earnings.pdf>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

The estimated value of volunteering on Flinders Island is over \$5.9m per year. If volunteering did not exist, Flinders Island would need a further 83 full-time jobs to undertake the work of the volunteers (including providing the essential services identified in the table below) to ensure that the community continued to receive the same benefit. The second table within this section includes the full details of the calculation used to arrive at that amount.

4.6. TRANSPORT, TRAVEL AND FREIGHT

Transport, travel and freight costs are significantly higher for Flinders Island residents than elsewhere in Australia.

The costs of fuel on Flinders Island are very high – around 170% of the cost of fuel in Melbourne. There are also considerably longer distances between destinations on Flinders Island. In addition, the household survey results indicate that more than one third of people (nearly 36%) of people on Flinders Island own more than one car to enable them to get around when on Tasmania or in Melbourne.

Living in a contained community of under 1,000 people limits access to some services. For example, residents consulted during this review noted that the availability of veterinarian services may soon be an issue because there are two veterinarian surgeons on Flinders Island working only part time. There are also some specialist services that are not always available such as orthodontists, psychologists, lawyers (with the relevant expertise), or specialist medical practitioners. Some services are subsidized and others not.

Residents of Flinders Island need to travel off island regularly for a range of reasons, and the resulting cost of air travel and associated expenses of being away from home can be significant. While some of the travel may seem discretionary, there are some health services that are simply not available on Flinders Island. The survey revealed that the average Flinders Island resident needs to travel off-island more than three times per to access relevant health services because those health practitioners are not available on the island at all or at the time that they are needed.

In its submission to the 2018 inquiry into the Operation, Regulation and Funding of Air Services, the Tasmanian Government noted:

“Tasmania itself is a regional area and in order to grow needs ready access to regular, safe and high-quality air services. As an island State, air services provide an essential connection for communities, businesses and

tourists as well as the provision of specialist services in education and healthcare.”¹⁸

It also commented that:

“Pricing of commercial air services to Tasmania, and to its outlying islands, is complex and while the Tasmanian Government recognises the need for airlines to operate commercially viable services, it is also imperative that airfares are affordable in order to remove financial barriers for access. Price elasticity on thin regional and intrastate routes is a critical factor to key access sustainability.”¹⁹

The survey revealed that Flinders Island residents travelled off island an average of 4.67 times in the last year, mostly to see family (58%) and friends (57%), for holidays (52%), for health reasons (56%), and for business / networking (29%).

4.7. BUSINESS

The proportion of people who earn an income through activities associated with self-employment is high on Flinders Island.

Around 37% of survey respondents indicated that they run their own business on Flinders Island, compared to the Australia-wide figure of 14%.¹⁹ The size of the businesses is on average small – 50% are solo operators and have no employees (compared to the national figure of 61%), and 50% employ one to 19 employees (compared to the national figure of 36%). Many Flinders Island residents (55%) also have supplementary income as an employee with another business.

One significant issue for businesses on Flinders Island is the cost of regulation. Regulatory costs represent one of the biggest costs for business regardless of location and in some cases, those making and/or enforcing regulations do not properly consider the implications for Flinders Island's remote location. This can have a significant negative impact for businesses seeking to operate on Flinders Island.

State and Federal regulations designed primarily for mainland Australia do not always adequately consider, cater or compensate for the impact of regulations on Flinders Island.

¹⁸ Tasmanian Government, Department of State Growth 2018, 'Rural, Regional and Remote Communities: Aviation Services in Tasmania', p1, <https://www.aph.gov.au/DocumentStore.ashx?id=bc632593-58bc-4b12-a9de-d9da7349e7de&subId=563211>

¹⁹ Australian Bureau of Statistics, 2018, 'Business Owner Managers Across Australia' <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Business%20Owner%20Managers%20Across%20Australia~23>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

This means that the costs of compliance can be considerable and, in some cases, prohibitive.

Almost 37% of Flinders Island residents run a business, as their sole, primary or a secondary income. Half of the businesses do not employ any extra individuals, and the other half employ between one and 19 extra staff.

The main challenges faced by businesses on Flinders Island are:

- Limited demand for the business's goods and services (44%).
- High costs of supplies and other inputs (41%).
- A lack of suitable employees (23%).
- A lack of suitable business infrastructure (20%).
- Challenges with business registration, approval or inspection (20%).

If a business is closed in the next five years, the primary cause is expected to be lack of profitability (60%) or retirement (46%).

In the main, even in those circumstances where off island travel is funded, it is contended by FTI Consulting that it is more often than not the case that the full cost of the off-island travel is not covered (e.g. air fares may be covered in some cases but not associated additional costs like ground travel in mainland Tasmania and similar).

Case Study 4: Disproportionate regulatory burden – 2500% higher than mainland Tasmania

Regulation and regulators are important to keep the community safe. Regulators also have a responsibility to act fairly toward those that they are regulating.

A popular accommodation and car hire business on Flinders Island provides accommodation and vehicle rental in one location. It has 8 separate cabins across a range of fully self-contained one and two-bedroom configurations from Studio to Deluxe in park-like surrounds close to airport and town of Whitemark on Flinders Island. It also has 17 cars available for hire, as well as campervan rental, bicycle hire and fishing and fossicking equipment. It is 3.5 AADR rated and has a Trip Advisor rating of 4.5/5.

While the business is a profitable concern, one of the owners continues to work a second professional job, particularly to sustain the couple that owns and runs the business during the quieter months of tourism on Flinders

Island.

