



Regional Futures Plan: Directions Paper





Executive Summary

What is it?

The Regional Futures Plan (RFP) will establish an alliance of organisations with a shared strategic direction for Northern Tasmania. It will address the challenges focusing on economic development as the fundamental driver of prosperity, as well as the need for change in the way we make things happen.

Who's involved?

This Directions Paper is informed by the work and views of hundreds of people and organisations including the Councils, Tasmanian and Australian Government, private enterprise, service providers and peak bodies.

Why do it?

Much planning and strategising occurs in Northern Tasmania, but does not always result in the region working and speaking collaboratively in a strategic way. The RFP is about taking the next step; not just about planning for future growth, but coordinating action that results in new investments and jobs needed to drive growth.

The objectives of the RFP are to provide:

- A platform for business, industry, government and other stakeholders to discuss 'big picture' regional issues across interest groups and municipalities, and speak with one voice.
- Efficiency through collaboration and sharing of information and resources.
- Enhanced effectiveness from all levels of government and the private sector through the co-ordination and prioritisation of regional projects, and
- Alignment of the objectives of major regional organisations.

Why is it different?

The RFP is a plan for the future of our region, developed by the people of our region, based on goodwill and a desire to see the region succeed. By working together, our private enterprise, governments and service providers can more effectively influence future growth. It strengthens the voice of Northern Tasmania and our ability to deliver priority projects.

RFP provides a platform where we can engage with business, industry, government and other agencies. Through this innovative structure we are able to identify common issues and work together for our mutual benefit.

How?

The RFP is an evolving concept. This Directions Paper presents a framework to achieve the objectives of the RFP, prioritise and implement action, and measure success.

To be successful, this strategic framework will need commitment from all levels of government, education, enterprise and stakeholders of the Northern Tasmanian region. Broad support for major priorities with coordinated implementation will present stronger cases for funding and resourcing for projects and a greater likelihood of success.

Next steps

We seek your comments. Feedback from this review will result in changes and additions to the RFP that will be presented in June 2015. Please provide feedback to Northern Tasmania Development by 22 May 2015. Comments should be emailed to Ben Marquis ben@northerntasmania.org.au or posted to PO Box 603, Launceston 7250.

Your comment and input is sought to confirm the intention and direction of the RFP.

Questions we seek input on:

- What industries are growing, have the capacity to grow, or want to grow?
- What is likely to drive economic growth in northern Tasmania?
- Which enterprises are investing in research and development?
- Where do you see the best opportunities for the region to be competitive through high-value specialisation?
- What will it take to become a global or national leader in key sectors and specialisations?
- What projects would fit into this framework?
- How should this process be governed?

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The Mission:

At present, there is no widely accepted coordinating framework to guide priority setting or collaborative economic development in Northern Tasmania. Regional project resourcing, institutional arrangements and actions are relatively disjointed. Much planning and strategising occurs, but does not always result in the region working and speaking in unison on key priorities.

Since mid-2014, Northern Tasmania Development has spoken with over 200 industry, community and government representatives from across Tasmania. There is a strong sentiment that the northern region can do better and be more prosperous. It is clear we cannot afford to keep doing the same thing and expect a different result.

The Regional Futures Plan (RFP) will establish a clearer economic direction for Northern Tasmania and provide the framework to proactively manage priority regional development actions. It will align priorities, resources and efforts towards outcomes that are crucial to the long term prospects of the region. Greater coordination will position the region at a decided strategic advantage where we can speak with coherence, consistency and unity of purpose in advocating for priority projects.

The RFP seeks to harness the goodwill and energy of stakeholders, sectors and institutions of the region to actively collaborate in areas of mutual interest.

Why Collaborate?

The impetus for this project is based around a recognised need for organisations and industry groups to collectively work on economic development issues in partnership with Local Councils, the Tasmanian Government and Australian Government.

The major benefits of this 'whole of region' approach are:

- Better utilisation of limited resources;
- Improving efficiency by reducing duplication;
- Better use of the region's 'human capital';
- Improved ability to attract support for priority initiatives;
- Enhanced empowerment and accountability.

