

Quarterly Progress Report to Council Members – January - March 2019

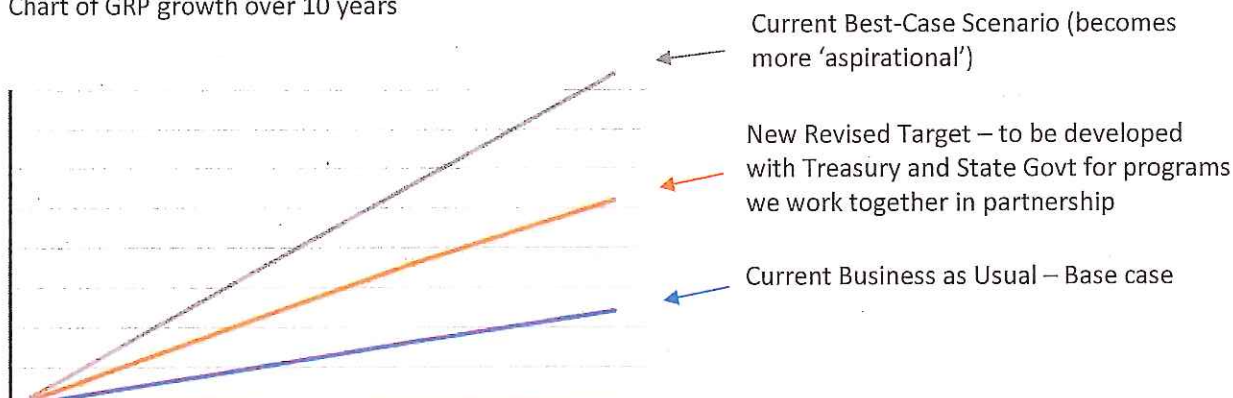
1. Regional Economic Development Plan (REDP) - Update

The State Government have now provided detailed feedback on the REDP. Although there is a lot of detailed comment, it is excellent that State Government are engaging with Northern Tasmania on our economic journey.

The key themes from the State Government (in summary) are as follows:

1. **There needs to be a more positive narrative around the strengths of our region** – Agreed. We need to highlight our strengths and why our region has so much potential in food and agriculture. We must be mindful that the document will be reviewed by potential investors. NTDC has invited the State to provide some wording for us to consider.
2. **Reflect on the Targets** – there is some level of concern, especially by Treasury, about our aspirational targets and whether the targets are still appropriate as they were set in 2016. Preliminary advice indicates our members are keen to keep our targets, noting that they are clearly 'aspirational'. It is also important to retain the baseline trajectory (or Business as Usual trajectory) as this provides a clear visual articulation of the economic challenge faced by our region. NTDC would like to negotiate with the State to find an achievable 3 year trajectory to which both the State and the region can commit to working together.

Chart of GRP growth over 10 years



3. **Option 1 or Option 2** – •The State Government have suggested a new proposed format as Option 1 or a lot of detailed changes to keep the REDP in the same format - Option 2. We are recommending a blend of the two at this stage – we will take on some good suggestions from the State feedback, but also it is important the REDP continues to be our region's plan, rather than a State Plan for the North.
4. **Health and Education** – the State Government and some of our LGA's have indicated that NTDC or the Council Members should not be responsible for health and education outcomes in our region. The wording needs to be revised to ensure the region monitors and advocates for better education attainment and health outcomes to underpin vibrant communities.
5. **Other Points** – such as not including enough about the importance of Tourism for example. This will be updated and wording revised.
6. **Other Feedback** – NTDC has received positive feedback from the Commonwealth Government including suggestions of programs and officers that can be contacted for further participation. NTDC has also received feedback from Council Members and stakeholders that will be included in the revisions back to Council Members for endorsement.