Regarding the 17 cars available, the fleet is on average 12 years' old with an average market value of \$4,500. The cars rent for \$80 per day and are rented 70 per cent of the time on average. The cost to register, insure and maintain each car is around \$2,600 per year (\$50 per week). The business is one of only two companies on the island that rents cars and the fleets are not of dissimilar size or quality across either company – with the other rental car fleet being 21 cars in size.

Although older than the average rental car fleet on mainland Australia, the island business owners believe that the insurance cost due to damage caused by the rural nature of the island would be such that a newer fleet would not be sustainable or profitable.

In August 2016, one of the fleet, a 2005 Kia Carnival, sustained damage to its side by swiping a guard rail at low speed. The panel damage was shallow, but along all 4 side panels and 2.5m in length. Given the repair cost, the insurance company declared the car a repairable write-off and offered it to the business for \$1000. The business received market value of \$3500 from the insurance claim, purchased the repairable write-off for \$1000, and had the damage patched up and painted for \$200. Because painting a scratch is what you do on a \$3500 car and particularly in a place like Flinders Island where some roads are unsealed.

In this case, however, where the motor vehicle is relied upon for income – the fleet being operational is essential to maintain necessary cashflow. To get the repairable write-off re-registered ought to have been an easy process. Typically, to get a repairable write-off vehicle re-registered in Tasmania, the process involves having the vehicle inspected at an approved inspection station (AIS) including undergoing an approved motor body builder inspection. As at March 2019, the cost of such an inspection is below \$200. In Flinders Island, however, the State Government's regulations involve considerably more cost due to there being no Tasmanian Government inspector on the island. Instead, the inspector visits annually.

In this case, the next visit was 3 months away. Given the fleet is utilized at around 70 per cent capacity, it would likely have been rented for 63 of the 90 days within the month, which equates to more than \$5000 in foregone revenue.

This means that it is more than 25 times the cost to meet

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA’S FLINDERS ISLAND

this Tasmanian Government regulation on Flinders Island than is the case on the mainland This is anti-competitive and unfair.

4.8. HEALTH

The survey results indicate that residents require four visits off Flinders Island on average to manage their health each year. This was only surveyed for pregnancy and birth related costs. The average additional cost was \$4,000 (2 responses).

The focal point for access to health services on Flinders Island is the Multi-Purpose Centre (MPC). The MPC provides a range of services including a general practice (GP) surgery, emergency department, acute care in-patient hospital and aged care nursing home style accommodation. It also facilitates the delivery of other health services such as hearing services. However, the nature of the health services on Flinders Island is sometimes limited or provided on a periodic visit. The table below includes examples of services that do not visit the island as well as showing those that do.

Figure 15: Medical Practitioner Access on Flinders Island

Does regular visits / is available on-island	Does not visit (Examples)
Dentist (public and private)	Oncologist
Podiatrist	Gynecologist
Ophthalmologist & Orthoptist	Endocrinologist
Audiologist	Geriatric Physician
Clinical Psychologist	Obstetrician
Counselling	Orthodontist
Dermatologist	Pediatrician
Physiotherapist	Optometrist
Dietician / Nutritionist	Psychiatrist
Counselling	Speech Pathologist
Drug and Alcohol Worker	Gastroenterologist
Diabetes Team	
Orthopaedic Surgeon / Radiographer	

Almost all residents (93.53%) have seen a medical practitioner in the last twelve months.

For those that have seen on-island medical practitioners, most were either seen on the same working day (43%) or had a scheduled appointment (27%). Of those that waited, most couldn’t see a medical doctor any earlier (59%). The rest

either wanted to see another doctor to what was initially offered (16%) or were offered a time that was inconvenient for them (24%).

In the past twelve months, almost 25% of Flinders Island residents have seen a practitioner off-island. 36 respondents chose to access health services off-island even though they exist on-island. The most common health services visited were dentists (56%) and ophthalmologists (28%). Eighty-seven respondents accessed health services off island because they were not available on-island. These include X-ray/radiology, oncology, heart surgeons, and physicians. On average, residents had to travel more than 3 times off-island to access these services.

In the last two years, two respondents had given birth, with an average extra cost involved in the pregnancy due to travelling off island being \$4,000.

4.9. COST OF LIVING

Overall, the cost of living on Flinders Island is significantly higher than is the case for a person living in mainland Tasmania and Australia in general.

Unsurprisingly, the main driver for the higher cost of living is Flinders’ island status and the additional cost associated with:

- Freight or postage for many of the goods required on Flinders Island.
- Travel (either off-island to access the services or through the person providing the services charging a higher fee as a result of their need to travel to the island from another location (in order to provide the services)).

Figure 16 below compares the cost of goods and services for Flinders Island residents compared to residents across Tasmania or Australia and shows that Flinders Island residents consistently pay more.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Case Study 5: Running a small 4-cylinder car

On 3 January 2019, petrol on Flinders Island cost \$1.86 per litre compared to \$1.09 per litre in South Melbourne (Victoria) – 170% more. However, the impact on the typical resident of Flinders is well beyond the additional cost of fuel.

The outcomes of the survey report every household that has at least one car spends \$797.80 on fuel per month, compared to \$373.20 for the average Australian household spends.²⁰ This means that a Flinders person spends 214% of the amount that a Melbourne person does on fuel, making matters even more acute.