However, meaningful regional collaboration is easier said than done. It requires dedication and commitment.

Relationship building and trust will be necessary components of meeting the objectives of coordinated regional economic development.

Productive and respectful relationships within the region are critical, as are those built outside the region and outside the state because they will have a significant impact on our future economic prosperity.

What we want

Economic development is the top priority for Northern Tasmania to address two fundamental regional challenges; creating job opportunities and improving Northern Tasmanians' standard of living. In creating jobs and prosperity, other positive community impacts will also be realised, including population growth and socio-economic progress.

The Gross Regional Product (GRP) for Northern Tasmania is currently \$6.1bn being around 25.2% of Tasmania's \$25.1bn Gross State Product (GSP) and 0.38% of Australia's \$1.6tr Gross Domestic Product (GDP). The current economic growth rate for Tasmania is 1.2% compared to Australia which is 2.5%. On a per capita basis Northern Tasmania's GRP is \$44,068, compared to Tasmania as a whole which is \$50,572 and Australia at \$73,627.¹ Furthermore, Northern Tasmania's unemployment rate sits at 8.2%² well above both Tasmania's rate of 6.6% and Australia's rate of 6.3%.³

Clearly the current level of economic activity in Northern Tasmania is well below both state and national averages and is not sufficient to reverse the unemployment rate and lift living standards. Economic activity is currently not sufficient to provide work for those who wish to work and we are not fully utilising the labour resources of the region.

The RFP will focus on initiatives that can grow the Northern Tasmanian economy in order to raise living standards in Tasmania to at least the national average level. That is, a state of economic activity that provides work for those who wish to work. Achieving this goal would fully utilise the labour resources of the region.

¹ Latest REMPLAN data incorporating Australian Bureau of Statistics (ABS) June 2014 Gross State Product, 2009 / 2010 National Input Output Tables and 2011 Census Place of Work Employment Data.

² Regional Australia Institute regional indicators

³ ABS Australian Labour Force, February 2015

How will we get there?

The RFP will enhance and rejuvenate our economic potential by coordinating and guiding efforts to:

- Raise the economic profile of the region;
- Seek new opportunities for economic development in the region, and;
- Make more effective use of resources in promoting regional economic development.

For our relatively small economy to show resilience to national economic trends, it must be a diversified economy that builds on our existing core industries, but also closely reflect changes to our competitive advantages brought about by new infrastructure developments, technology developments and global trends.

Therefore, the RFP will seek to achieve greater prosperity by taking action that underpins the current and future high impact sectors of the Northern Tasmanian economy.

High impact sectors within a regional economy are those that are contributing significantly to generate prosperity, productivity and employment. They are the sectors most likely to grow the economy through increased value-adding and by developing innovative products and processes that potentially lead to new markets and greater competitiveness in the global market place.

A collaborative approach to regional economic development

Industry, government and education directly influence economic development (see Figure 1).

The most effective drivers of economic development in Northern Tasmania have been carefully judged combinations of private enterprise activity and government supportive action and investments in education, training and research. Projects such as the irrigation schemes and the north east mountain bike project are testimony to collaboration leading to better outcomes.

Government plays a pivotal role in influencing economic development and commerce. It is able to enhance the economic environment (e.g. reforms to enhance competition), improve capabilities and efficiency (e.g. Investing in core infrastructure) and assist flexibility (e.g. creating a more adaptable regulatory framework) to enhance productivity. Government also has a responsibility to ensure policy development is enabling and not obstructive or restrictive to economic development. Notably, local government understands intimately the local communities they serve; this knowledge must be brokered and leveraged effectively to enhance future activities.

Business and industry is instrumental as the primary generator of wealth in the region. Industry has a shared interest in achieving development outcomes to the betterment of Northern Tasmania. The involvement of industry in collaborative regional economic development projects is pivotal in that it signifies legitimacy, ownership and validation of the region's strategic direction. The role of the RFP is about ensuring new and existing businesses can

create jobs and investment opportunities.

A primary determinant of productivity and standard of living is how well a region develops and utilises the skills, knowledge and education of its population. In today's 'knowledge economy', education is key to enhancing economic efficiency by increasing the value, adaptability and efficiency of labour.