7. Next Steps:

- a) 18 April - meet with a group of community stakeholders and private sector contributors to ensure the views we have heard are accurate.
- b) 8 May – formalised meeting with Council Members to review a revised Draft REDP and endorse NTDC as a delegated organisation to negotiate any changes with State Government
- c) 10 May – 22 May – set workshops with State Government Officers
- d) Post 22 May – a Finalised Draft of REDP is re-circulated for agreement to release as the Final Draft for public consultation
- e) End of May to End June – Final Draft REDP is actively promoted for consultation
- f) July 2019 – The Revised REDP is considered by Council Members and State Government
- g) August – release of the Final REDP

2. Population Strategy

The Population Taskforce met over the report period to review the Population data for the region and to finalise proposed actions. The Final Population Strategy will be endorsed in April, and the NTDC will adopt a cut-down' version in the REDP. NTDC has been lobbying Federal candidates for funding support for the Population Strategy in the lead up to the Federal election.

In the mean-time NTDC has appointed Edward Obi, as the part-time Population Attraction Coordinator, to assist coordinate some of the elements of the Population Strategy. In the first instance Edward has met with new arrivals from interstate and international to develop case studies on their experiences that can be promoted to others (via the State Government website) thinking of re-locating to Tasmania. Also NTDC has been learning what currently works in the region versus what could be improved to attract and retain skilled people.

It is important that Edward learn about the experiences of newcomers in our regional towns and rural areas. If you have a contact that you would like Edward to meet please see Edward's details at the end of the report.

3. Federal Election Advocacy

NTDC has met with both major political party's representatives in the upcoming Commonwealth election. We have our Top Five Priority Projects that were also presented to the Prime Minister when he visited Launceston in April (via Bridget Archer). A copy of the Top Five Projects is attached for your reference.

Just as a reminder Council Members agreed on the priority project assessment process in May 2017. The main criterion is that the project needs to contribute up to \$50M in GRP over a 10-year period and requires broad community and council support as well as strategic alignment etc. Most projects need to be economic contributors to industry, or enablers that will drive our economy (such as the population attraction program). Each council is also encouraged to meet with Federal Candidates to promote their local government priority projects.

The Five Top Regional Priorities are as follows:

- 1) Population Program;
- 2) Translink Launceston Gateway;
- 3) FermenTasmania Centre;
- 4) Bioenergy Plant Westbury; and
- 5) Hydrogen Energy.

It should also be noted that since the above list was finalised - the Defence Precinct at Newnham/AMC has been re-prioritised due to both Liberal and Labor Part interest. The detail of the proposals is included as an appendix on this report.

4. Red Meat Industry

On March 20, 2019, NTDC Ltd hosted Richard Webb to facilitate a Red Meat Industry meeting with industry leaders and industry developers to explore the marketing possibilities, opportunities and the barriers that face the industry.

The meeting determined that Brand Tasmania and branded Tasmania meat has a strong part to play in the future.

Some of the discussion of the workshop considered:

- Meat processing technology applications
- Making a margin on the offal – entrepreneurs would jump at the chance if there was a clear line of sight to new markets
- Micro-processing plants – like micro-breweries
- Opportunity to collaborate to add value to products (eg Wales products into France where a critical mass of farmers products was required – very successful)
- Tasmanian Marketplace – who owns it? Collaboration between UTAS, State and Private sector?
- Air Freight costs – and opportunity to access markets more quickly and directly
- The entrepreneurship of our farmers, the quality of Tasmanian soil, air, water and cool climate is a great combination
- There was a question of whether Tasmania is maximising/leveraging the value of its GMO-free status
- The question of more organic farming (and less sulphates in wine for example) – this will be a demand from younger consumers
- Consider logistics and how to remove barriers along the way

Next steps: It was agreed that Lamb should be the initial focus and engaging with the new Brand Tasmania was a big opportunity. NTDC has since been encouraged by the interest by Tasmanian Quality Meats to expand its Cressy facility, and another proponent interested in establishing an abattoir at the Valley Central Precinct with some international market interest. It is estimated that both plants should be possible with the planned increase in stock expected over the next few years.

NTDC has now written to the new Chair of Brand Tasmania, Nick Hadow, asking for the engagement of Brand Tasmania in a pilot project, Lamb Tasmania. Also discussions have occurred with the Deputy Secretary of DPIPW, Carole Rodgers, to ensure she is aware of developments in the North.