A 2018 BMW 750i V8 uses 8.3 litres per 100 kilometres, which is 143% of a 2018 4-cylinder Toyota Yaris which uses 5.8 litres per 100 kilometres²¹. Based on fuel price alone, the driver of the V8 faces a lower fuel bill than his Flinders Island Yaris counterpart. This doesn't recognise the fact that:

- the Melbourne V8 Driver can take the train or bus or tram to work some days whereas a Flinders Islander is heavily car dependent;
- the Yaris Driver's family may also need to own a second car when they travel to mainland Tasmania or Australia to access the locations they need to when they arrive by air;
- the very significant distances travelled on Flinders Island; for example, a trip to a grocery store may be 50 kilometres or more return; and
- the relative percentage of the income the cost represents for the person that lives on Flinders Island, given that income on Flinders Island are noticeably lower than for a person on Melbourne.

²⁰ Harrison Astbury, Canstar Blue 2017, 'How much are Aussies spending on fuel?', average monthly x average household size, <https://www.canstarblue.com.au/vehicles/how-much-we-pay-for-petrol/>

²¹ <https://www.greenvehicleguide.gov.au/>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 16: Cost of living on Flinders Island and Australia

Average Bill	Notes	Flinders Island	Australia
Quarterly Electricity	1	\$695.68	\$400.58 (VIC)
Quarterly Water	2	\$235.81	\$146.00
Quarterly Gas	3	\$147.47	\$909.17 (VIC)
Weekly Fuel	4	\$199.45	\$93.30
Median Fortnightly Rent	5	\$200.00	\$670.00
Median Fortnightly Mortgage	5	\$379.00	\$877.50
Monthly Internet	6	\$118.17	\$89.00 (NBN)
Quarterly Home Insurance	7	\$704.92	\$310.94 (TAS)
Quarterly Vehicle Insurance	8	\$432.59	\$173.00 (TAS)
Weekly Groceries	9	\$196.59	\$136.00 (TAS)

Notes:

1. Simon Downes, Canstar Blue 2019, 'What is the average electricity bill', www.canstarblue.com.au/electricity/average-electricity-bills/
2. Australian Bureau of Statistics 2015, 'Australians paying more for less water', www.abs.gov.au/ausstats/abs@.nsf/lookup/4610.0Media%20Release12013-14
3. Brendan O'Neill, Canstar Blue 2019, 'Compare Natural Gas Prices in Victoria', value calculated as average of all options, www.canstarblue.com.au/gas/compare-natural-gas-victoria/
4. Harrison Astbury, Canstar Blue 2017, 'How much are Aussies spending on fuel?', average monthly x average household size, www.canstarblue.com.au/vehicles/how-much-we-pay-for-petrol/
5. Australian Bureau of Statistics 2016, 'Flinders and Cape Barren Islands, Tasmania, and Australia, QuickStats', http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/602031099?opendocument
6. Telstra, 'Home Broadband Plans', prices as of 24/01/2019, <https://www.telstra.com.au/broadband>
7. William Jolly, Canstar Blue 2017, 'What Does Home Insurance Cost in 2017?', average of minimum and maximum home and contents policies taken <https://www.canstar.com.au/home-insurance/home-insurance-cost-2017/>
8. Ellie McLachlan, Canstar Blue 2018, 'How Much Does Car Insurance Cost in 2018?', <https://www.canstar.com.au/car-insurance/what-does-car-insurance-cost/>
9. Lucy Cormack, The Sydney Morning Herald 2016, 'Sydney households spend an average of \$163 a week on groceries', data from RaboDirect Financial Health Barometer Food and Farming Report, <https://www.smh.com.au/business/consumer-affairs/sydney-households-spend-an-average-of-163-a-week-on-groceries-20160921-grlcos.html>

4.10. ARTS

There are many creative artists on Flinders Island, including writers, sculptors, painters, photographers and more. Of those identifying as artists, nearly 52% have received payment for their work.

Flinders Council has recently provided a dedicated small creative gallery space that is managed by Furneaux Community Arts. Advocacy for the arts appears to be undertaken in a low-key manner.

Operating as an artist on Flinders Island poses challenges beyond that faced by an artist on Tasmania or mainland Australia. Challenges to operating on Flinders Island as an artist include:

- The costs to travel off island for opportunities (72%)

- Limited access to exhibitions and performances (51%)
- Difficulty in obtaining supplies and services (51%)
- Lack of opportunities to sell and exhibit (51%)
- The lack of a community art space (28%).

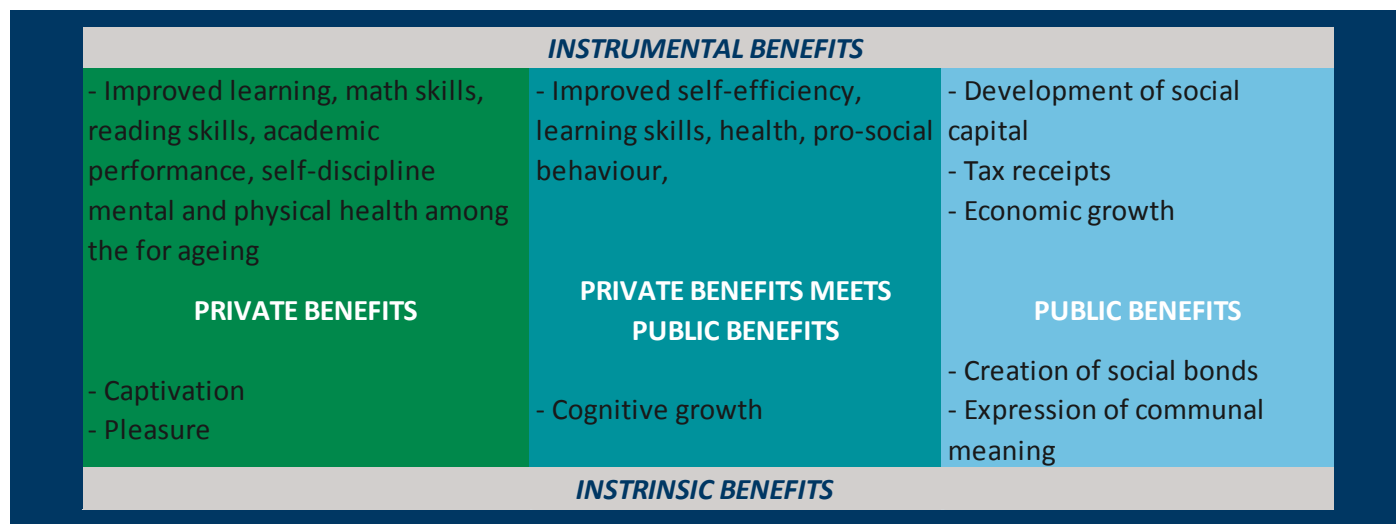
The value of the arts has long been supported for its intrinsic value; and for its broader social and economic benefit (otherwise known as its instrumental value on the basis that the arts are an instrument to achieving them).