To be competitive in national and global markets, for example, business and industry rely upon knowledge and research to add value and innovate in order to rapidly customise products to market demands. Underpinning this is the application of research and design to the development of innovative or value added products and more efficient methods of production. Institutions such as the University of Tasmania and CSIRO are some of the region's most important assets given their crucial role in creating and transmitting knowledge through linkages to the business community.

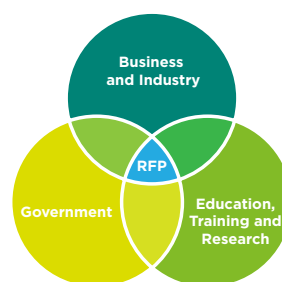


Figure 1: Proposed collaborative approach to economic development

Currently, economic development in Northern Tasmania is relatively disjointed. However, bringing industry, government and education closer together to collaborate on important projects will lead to better utilisation of limited resources, reduction in duplication of effort and better outcomes. The purpose of the RFP is to clarify a collaborative approach to economic development that reflects the fact the region is a system.

Pillars of the Northern Tasmanian economy

High impact sectors are those that contribute a disproportionately high level of economic output, value added employment or trade in an identified sector when compared with the State or national average.

The Pillars of the Northern Tasmanian economy are:

- Food and Agribusiness
- Tourism, and
- Advanced Manufacturing

These Pillars are areas where Northern Tasmania has the strongest natural or competitive advantage. The selection of these areas are supported by the Australian Government, the Tasmanian Government, the Business Council of Australia and various reports on Northern Tasmania as priority growth areas.⁷

There is a prime opportunity to specialise through action that combines these Pillars, such as advanced manufacturing in agribusiness.

⁷ Australian Government Industry Growth Centres Initiative; Tasmania Government Department of State Growth; Business Council of Australia.



Pillar 1: Food and Agribusiness

Tasmanian agriculture, including downstream processing and manufacturing, contributes around 30% to Gross State Product. Northern Tasmanian food and agribusiness can be broadly categorised into five major areas; traditional mixed farming enterprises (incorporating broad acre cropping, wool, forestry and livestock production), dairy, viticulture, aquaculture and niche/ high value products.

Noteworthy assets and observations include:

- Northern Tasmania's forestry resources are nationally significant
- Irrigation capacity and water availability is driving agricultural expansion, intensification and conversion (especially) dairy production
- Northern Tasmania produces the vast majority of Tasmanian wine
- Aquaculture has potential for further growth.
- A localised concentration of seafood processing, fisheries, hatchery facility shared by Petuna and Tassal and the UTas School of aquaculture.
- This pillar aligns with one of the Federal Government's Industry Growth Centres which is the centre point of the Government's new policy direction and is a part of the Industry Innovation and Competitiveness Agenda.



Pillar 2: Tourism

Tourism in Northern Tasmania generates \$349m in direct visitor expenditure. Currently, Tasmania services a predominantly (86%) mainland market. Further investment and new product can enable it to compete more effectively for increased international visitation.

Regional Tourism Organisation (RTO), Tourism Northern Tasmania (TNT) has developed their Destination Management Plan, which aims to increase visitor expenditure to \$496m by 2021. This plan works with both Tourism Tasmania's and Tourism Australia's 2021 growth targets.⁸ RFP will collaborate with TNT to achieve this target. The RFP will be highly integrated with TNT's and the other RTO's strategic plans and priority initiatives.

Noteworthy assets and observations include:

- Offerings of quality experiences in pristine environments with ready access to international connections will assist in entry of new emerging markets.
- State initiatives to develop more tourism and recreation product based on the liveability of the region, and the pristine and 'remote' environmental qualities is promising.
- Tourism growth is a focus point of both State and Federal Government priorities due to its value adding potential.

Example Project: North East Rail Trail

The project will see the development of a 94km multi-use trail from Launceston to Legerwood through conversion of disused railway corridor. The project will provide enabling infrastructure investment to support the development of experiential product in the context of cycle tourism being a growth market for Northern Tasmania. It would create ongoing employment of 40 in the region and be complementary to the impact of the North East Mountain Bike Project.