5. Input into Strategies and Reviews

NTDC has provided feedback through meetings into the following strategies and reviews:

- a) State Trade Strategy – NTDC recommended that DSG should have targets for exports similar to DPIPW's Agri-growth targets.
- b) Food Export Hub – the State Government worked on a submission to the Commonwealth to establish a Food Export Hub in Northern Tasmania. NTDC and RDA Tasmania provided a high level of engagement to ensure this was a quality submission. The State Government decided to not submit this proposal due to other factors.
- c) Launceston City Building Heights Review – NTDC provided a letter and then considered the follow-up work by City of Launceston (and in favour of the revised position).

5. Food Network Session – March 2019

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NTDC and RDA Tasmania hosted the 1st of four scheduled events for the Northern Tasmania Food Network in March 2019. The aim of the Network is to bring people in the food and beverage industry together to build networks to become a more effective cluster and build more successful food businesses in the future. The four events planned during the year will present subjects nominated by the food businesses as important for their businesses.

The March event was all around the marketing of business' with key speakers in Tim Barbour, Tasmanian Gourmet Sauce Co, (overseas marketing experience especially in Japan) and Karina Dambergs, Red Brick Road Cider House, on how to apply marketing in food businesses.

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Website: www.ntdc.org.au

Please note new email addresses;

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Northern Tasmania

Top Five Priority Projects
to Boost our Regional Economy

Northern Tasmania Development Corporation Ltd (NTDC) Priority Regional Projects Summary

NTDC has prepared a Regional Economic Development Plan (REDP) to set out a vision for Northern Tasmania and identify where future economic growth and employment is likely to come from.

As part of this work, NTDC has identified, investigated and assessed a large number of proposed projects which may facilitate high levels of regional economic growth. Each project has been rated and prioritised in accordance with a structured assessment process which has been endorsed by all member Councils.

In addition, each project must offer the following attributes;

- They are strategically aligned with the REDP
- They promote private sector investment
- They are engaged with the business sector & the broader community
- They are well-defined, research-based and market-driven
- They are socially and environmentally considerate
- They are aligned with Local, State, and Federal priorities, and
- They have the potential to deliver over \$50M to the economy over a 10-year period

The resultant shortlist of priority regional projects (below) will each deliver a significant increase of regional economic productive capacity and require funding assistance beyond the region's available resources. NTDC are seeking Federal funding assistance for the following 5 priority regional projects;

1. Population Program

This includes project management and delivery of a number of pilot projects over the next 2 years to address the need to increase the working age population in Northern Tasmania.

NTDC is seeking a funding contribution of \$200,000.

2. TRANSlink Launceston Gateway Precinct

The TRANSlink precinct, adjacent and surrounding Launceston Airport, is rapidly developing as the largest high quality industrial, business and freight precinct in Tasmania. Improvements are necessary to continue its positive development.

NTDC is seeking a funding contribution towards the \$75M project cost, including \$2.74M for Stage 1 and \$2.2M for Stage 2.

3. FermenTasmania Centre

To develop a Centre of Excellence for Fermentation – an incubator facility including shared equipment, training, food precinct and visitor engagement. The centre will stimulate the growth of the Tasmanian fermentation industry and associated compatible businesses.

On behalf of regional proponents, NTDC is seeking a funding contribution of \$10million.

4. Bioenergy Plant

To develop a commercial bioenergy production at the Valley Central industrial precinct, near Westbury in Tasmania. The bioenergy plant could provide sustainable energy at a competitive price for companies in the industrial precinct, attract energy intensive companies to establish at Valley Central, and recycle biomass residues from companies within the industrial precinct and elsewhere in Tasmania.

On behalf of regional proponents, NTDC is seeking a funding contribution of \$250,000.

5. Hydrogen Energy

To develop a hydrogen energy production facility using Tasmania's renewable hydroelectric, solar and wind resources to produce electrolyser based hydrogen energy from Tasmania's natural water supplies.

NTDC is seeking a funding contribution of \$250,000.

1. Population Program

Proposal:

A \$200,000 funding contribution from Federal Government to support a Population Growth Strategy for Northern Tasmania.