Figure 17 below provides a framework that helps to articulate the broad benefits of the arts. As a next step, the community should develop an agreed and consistent narrative to articulate its value to the community including to enable the arts community to advocate for additional support into the future.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Through agreeing a consistent narrative, the arts community will likely be able to shift the narrative regarding its value, building momentum and community support

Figure 17: Broad Benefits of the Arts



4.11. AGRICULTURE

Agriculture is the biggest industry on Flinders Island and when combined with aquaculture employs 106 people on the island, across around 60 separate farms.

Flinders Island is known for its premium produce. For example, its Saltgrass Lamb is sought out by many of the top restaurants in Australia, with a natural market in highly populated Melbourne close by.

One of the most significant challenges faced by farmers on Flinders Island is the torturous path of getting livestock to market, with several steps in the supply chain each with their own operating requirements and business needs.

For example, for farmers on the Australian mainland or in Tasmania, a typical path would involve a trip from farm to abattoir by road and on occasions via a regional sale yard. operation and potentially one or at the most two carriers.

For Flinders Island farmers however, it is much more complex and involves:

- Transporting livestock from the farm via a truck to a Lady Barron Sale yard, controlled and operated by TasPorts.
- Transporting livestock from the sale yards to Furneaux Freight who operate a commercial shipping service.

- Furneaux Freight then transport the livestock via a commercial shipping service to Bridport in Tasmania or Port Welshpool in Victoria.

From Bridport or Port Welshpool, livestock are then transported to marshalling pens, after which they are trucked to an abattoir.

FTI Consulting heard an account of the history of the abattoir and the skill and regulatory challenges that have dramatically reduced processor options on-island. It was not possible in limited time to form a view as to the level of appetite for new investment in such a facility.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

5. STRATEGY AND INITIATIVES

STRATEGY FOR GROWTH AND AN OVERALL IMPROVEMENT IN QUALITY OF LIFE ON FLINDERS ISLAND

Within its Strategic Plan, Flinders Council has indicated that it aims to increase the population of the island to 1,200 residents. The strategy reflects the broad desire of Flinders Island residents who:

- Recognize that an increased population will increase access to goods and services for residents and drive scale benefits which will increase the viability of the Flinders Island economy.
- In many cases recall when the population was at that level helping to create a broad level of comfort among the island's residents Flinders with such growth which is high and in the order of 30%

Council's Strategic Plan also identifies a range of actions that in the main go to making Flinders Island a more attractive place to live including by increasing business opportunities and encouraging economic development.

While there is no disputing that many of the actions represent positive policy platforms - as has been articulated within earlier sections of this report – there are currently a range of barriers for people who want to move to Flinders Island which are inhibiting growth.

Economic growth on Flinders Island is most likely through a combination of:

- Pursuing the expansion of existing sectors that currently exist and have potential for growth
- Pursuing the expansion of emerging sectors that would likely evolve without government intervention
- Capitalising on the iconic characteristics of Flinders Island.

FTI Consulting recommends that Flinders Council should:

1. Identify appropriate themes for action, focusing on measures that lower the current barriers and disincentives for moving to Flinders Island.
2. Pursue an intervention strategy to address the housing market issued as part of this study, including re-engagement with the Coordinator General with this new data. Addressing the access to credit issues currently inherent in the market be it through advocacy with the

banks or policy solutions – is imperative to attracting young people in the numbers required. Addressing Flinders Island housing market issues more broadly is a key initiative to attract more residents across broader cohorts.

3. Undertake a scoping study to identify how to meet the needs of Flinders Island's ageing population – which may include developing age friendly accommodation for those that wish to downsize.
4. Undertake a targeted regulatory review to identify Federal or State regulations that are presently either inappropriate on Flinders Island businesses or overly burdensome to comply with.