Pillar 3: Advanced Manufacturing

Manufacturing is an important industry in Northern Tasmania. A small number of multinational firms play a significant role in driving the core economy by contributing a large proportion of the region's economic profile. Manufactured goods comprise 53% of the region's exports by value and the sector is also responsible for 26% of Northern Tasmania's economic output.¹⁰

Importantly for the future of the region, the transport role of the Bell Bay port and the airport are nationally significant. The concentration of manufacturing at Bell Bay as well as its continuing strength in Launceston means the region is the state's manufacturing hub in terms of employment and production.

Noteworthy assets and observations include:

- The manufacturing sector is the largest value-adding sector to regional economy.
- Approximately 7,000 people are directly employed in advanced manufacturing businesses in the region.
- This pillar aligns with one of the Federal Government's Industry Growth Centres which is the centre point of the Government's new policy direction and is a part of the Industry Innovation and Competitiveness Agenda.

Example Project: Microwave Assisted Thermal Sterilisation (MATS)

This project will assess the viability and investment case for the introduction into Australia of MATS technology. MATS technology can produce high quality ready-to-eat packaged meals that are shelf stable for long period of time without freezing or refrigeration. The technology was pioneered in the US for the defence forces. Significant potential exists to utilise this technology for food processing in Tasmania for commercial, residential and defence applications.

⁸ Tourism Northern Tasmania, Northern Tasmania's Destination Management Plan 2012 - 2017
¹⁰ Latest REPLAN data incorporating Australian Bureau of Statistics (ABS) June 2014 Gross State Product, 2009/2010 National Input Output Tables and 2011 Census Place of Work Employment Data.

Foundations

The RFP Foundations are defined as the specific categories that are pivotal to further growth and success of the Pillar sectors. By recognising and understanding how the underlying foundations interact with each of the Pillar sectors, the region will be able to ensure concentrated and targeted effort.

Example Project: Launceston Gateway Precinct Master Plan

The Launceston Gateway Precinct Master Plan is the strategic planning for the future use and development of the Launceston Airport, adjacent industrial area and associated road and rail infrastructure. The future development of this 300ha area is a strategic lynchpin for Tasmania. It sits at the confluence of Tasmania's logistical network (rail, road, port, air) and is the best access point to mainland Australia. The Gateway precinct includes the Launceston Airport, a key economic contributor to Northern Tasmania.



Foundations 1: Human Capital

From the Regional Australia Institute... "The skills, health and education of a workforce are fundamental to a region's competitiveness. Strong Human Capital allows communities and the individuals within these communities to be more productive and more able to respond to shifts in the economy."

Core elements of human capital are:

- Education
- Skills based training and experience
- Health
- Labour market flexibility and adaptability

Building the region's human capital will be an essential underpinning foundation if the region is to prosper and grow. Developing an educated and skilled workforce will be a primary enabler for the regions businesses and industries to continue to grow the regional economy. Collaboration between government, industry education and training centres to ensure all stakeholders are working for the betterment of the region will be a pivotal factor to a better skilled regional workforce.

Examples of how the current state and progress of our human capital can be measured are:

- Welfare Dependence - % of population over 15 who receive some form of welfare (currently 31%)
- Health - Adults with at least 1 of 4 health risk factors; smoking, harmful use of alcohol, physical inactivity and obesity (currently 58.9%)
- Life Long Learning - % of working age population participating in education and training (currently 43.9%)
- Year 12 completion - % of population that has completed year 12 (currently 32.57%)
- Unemployment rate - % of working able

- population who are unemployed (currently 8.2%)
- University Qualifications - % of working population with a university qualification (currently 15.7%)
- Technical Qualifications - % of working population with certificate and diploma qualifications (currently 33.9%)



Foundations 2: Regional Dynamics

Essential to the success of our region will be to understand and then improve how we work together within the region and with external stakeholders. Regional dynamics can be seen as a unique set of factors that can influence the culture, effectiveness, pride and confidence of a region.