Detail:

Research undertaken by National Institute of Economic and Industry Research (NIEIR) and Tasmanian Treasury forecasts indicate that without interventional activity, over the next decade the working age population in Northern Tasmania will decline and this will impact negatively on the local economy. The region requires an increased skilled working age population to supply our businesses and industry with the resources they will require to expand and export in a growing economy.

In 2018, NTDC established a Northern Tasmanian Population Taskforce including our key regional stakeholders and State Government officers. The Population Taskforce will collaborate on population growth initiatives and align actions from the Taskforce with State Government strategy. NTDC has engaged a Population Coordinator to deliver programs including;

- Pilot Small Business Attraction Program – (\$100,000 over two years)
- Pilot Young Families Relocation Program, directed at attracting 25–45-year-old parents with children to the region (\$50,000)
- Pilot Welcome/Settlement Strategy - Welcoming to city and region strategy including preparing the community to grow and welcome population (\$50,000)
- Improve linkage of available jobs to target audiences using established programs (\$50,000)
- Pilot Retain interstate and international students Program
- Preparing & Promoting successful Northern Tasmania immigration case studies to support the State Government's 'Make it in a Year' program

In addition, NTDC will take an active role in managing and communicating the program.

➤ **Location:**

Northern Tasmania

➤ **Proponent:**

NTDC

➤ **Project Cost:**

A \$600,000 program over two years, 2019-20 and 2020-21;

Support Agency (\$)	19/20	20/21
State Government (Budget Request)	\$100,000	\$100,000
LGA's (under consideration)	\$50,000	\$50,000
NTDC (in-kind and on-costs)	\$50,000	\$50,000
Federal Government Request	\$100,000	\$100,000
Total	\$300,000	\$300,000

The request to the Federal Government is for \$100,000 per annum for two years

➤ **Economic Impact:**

Northern Tasmania's current population is approximately 144,000 people. By 2031;

- 'Business as usual' case – a decrease of 5000 working age people
- 'Best case' with Population Program – 10,000 additional workers, an additional 5,000 workers to replace the forecast loss of workers, and 5,000 additional workers to resource expanding businesses in a growing economy.

2. TRANSlink Launceston Gateway Precinct

Proposal:

A funding contribution from Federal Government towards the \$75.34 million project, including \$2.74M for Stage 1 and \$2.2M for Stage 2, for establishment of an industrial, business and freight precinct adjacent to Launceston Airport.

Detail:

The TRANSlink commercial, industrial and logistics Precinct is currently home base for more than 70 businesses employing a total workforce in excess of 1,250 (not including the businesses and workforce at the adjacent Launceston Airport). There are currently 58 vacant lots with a total area of 59 hectares in the Precinct, and a further 120 hectares in the adjacent primary industry zone to the south-east available for future expansion of the Precinct. Council has collaborated with other relevant stakeholders to develop the Launceston Gateway Precinct Master Plan, a strategic long-term plan, that will see consolidated services around the ever-expanding TRANSlink Precinct, Launceston Airport and the Western Junction rail node. Including;

- Stormwater infrastructure upgrading - There is a dire need to upgrade and expand the Precinct's ageing stormwater infrastructure.
- Gas Reticulation - There is no natural gas pipeline to the airport and TRANSlink Precinct. Council is seeking support to bring this vital infrastructure to Precinct and Airport businesses to ensure strong growth and lower energy costs can be released for key operators, providing sustainability and lowering the environmental footprint.
- Intermodal Facility -To maximise the potential for intermodal transport, freight and logistics, rail must be collocated with the Airport and TRANSlink Precinct via a spur off the main line, preparing the hub for crucial future growth on the site and include a 24/7 freight hub and a new railway line extending from the existing line for access to a concrete apron for loading/unloading, a warehouse and administration building.

> Location:

Breadalbane, Northern Midlands, Northern Tasmania

> Proponent:

Northern Midlands Council

> Project Cost:

- Stormwater Infrastructure upgrades - \$5.48 million
 - Council and 2 businesses have committed \$2.74 million
 - **Seeking Federal contribution of \$2.74 million**
- Gas reticulation - **Seeking Federal Funding of \$2.2 million**
- Intermodal facility - **Seeking Federal Funding of \$70.4 million**

> Economic Impact:

Stormwater Upgrades – The combination of all direct, industrial and consumption effects would result in an estimated rise in output of \$4.84 million annually and in a total estimated increase of 35 jobs in the Northern Midlands.