Figure 18 below includes the detailed actions that Flinders Council should consider against each of the areas explored within the study. While we have attempted to link actions to broad areas that they are designed to influence – some actions have impact that is broader. For example, providing charging stations to encourage residents to buy an electric vehicle and avoid the elevated cost of petrol would impact on the cost of travel and transport on Flinders Island as well as the cost of living. However, this has been included only once to avoid repetition.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Figure 18: Strategic Action Plan

Action Number	Key Action Detail
Local Government Sustainability	
1	Using a methodology like the Commonwealth Grants Commission (CGC) Fiscal Equalisation Exercise to address the higher service delivery costs involved in island governance when compared to a land-connected regional area. Noting that funding decisions that impact Flinders Council are in the main the purview of the State Grants Commission (Tasmania) rather than the CGC, the aim would be to identify an appropriate methodology that recognised the (increased) service delivery needs associated with an island LGA. This would be best pursued in partnership with King Island Council and it is noted that it would be assisted by the suggested changes to ABS' Census collection methodology that will better express Island-specific data.
2	Establish a proactive strategic grants program at Council Flinders Council should seek to maximise its use of available grant funding where the purpose aligns with its broader strategic objectives. Rather than responding to grant application processes reactively, it should strategically review and target grant processes that are likely to be aligned with its own strategic needs.
3	Undertake a review of Flinders Island's ageing community needs Flinders Council should undertake a scoping study to identify how it can better prepare for and meet the needs of Flinders Island's ageing population. This may include developing age friendly accommodation for those that wish to downsize as well as a range of other services. Planning should occur in advance to meet those needs noting the lead time associated with, for example, those initiatives requiring infrastructure development.
4	Encourage private sector investment Flinders Council should seek to communicate the emerging demand profile of Flinders Island's ageing, as well as the existence of a "business friendly" local government.
5	Undertake a skills audit including with a view to identifying gaps and emerging opportunities, including: - Any small business people providing "in-demand" services on Flinders Island soon to retire and therefore creating a gap / opportunity. - Any services / skills not available that already exist requiring the labour to be imported from mainland Tasmania and / or islanders going without due to the additional costs. And ensure the opportunities are publicized To people both on the island (looking to develop their skills or upskill) and off the island. Council, given the size of the island, may wish to be even more proactive through offering a service that connects existing business owners – who may be able to benefit through transfer of goodwill (and receive a benefit) or accordingly offer the necessary assurance (that the opportunity is real, sustaining and soon to avail). Any publicity altering to the need for the skill would be retracted upon, for example, a person buying, or signing a lease for a property on Flinders Island.
6	Consider potential value associated with a younger people attraction strategy Likely leveraging the outcomes of the above and likely starting with identified economic opportunities, Council should consider possible incentives that would attract young people to the island and seek to agree an overall connected strategy.
Housing	
7	Advocate for the expansion of co-investment schemes (HomeShare) – demand side measure Prepare correspondence to the Tasmanian Director of Housing and the senior executive responsible for HomeShare to demonstrate a case for change that goes to expanding the eligibility criteria and quantum of co-investment (from the Tasmanian Director of Housing and from the purchaser of the Tasmanian property).