This concept includes the core elements of:

- Institutional foundations
- Innovation
- Leadership
- Community sentiment

Examples of measures to track current situation and progress are:

- AIRC Innovation Census
- Leadership Capacity - % of the workforce employed in management, the professions or self-employed (including farmers), measuring both the quality of human capital and the availability of slack resources suitable for leadership roles (currently 29.7%)
- Volunteer Activity - % people aged 15 years and over who participate in voluntary work (currently 19.6%)



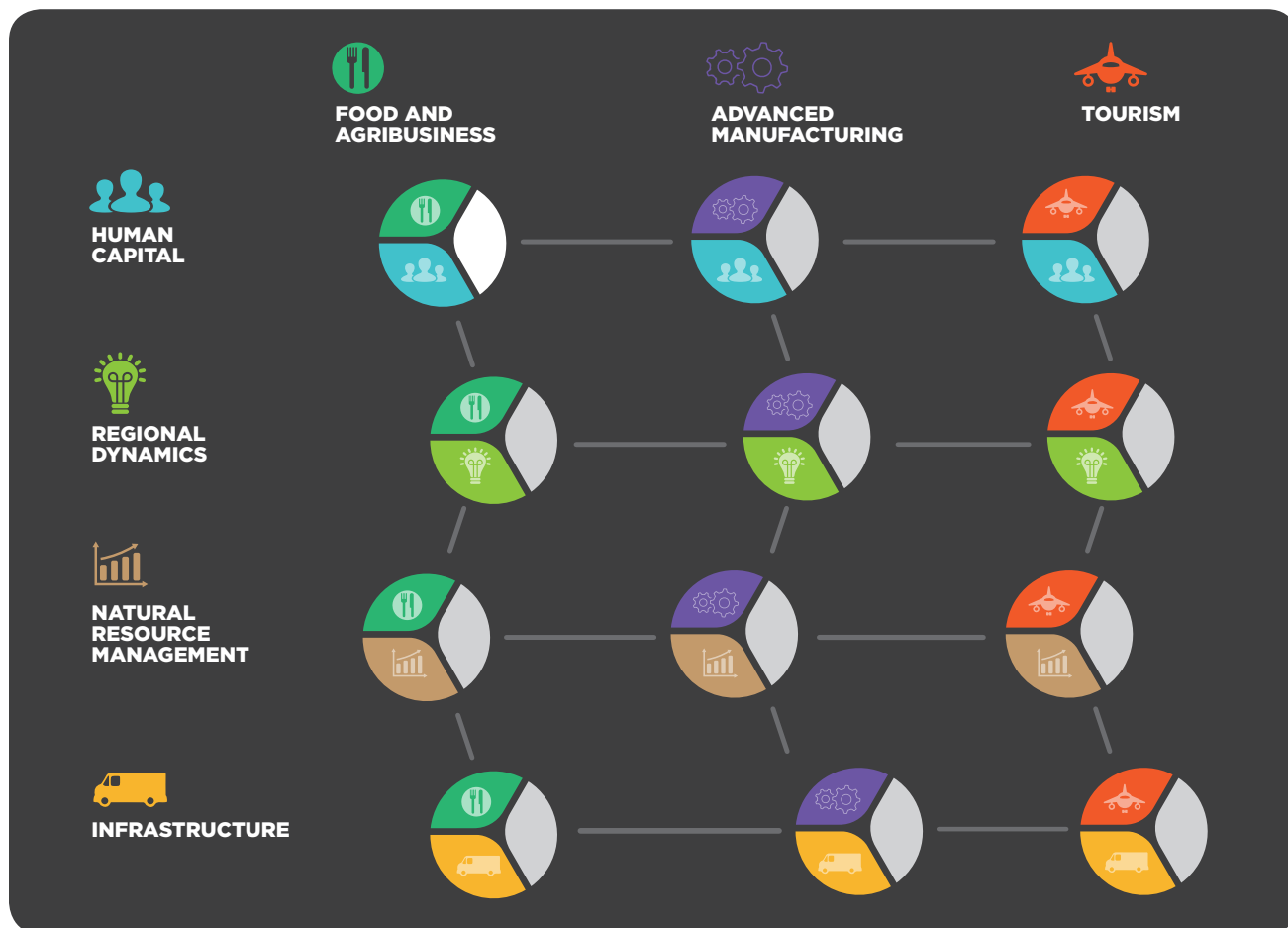
Foundations 3: Natural Resource Management

