

**Submission
No 47**

INQUIRY INTO RURAL WIND FARMS

Name: Mr Keith Kerridge

Date received: 20/08/2009

The Director
General Purpose Standing Committee No. 5
Parliament House
Macquarie Street
Sydney NSW 2000

(4 pages)

Dear Sir

Re. Rural Wind Farms Inquiry

Background

I own a number of rural properties close to Taralga in the Southern Tablelands of NSW, which are nearby to the proposed Taralga Windfarm development. I am a member of the Taralga Landscape Guardians Inc.

One of the properties I own at Taralga is right in the centre of the proposed development. As a result of the initial court action taken by the Taralga Landscape Guardians, if the project proceeds the developer of the windfarm is required to negotiate with me to acquire that property, at a value determined on the basis that the windfarm does not exist.

The proposed development in Taralga has given me reason to examine the merits of wind turbines as a form of renewable energy. I do not propose to make this submission a detailed assessment of the place of wind energy in the energy mix because I am sure that others will do that.

I just want to focus on two issues - the effect on rural real estate values and the appropriate siting of windfarms.

The effect on rural real estate values

For years wind energy proponents have argued that windfarms do not have a negative impact on rural real estate values. Indeed, some have even argued that they have a positive effect. I believe this is very far from correct.

There is plenty of anecdotal evidence, available via a google search or from discussion with real estate agents, about the negative effect of windfarms on property prices, but very few

empirical studies. The difficulty with empirical studies in this area is probably related to the limited number of properties sold around any one windfarm and the difficulty in comparing different property prices in one area given the movement in prices over time.

I am not an expert in real estate valuation but I have been a financial analyst and an investment banker for the past 25 years, and prior to that I was a research economist with the Bureau of Agricultural Economics. I therefore have some understanding of the behavior of markets.

I believe that the negative impact of windfarms on real estate values relates to a number of factors, but most importantly, the visual impact of the turbines; noise impacts from the turbines in certain conditions; light flicker at certain times of the day and the impact on potential subdivision. The impact of these factors obviously varies depending of how close the property is to turbines, and the height and density of those turbines.

Property prices will decline because the property becomes relatively less attractive as a place to live or invest. This does not mean that no one will be prepared to live beside windfarms, just that some people (or indeed probably most people) would not choose to live in close proximity to a windfarm.

However, despite the logic of this proposition, there are those who refuse to accept this, despite the evidence to the contrary.

In my own case the Land and Environment Court determined that the property I own, "Cloverlee", which would be surrounded by wind turbines if the Taralga windfarm development were to proceed, would be negatively impacted to such an extent that it compelled the developer to purchase the property, at my option. The same condition has been imposed on the developer for a number of other landholders, some in the initial court action and others in subsequent action. I believe that this condition would also have been required for other properties had the owners joined the court action.

The Court made it explicit that the value to be paid for properties by the developer was to be determined on the basis that the windfarm did not exist. It is therefore clear that the Court accepted that the value would be negatively impacted by the presence of the windfarm.

If the proponents of windfarms and the State Government wish to maintain the view that windfarms do not negatively impact on real estate values, then they should be quite willing to indemnify neighbouring landholders against losses in value from proximity to windfarm developments. Of course, they will not do this because they know they would be required to pay many millions in compensation.

To claim that windfarms do not have a significant negative effect on nearby property prices is nonsense.

I believe windfarm developers should be required to compensate non-associated landholders for losses in asset values. Such payments could be subsidised by Government. In this way the community will be paying the true economic cost of windfarms. To say that those in the

community who just happen to live close to windfarms should pay an enormous cost in property de-valuation is grossly inequitable.

Appropriate siting of windfarms

Until quite recently there has been a view that, because they provide renewable energy, windfarms are an essential part of the nation's response to climate change, regardless of pretty much anything at all. A windfarm has been virtually impossible to stop. Killing bats and birds, whether endangered or not, chopping up the landscape, the visual pollution of pristine coastline were all par for the course. And of course the impact on people – well they are just NIMBY's. As windfarms proliferate however, there now seems to be some realisation that there are some downsides for society.

Decisionmakers, and some in the public, now seem to be realizing that there are places where windfarms may not be appropriate.

Windfarm developers argue that windfarms must be sited where the wind resource is optimal, and that it is unfortunate that this often occurs in areas of great natural beauty (eg the Victorian coastline) or in closely settled areas (such as Taralga). Certainly in the case of Taralga this is not the case. Wind resources are widespread in the Southern Tablelands, as the plethora of development proposals demonstrates.

It seems self evident that, from a planning point of view, windfarms should not be sited in closely settled areas, but rather in very lightly settled areas where the number of people negatively impacted by any development is minimised. Further, from an equity point of view, the people who are negatively impacted are those who are receiving the income from leasing their land to the wind development company.

By placing turbines in closely settled areas the number of parties negatively impacted by the windfarm development is maximised. Taralga is a good example. An industrial scale windfarm (over 60 turbines over 120 metres high) has been approved within a few kilometres of an historic village, and where the average landholding is a hundred or so hectares. This is a planning catastrophe.

A major problem with the Taralga project is its scale. Had the project involved 10 turbines 40 metres in height, such as the Crookwell or Blayney windfarms, I doubt that it would have encountered much opposition from the community. I suspect windfarm developers would say that this type of project is no longer economic, and of course from their point of view they would certainly not be maximising their profit.

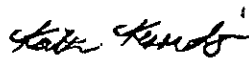
It may be that Australia should be following the European model of community based projects in the renewable energy area. In Germany there is now a big push by local communities into geothermal power generation, for electricity and for heating.

Conclusion

Windfarms are not the only source of renewable energy. Geothermal power is fast becoming a reality. In Germany there are now eleven geothermal projects underway. These are mostly relatively small community based projects (1-2 MW). It is unfortunate that the problems particular to the Geodynamics project in South Australia have coloured views of the sector in Australia.

Windfarms should not be allowed to proliferate without any sensible planning controls, simply on the basis that they produce "renewable energy". They might provide a simplistic symbol for politicians, but unbridled windfarm development will create massive destruction of our natural environment that will be with us for all time.

Yours faithfully



Keith W Kerridge