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Action Number	Key Action Detail
8	Prepare a paper that considers the current costs borne by the community because of vacant housing presenting recommendations to prevent the behaviour – supply side measure The costs of vacant housing to the Flinders Island community and economy go well beyond that perhaps considered by most. The paper would seek to inform Council around the extent of the cost / impact, examine who is currently bearing the burden of the costs, as well as the fairness and the impact of the current arrangement. Fairness will include consideration of whether the cost of the vacant housing in terms of the economic costs ought to be quantified, costed and allocated.
9	Prepare a paper for Council that considers the feasibility and impact of targeting potential subdivisions – supply side measure Taking an aerial photograph of the island it would be difficult to understand why there is a land supply problem on Flinders Island. A paper should be prepared to explore and discuss land release options that may be available. For example, a proactive subdivision program targeting existing residential blocks could be considered and such options will be recommended with key actions required to be included should Council approve the progression of such an initiative.
Education, Training and Skills Development	
10	Lower barriers to accessing vocational education and skills development opportunities Including: 1) looking for opportunities to lobby the State and others for fees and charges to be waived; and 2) looking at where funding provided for travel to access education at other levels and exploring whether such sources can be expanded through policy change or alternatively through a new, similar funding program being offered to those accessing vocational education and further skill development.
11	Explore partnerships with education and training providers and explore high quality partnership opportunities. Using existing telehealth and tele-education infrastructure, develop partnerships with other schools and providers to enable courses (such as economics) to be available to school students. Establish a community mentors' group of subject specialists who can assist students in subjects where local teachers do not have those specific subject skills.
Livelihoods	
Actions right across the action plan support improved livelihoods on Flinders Island. In particular, the actions that are linked to: population growth; business and education, training and skills development will have a particularly pursued as part of the implementation of a properly designed overall strategic plan.	
Volunteering	
12	Communicate the findings of the study to volunteers and volunteer organisations Suggest this be done in writing to both provide volunteers with a degree of recognition but also with a suggestion that organisations may wish to use the study methodology to demonstrate a co-contribution to the initiatives being proposed.
13	Encourage those organisations that rely on volunteers to undertake a review of their volunteer base including a strategy to attract new volunteers as those that can no longer volunteer retire or wind down. This should include an audit of barriers to volunteering (including out of pocket expenses such as petrol and transport) that might be addressed by innovative resource-sharing solutions.
Transport Travel and Freight	
14	Lobby for an expansion of those circumstances that Flinders Islanders are able to access subsidized air travel Commencing with areas existing schemes (e.g. Patient Transport Assistance Scheme (PTAS) fall short and ought to be expanded.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Action Number	Key Action Detail
15	Encourage people on the island to consider registering to offer an 'uber-style' riding sharing service, or community car-pooling to test its impact. Support the people utilizing the Flinders Island Council website or an app. The objective would be to tackle cost of living pressures by minimizing high cost, low usage infrastructure such as private cars, or reduce user costs (such as petrol).
Business	
16	Explore opportunities in education and training Short term opportunities may include: expanding the market for school camps, field studies and tertiary research. Ideally, this would include identifying opportunities for local businesses to capitalize on nature-based, cultural and educational tourism opportunities. Repurposing existing infrastructure could be considered. Outcomes could include raising the profile of Flinders Island as a destination for school camps, field studies and tertiary research, leading to increased visitor numbers. There is a significant market, particularly from highly populated and easily accessible Melbourne. A secondary benefit associated with engaging in this market is that it has the potential to foster partnerships between education and training providers and people on Flinders Island, potentially enhancing access for Islanders to the programs delivered.
17	Undertake a targeted Island regulatory burden review Adopting a consultation heavy approach and from the perspective of the business owner – undertake a targeted island business regularity burden review. One end outcome that may end up being workable is working with the State and Federal Government to create a "special regulatory zone". As an example, within the case study highlighting that the repair of a car presents a cost to business on Flinders Island well in excess of that on mainland Tasmania, within the mooted special regulatory zone: 1. Rather than having to wait for the inspector to visit from mainland Tasmania, under the system – the local mechanic on Flinders Island would be: a) trained; and b) licensed to do the inspection for a fee, with any fee that remaining (beyond that paid to the licensee) passed to the State Government. 2. A risk and outcomes-based approach would be taken regarding a decision around whether the resultant roadworthy certificate was permanent or perhaps instead required validation (without a double charge) on the next scheduled visit. It is noted that in the case of the suggestion above, it would also result in new industry (licensed inspectors) where revenue did not flow off island as is the status quo. As part of the review, the additional regulatory burden will be captured in a monetary way and creating a compelling case for change.
Arts	
18	The arts community should congregate for the purposes of developing an agreed and consistent narrative to articulate its value to the community including to enable the arts community to advocate for additional support into the future. At the same time, the community may wish to agree on some funding and/or other priorities to pursue as part of coming together to discuss the narrative.
Health	
19	Identify a number of FIFO health service providers to trial innovative tele-health and capacity building pilot schemes on Flinders Island. For example, Australian Hearing is trialing its own tele-audiology services in remote areas where local people are trained to operate some diagnostic equipment, in consultation with real-time specialists elsewhere. This enables more responsive and more frequent service delivery to clients at a time that suits them, at lower cost.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Action Number	Key Action Detail
	It also provides valuable skills and employment opportunity in remote locations.
Cost of Living	
It is noted that measures right throughout this action plan will if implemented likely have a positive impact in terms of placing downward pressure on the cost of living on Flinders Island.	
20	Lobby the Tasmanian Government for no cost registration for Free motor vehicle for Flinders Island residents that own a second car stationed on mainland Tasmania. An alternative to this would be "user based" registration charges. Under this regime, which is enabled by technology, in circumstances where a Flinders Islander used the car on main island Tasmania for 18 days of the year, they would pay registration of 5% the annual charge for the year ($18/365 = 5\%$).
21	Charging stations Consider working with TasHydro to install car charging stations for residents, free of charge. Suggest the infrastructure could be funded by a grant or similar facilitated by Council and that the power would be diverted from some of the power that is currently expelled via the heaters that activate into a field. As part of planning for the above, seek to understand how many island residents would be persuaded to purchase an electric vehicle (new or used) in a scenario where they had access to this free energy for charging purposes.
Local Government Funding Requirements	
22	Study Implementation Council should investigate the additional one off and ongoing operational costs that will be required to action the above recommendations based upon the studies' findings with a view to seeking ongoing support otherwise to avoid the benefits of the study being lost.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Annexure A: Existing arrangements servicing the Flinders Island community

AIR TRANSPORT

The Tasmanian Government stated in a submission to an Australian Parliamentary Committee that it: “recognises the need for rural, regional and remote communities to access an appropriate level and quality of services available to urban communities in circumstances that are often challenging to provide²²”. Flights in and out of Flinders Island are provided commercially by Sharp Airlines, once to thrice daily from Launceston, and between two and seven times weekly from Essendon, based on seasonal demand. Fairchild Metroliners are used for these flights, which carry 17 or 19 passengers depending upon configuration. Flights from Launceston, Tasmania and Essendon, Victoria are currently \$188 and \$255 respectively one way.

Flinders is also serviced by two charter companies, one based on Flinders Island, and the other at Bridport, Tasmania. Both freight and passenger services run, and the Bridport based company undertakes the mail run to Flinders. 23

The Tasmanian State Grants Commission currently allocates an amount of \$70,000 into the expenditure side of the Grants Commission calculation for Flinders Council.²⁴

Airservices Australia Enroute Charges Payment Scheme – Eligible Routes

This scheme assists regional commercial airlines (Sharp Airlines Flinders Island to Launceston) to support low volume and new routes to small and remote communities (in addition to separate Government support for aeromedical services to regional and remote areas).

Remote Air Services Subsidy Scheme

The Remote Air Services Subsidy Scheme (RAAS) subsidises a regular weekly air service for the carriage of passengers.