Intermodal Facility - The combination of all direct, industrial and consumption effects would result in an estimated rise in output of \$28.8 million annually and in a total estimated increase of 452 jobs in the Northern Tasmanian Region.

> Project Timeline:

- Q3 2019 – Q2 2020 - Stormwater Upgrades.
- Q3 2019 – Q2 2021 - Gas Reticulation.
- Q3 2019 – Q2 2022 - Intermodal Facility.

3. Ferment Tasmania Centre

Proposal:

A \$10 million funding contribution from Federal Government for establishment of a fermented food and beverage factory to boost innovation and support fermentation businesses to access market growth.

Detail:

The 2000 square metre Fermentas Factory will support Tasmanian advanced manufacturing businesses to innovate, research and develop high quality food and drink products that will attract a premium price point in Australia and in targeted export markets: creating new jobs in Northern Tasmania. Factory users will generate new fermentation-based businesses and products; support university-business research collaboration; encourage entrepreneurship and innovation; create tourism opportunities around the making and appreciation of fermented products; and, in collaboration with the University of Tasmania, TasTAFE and other education providers, offer training and skills development to provide new jobs and career paths for Tasmanians and to draw interstate and international industry and students to Tasmania.

➤ Location:

Legana, West Tamar, Northern Tasmania (West Tamar LGA)

➤ Proponent:

Fermentation Tasmania Ltd (Fermentas), an industry-led, not-for-profit industry group established to accelerate innovation, growth and collaboration amongst Tasmanian fermentation-based enterprises.

➤ Project Cost:

\$16 million, comprising;

- \$3 million industry contribution for fit-out and specialised equipment - currently promised and to be confirmed upon receipt of major capital funding for construction;
- \$2.5 million for ancillary works secured from the West Tamar Council plus donated land value anticipated to be around \$500,000; and,
- **\$10 million sought from the Federal Government.**

➤ Economic Impact:

Short term impact: 60 direct design and construction jobs

Long term impact (first 3 years of operation): 5 new enterprises, 6 new co-location businesses, 20 new tourism products, R&D, tourism, training including;

- 187 Direct Jobs
- 253 Indirect Jobs
- \$24.8 million direct investment
- \$61.2 million GRP

➤ Project Timeline:

- Q3 2019 - Q2 2020; \$1million for planning and detailed engineering design. \$2.5million local government funding for site access/infrastructure works.
- Q3 2020 - Q2 2022; \$9million over 2 financial years for construction and commissioning of the facility. \$3 million provided by industry for fit-out, specialised technology and equipment installation.

➤ Letters of support:

Northern Tasmanian Development Corporation (NTDC), Launceston Chamber of Commerce; West Tamar Council; University of Tasmania; and Tasmanian Department of State Growth.

4. Valley Central Bioenergy Hub (and Abattoir)

Proposal:

A \$250,000 early stage Federal Government investment in Meander Valley Council's proposed bioenergy hub at the Valley Central Industrial Precinct to facilitate export related business clustering investment and job creation.

Detail:

This work has established that waste streams from meat rendering and other wet organic waste can be redirected to such an anaerobic digestion (AD) facility to produce commercial quantities of biogas, process heat and electricity. These energy products could be sold at retail prices to adjacent industrial consumers located in the Valley Central precinct, or into the grid at wholesale prices. The economic benefits of such a facility are broad, and include:

- Lowering energy and waste disposal costs of precinct based industrial customers;
- Attracting new industrial businesses to locate at Valley Central;
- Creating innovative jobs and economic development during plant construction up to \$20M;
- Localised investment from clustering of specialised support services;
- Reduced waste impacts through pre-treatment of trade waste;
- Support the development of Tasmanian branded lamb products for niche export markets;
- Mitigate the risk that further meat processing failures will constrain grazing expansion;
- Reducing or eliminating live sheep exports from Tasmania; and
- Reinforcing Tasmania's brand with additional renewable energy alternatives.