Underpinning the region's capacity to generate economic activity and quality of life is our natural environment. It is critical there be a considered and effective approach to natural resource management and monitoring. Working with NRM North to develop mutual priorities and projects will be fundamental action to ensure that the region's NRM practices and procedures are inherently best practice. Core focus elements of NRM include:

- Forest resources
- Mineral resources
- Productive land
- Preserved land
- Water resources
- Climate
- Soils

Current situation and progress can be measured by:

- Water Quality (including river and estuary health)
- Biodiversity
- Community and stakeholder partnerships
- Productive land management plans



Foundations 4: Infrastructure

Infrastructure is separated into 2 sub-sections:

- Transport and Logistics
- Built Capital

From the Regional Australia Institute... "Transport infrastructure - roads, rail, airports and ports - are critical to the efficient delivery of goods and services and support a region's competitiveness in economic markets by reducing freight costs." The accessibility and importance of transport and logistics infrastructure and services will be measured by:

- Road infrastructure accessibility
- Rail infrastructure accessibility
- Gateway to state - distance to airport, distance to port
- Exporters, importers and wholesalers
- Public transport efficiency

Examples of measures to track current situation and progress are:

- Distance to Airport - average distance for residents and businesses to a commercial airport (18.6km)
- Distance to Port - average distance for businesses to a port (43.2km)
- Port of Bell Bay freight movement (tonnes) - (1.2m in 1.2m out 2013-2014)
- Port of Bell Bay % of State freight movement (tonnes) - (26.3% in, 25.3% out 2013/2014)

Built Capital can be defined as either pre-existing or planned infrastructure that add value to the regional community.

Examples of built capital in Northern Tasmania are:

- NBN
- Irrigation scheme
- Recreational trails and pathways
- Hydro and renewable energy
- Tourist attractions

Regional Scorecard

Northern Tasmania Development has begun to identify indicators to track our progress in each Pillar. A 'regional scorecard' is being developed to map dynamic indicators (that we can affect) across each Pillar. The purpose of the regional scorecard is to confirm whether our actions are targeted towards making a material difference to the functioning of the region. The scorecard will also present information at the municipal level where appropriate. At present there is no coordinated approach to do this.

This will include figures such as:

- GRP annual growth
- Unemployment rates
- Youth unemployment rates
- Participation rates
- Average annual income

What success will look like

Successful execution of the RFP will include the following elements:

- Quantitative progress toward the regional objective (increase in GRP %)
- Projects successfully achieving their intended purpose, as measured.

Implementation and Governance

Governance is seen as a key mechanism for building competitive advantage and driving regional economic development. It refers to the set of institutions, systems, processes and relationships that exist at the regional level through which revenue is raised, decisions are made, services provided, power is exercised and shared and interactions occur. Regional governance is not hierarchical. It involves looser processes of coordinating, influencing and negotiating.

Good regional governance is a necessary condition for effectively implementing the RFP. It produces greater consensus, knowledge and resource sharing, consistency and coordinated action, all of which contribute to an enabling environment. The upshot is that done properly, regional governance can become part of Northern Tasmania's competitive advantage.

The success of the RFP will be determined by the efficacy of its implementation, which in turn will be influenced by the efficacy of governance arrangements put in place. Thoughtful consideration of implementation and governance is required. Notwithstanding its importance, a conversation of the 'how' should not precede confirmation of the 'what'.

The primary purpose of this Directions Paper and foremost priority of the RFP is to test a proposed strategic direction for Northern Tasmania against a broad audience. A holding point will be reached once feedback on this Directions Paper has been received and the strategic direction for Northern Tasmania has been confirmed.

Following this, a proposed governance model tailored to the confirmed strategic direction for Northern Tasmania will be tested against a broad audience.

For further information relating to the Project contact:

Ben Marquis at NTD on 6380 6802.