Health – Patient Transport Assistance Scheme

The Patient Transport Assistance Scheme (PTAS) provides financial help with travel and/or accommodation costs to Tasmanian residents who need to travel:

- More than 50km (one way) to the nearest oncology or dialysis treatment centre
- More than 75km (one way) to the nearest appropriate specialist medical service or to access lymphoedema treatment

FREIGHT / SEA TRANSPORT

Sea access to Flinders Island is the barge Mathew Flinders II, operated by Furneaux Freight based in Bridport Tasmania. It is designed to carry general cargo with a once weekly delivery between Bridport and Lady Barron. Passenger numbers on the Mathew Flinders on the general cargo delivery service day are very low and have quite basic conditions as the vessel is designed for freight crew not passengers. Livestock transportation is on an as required basis, usually 3-4 times per week. On occasions the vessel delivers livestock (predominantly) to Port Welshpool in Victoria.²³

TELECOMMUNICATIONS

Telecommunications infrastructure on Flinders and Cape Barren islands is in the process of an \$10.6 million upgrade, co-funded by Telstra, Flinders Island Council, the Tasmanian Government and the Australian Government, due to be completed in early 2019.²⁵ The project includes:

²² Tasmanian Government Submission

²³ Rural and Regional Affairs and Transport Reference Committee Inquiry – Recommendations from the Furneaux Aviation Special Committee to Flinders Council (2018) <https://www.flinders.tas.gov.au/client-assets/images/Council/Downloads/Agendas/2018.01/Annex.%207%20-%20Recommendation%20from%20the%20Furneaux%20Group%20Aviation%20Special%20Committee.pdf>

²⁴ State Grants Commission, ‘Methodology’, <https://www.treasury.tas.gov.au/state-grants-commission/methodology#CurrentAssumedAllowancesandComponentRates>

²⁵ Telstra 2017, ‘Media Release, 04 September 2017’, <https://www.telstra.com.au/aboutus/media/media-releases/Works-begin-to-revolutionise-Flinders-Island-telecommunications-network>

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

- An upgrade of transmission capacity between Launceston and Waterhouse (Tasmania).
- A new generation microwave radio system between Waterhouse and Flinders Island.
- A new 76 kilometre optical fibre link joining major population centres on Flinders Island.
- Two new generation microwave radio systems on Flinders Island.
- Upgrade four existing 3G mobile sites to superfast 4GX capability (Mt Tanner, Middle Patriarch, Hayes Hill, Vinegar Hill).
- Construction of four new 3G/4GX mobile base stations (Killecrankie, Palana, Blue Rocks, Cape Barron) to extend the reach of our mobile network to more island residents.
- A scalable network for other community communications services into the future, such as the local school, hospital, emergency services and Flinders Island Council.²⁵

The project will ensure Flinders residents have access to modern telecommunications infrastructure well into the future.

POWER

Historically, Flinders Island has relied on diesel fuel for electricity, supplied from the 3 megawatt power station, serving 6.7 gigawatt hours of annual demand, peaking at 1.3 megawatts. With the support of the Australian Renewable Energy Agency (ARENA), Hydro Tasmania developed and implemented in December 2017 the Flinders Island Hybrid Energy Hub, with a total project value of \$13.38 million. The system integrates power from two wind turbines (one is privately owned), one solar array and battery storage with the current diesel power station, and is capable of replacing up to 60% of the annual diesel fuel consumption, and 100% renewable energy generation.²⁶ According to David Brown, the implementation manager of the hybrid energy solution at Hydro Tasmania, the Flinders Hybrid Energy Hub will reduce the level of subsidy needed to maintain affordable electricity. In addition, the mix of energy generation methods with battery storage means that power will be more reliable on the island.²⁷

The electricity tariff on Flinders and Kind Islands sets a fixed price for power supply, service fees and connection fees. Fees are adjusted on an annual basis for CPI movements.²⁸

ELECTRICITY COMMUNITY SERVICES OBLIGATIONS

Community Services Obligations (CSOs) are contractual arrangements between the Tasmanian Government and electricity retailers whereby retailers receive a subsidy in return for electricity price concessions to pensioners and those holding a health care card. Aurora Energy received \$40.1 million from the Tasmanian Government to fund its community service obligations during 2017-18.²⁹

WATER COMMUNITY SERVICES OBLIGATIONS

TasWater has a single set of state-wide prices for its water and sewerage services. The TasWater Board made this decision when it was formed to provide the greatest benefit to the most Tasmanians. This means that regardless of whether a person lives in central Hobart or on Flinders Island, they will pay the same price and receive the same level of service from TasWater.

That said, TasWater reported to FTI Consulting that the costs it incurs in providing its services vary significantly across the state. TasWater does not, however, quantify the regional or system level differences.

²⁶ Hydro Tasmania, 'Flinders Island', https://www.hydro.com.au/docs/default-source/clean-energy/hybrid-energy-solutions/flinders_island.pdf?sfvrsn=f0ad4828_2

²⁷ Sophie Vorrath 2017, One Step Off The Grid, 'Flinders Island makes switch to renewables, with solar, wind and energy storage Hub', <https://onestepoffthegrid.com.au/flinders-island-makes-switch-renewables-solar-wind-energy-storage-hub/>

²⁸ Momentum Energy 2018, 'Electricity tariffs on King Island and Flinders Island', https://www.hydro.com.au/docs/default-source/clean-energy/powering-bass-strait-islands/bsi-tariffs/bsi_electricity-tariffs-1819_large-print_tariff-and-service-fees.pdf?sfvrsn=a532fd28_2

²⁹ Office of the Tasmanian Economic regulator: Energy in Tasmania report 2017-18

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

The approach taken by TasWater means that all areas of Tasmania provided with water and sewerage services by TasWater are equally supported to develop economically. For Flinders Island this means that the service provided is the same as in other serviced areas in the state as is detailed with TasWater's Price and Service Plan, its Customer Contract and as regulated by the Tasmanian Economic Regulator under its Customer Service Code.

TasWater states that businesses, residents and visitors to Flinders Island can depend on safe and reliable drinking water and have the same protections as customers in other parts of the state as a result of its policy position.