➤ **Location:**

Westbury, Northern Tasmania (Meander Valley LGA)

➤ **Proponent:**

Meander Valley Council has led detailed investigations over the last 3 years into a waste to industrial energy facility that includes recent collaboration with proponents seeking to establish a majority Tasmanian owned abattoir to process and export red meat from the Westbury industrial precinct.

➤ **Project Cost:**

\$550,000 comprising;

- \$50,000 from Meander Valley Council for current and future feasibility assessment;
- \$250,000 from the Tasmanian Government for increasing sustainability credentials and mitigating red meat processing risks; and,
- **\$250,000 sought from the Federal Government to progress an integrated industrial development opportunity.**

➤ **Economic Impact:**

Short term impact: 80-100 direct design and construction jobs

Long term impact (first 3 years of operation): 120-140 operational jobs

➤ **Project Timeline:**

- **2019;** securing land, draft waste feedstock supply agreements and energy offtake agreements, tendering for a turnkey AD plant, commencing formal planning and environmental approvals.
- **2020 – 2022;** construct and commission a \$20M AD facility to convert industrial and agricultural wastes from around the Northern region of Tasmania into energy for industry.

➤ **Letters of support:**

Northern Tasmanian Development Corporation (NTDC), Clean Energy Finance Corporation (CEFC), TasWater, Regional Development Australia (RDA), Department of State Growth, Office of the Coordinator General, University of Tasmania (UTAS) and Tasmanian Agricultural Productivity Group (TAGP).

5. Hydrogen Energy

Proposal:

A \$250, 000 funding contribution from Federal Government to undertake a Scoping Study into Tasmania's potential to participate in the emerging global hydrogen energy economy.

Detail:

Many countries are investing in hydrogen energy value chains to decarbonise their energy systems and they will need to import hydrogen to achieve their energy needs. This creates an export market. Recent export market assessment work carried out for ARENA indicates that Australia is likely to be capable of becoming a competitive supplier. The development of a new industry involves long lead times.

A National Hydrogen Roadmap has been prepared by CSIRO to identify the pathways by which an economically sustainable hydrogen industry can be established in Australia, with exports commencing in 2025. Several States have produced complementary road maps, and NTDC argues that Tasmania should do the same. Tasmania's renewable hydroelectric and wind resources are especially well-suited to electrolyser based hydrogen production because of their high capacity factor when used together – thus driving down electricity cost.

Tasmania's hydrogen economy options should therefore be considered in parallel to those offered by the Battery of the Nation project. The Scoping Study should be undertaken by a recognized international process engineering consultant with contemporary experience in the emerging hydrogen economy and draw on the State's existing knowledge base in the renewable energy, infrastructure capacity and siting options areas.

➤ **Location:**

Bell Bay Industrial Zone, East Tamar, Northern Tasmania (George Town LGA)

➤ **Proponent:**

NTDC - NTDC's interest is strategically linked to the potential for hydrogen production to become a new and substantial export industry for Northern Tasmania, because Bell Bay is an obvious candidate for the location of hydrogen production and export facilities.

➤ **Project Cost:**

Total cost of a Pre-Feasibility Scoping Study is \$500, 000 comprising;

- NTDC to provide project management resources required to deliver the Scoping Study;
- \$250, 000 from State Government;
- **\$250, 000 sought from the Federal Government.**

➤ **Economic Impact:**

Economic estimates produced for 2030/40 demand scenarios indicate that a hydrogen industry would produce similar numbers of jobs as the LNG sector, and that much of the economic benefit would accrue to regional Australia. At a projected international hydrogen price of \$3000/T the level of production from such a facility would deliver annual export revenue of \$150 million. At this scale, a hydrogen sector would be Tasmania's sixth largest export revenue earner. A Bell Bay plant exporting these quantities by 2031 would contribute 23% of the export growth target set in Northern Tasmania's Regional Economic Development Plan.

➤ **Project Timeline:**

- Q3 2019 – Q4 2019; Scoping Study - an order of magnitude technical and economic study of the potential viability of the project as necessary to demonstrate at the time of reporting that progress to a more detailed Pre-Feasibility Study can be reasonably justified. Timing consistent with the National Hydrogen Industry development milestones.