HEALTH – MULTI-PURPOSE CENTRE

The MPC has nine aged care beds, five acute beds for people requiring hospitalization but who do not require further treatment in Launceston, an Outpatient and Emergency service, physiotherapy, x-ray, podiatry/footcare and visiting services. Other services provided by the Centre include Community Nursing, Home Help/Personal Care and Respite Care. The table below includes those health services that are available at the MPC both a) permanently and b) a non-exhaustive list of those health services that are not available on the island and which a Flinders Island resident would need to travel off the island to visit if the need arose.

Does regular visits / is available on-island	Does not visit (Not Exhaustive)
Dentist (public and private)	Oncologist
Podiatrist	Gynecologist
Ophthalmologist & Orthoptist	Endocrinologist
Audiologist	Geriatric Physician
Clinical Psychologist	Obstetrician
Counselling	Orthodontist
Dermatologist	Pediatrician
Physiotherapist	Optometrist
Dietician / Nutritionist	Psychiatrist
Counselling	Speech Pathologist
Drug and Alcohol Worker	Gastroenterologist
Diabetes Team	
Orthopaedic Surgeon / Radiographer	

FLINDERS ISLAND – BUSINESSES ON ISLAND

Flinders Island is serviced by two supermarkets. The Whitemark Supermarket (IGA) is open 5 ½ days a week, the Lady Barron Store is open 7 days a week. Both supermarkets also sell fuel.

A list of services provided by businesses on Flinders Island is included within the table below.

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

Business	Location	Description
Flinders Island Bakery	Whitemark	Two locations. Commercial bakery, retail bakery, café and take-away shop.
Taste of Flinders	Flinders Wharf	Café, fresh produce, local wine and spirits
E M Bowman and Co	Whitemark	General Store: Longest established retail business on Flinders Island. Clothes, shoes, fabric, gifts, stationary and household needs and newsagent. EFTPOS facilities.
Condimental	Whitemark	Sourdough bread, organic wholefoods, local honey, local roasted coffee, vinegars, Condiments, vegie seeds. Family pies and takeaway pizzas
Killiecrankie Enterprises	Whitemark	Gifts, photos, cards, footwear, fishing gear and swap and go gas bottles and kodak photo lab.
Flinders Island Meat	Whitemark	Butcher with delicatessen and seafood.
Roberts Limited	Whitemark	Real Estate Agent and Stock Agent who also stock rural supplies. Wide range of fishing equipment.
Steve's Shed	Whitemark	Second-hand goods, new building materials, bric & brac. Local Elder's Real Estate Agent.
Interstate Hotel	Whitemark	Accommodation, pub, take-away alcohol, accommodation.
Flinders Island Sports and RSL Club	Whitemark	Golf, bowls and Function centre. Tas Keno.
Purple Swampen	Whitemark	Local and Tasmanian handmade items. Gifts and souvenirs. Coffee beans.
Post Office	Whitemark	GiroPost. BPay.
Bendigo Agency	Whitemark	Banking Facilities
Lady Barron Store	Lady Barron Store	General Store.

EDUCATION – FLINDERS ISLAND HIGH SCHOOL

Flinders Island High School is a coeducational school which is run by the Tasmanian Government with 69 students (43 boys and 26 girls) and 10 staff.

In 2018 the school added years 11 and 12. There are currently 4 students studying across these years.

Professional Experience in Isolated and Rural Schools (PEIRS) Program

Run by the Department of State Growth, the above program encourages pre-service teachers to undertake school experience in participating rural and isolated schools by providing support for accommodation and travel. Participating schools manage the

STUDY OF ECONOMICS, BUSINESS AND SOCIAL STRUCTURE ON TASMANIA'S FLINDERS ISLAND

costs associated for each pre-service teacher and are reimbursed for these costs at the end of the program. The program funds the cost of one return flight on and off the island for the program which runs for a period of three weeks.³⁰

GOVERNMENT SCHEMES/SUBSIDIES/POLICIES AFFECTING FLINDERS ISLAND

Bass strait passenger Vehicle Equalisation Scheme

- Assists in reducing costs of sea travel across Bass Strait for passengers accompanying an eligible vehicle. Subsidises costs to transport eligible passenger vehicles interstate across Bass Strait. Government spent approx. \$47.8m in 2016-17 in assistance under the scheme.
- Is available to those with medical condition who fly if their vehicle is transported on the ferry. Also available to eligible drivers who fly between mainland and King Island or Furneaux Group in absence of ferry service.

The following rebates are available from 1 July 2018:

- Up to \$229 each way for a motor car
- Up to \$229 each way for a bus
- Up to \$459 each way for a motor home
- Up to \$459 each way for an eligible passenger vehicle towing a caravan
- Up to \$117 each way for a motorcycle
- Up to \$34 each way for a bicycle

Tasmanian Freight Equalisation Scheme

- Provides assistance for costs incurred by shippers of eligible non-bulk goods moved between Tasmania and mainland Australia, and Tasmania and King Island or Furneaux Group. Amount of assistance is based on difference between freight costs of moving goods by sea and notional costs of moving by road over equivalent distance. Purpose is to provide equal opportunities to compete in other markets.
- On 1 January 2016 scheme was extended to include eligible goods being shipped to mainland regardless of final destination.

³⁰ Tasmanian Government Submission to the operation, regulation and funding of air route service delivery to rural, regional and remote communities Submission 69

Robert Southern
Australian Economics Practice Leader

Ryan Talsma
Managing Director



EXPERTS WITH IMPACT™

About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. Connect with us on Twitter (@FTIConsulting), Facebook and LinkedIn.

www.fticonsulting.com

©2019 FTI Consulting. All rights reserved.