



Quarterly Progress Report to Council Members – September 2018

NTDC has been working hard to complete the Regional Economic Development Plan activities (and related actions around facilitating and supporting economic programs) as required by the City Deal Agreement by the end of 2018. The final report may be delayed due to ensuring we have all Council members sign off on the contents once the new Councils (councilors and alderman) are in place from the end of November.

1. Regional Economic Development Plan (REDP)

A major requirement of the City Deal (established in 2017) was for NTDC to produce a Regional Economic Development Plan in 2018 to ensure the benefits of the City Deal are leveraged for the whole region. This is on schedule, and due by the end of this year. The Draft REDP is in development using internal NTDC resources. (The first early draft was sent to key stakeholders including General Managers in the first week of October to commence consultation and feedback).

Other elements of the REDP Program are as follows:

a) **Key Directions Report**

To understand the size and scale of the challenge to make significant improvements to our economy, NTDC (with funding support from the State Government) commissioned the National Institute of Economic and Industry Research (NIEIR) to provide our economic history and model some future scenarios on how to grow the economy, including the following key initiatives;

- Population/Immigration
- UTas transformation
- Industry/Export Development

This report is still in draft and we are awaiting advice from the City Deal Board that they have accepted the report, so it can be officially released. The State Government have reviewed the report in detail and have advised they accept the report but advise caution that the future growth scenarios are not taken too literally – but as a guide for planning. This has been noted for the upcoming drafting of the strategy.

The Key Directions Report has informed us about the fine detail of our economy. Although, our economy has improved markedly over the past 18 months, evident through the level of business confidence and positive employment data, there is work to be done to ensure we leverage these opportunities in the face of upcoming challenges highlighted to us through the future modelling process.

Three key immediate challenges have been identified and work has now commenced on addressing these challenges. They are as follows:

1. Our Working Age Population
2. Investment Attraction, and
3. Industry Development and Exports

Other challenges and themes identified to be addressed in the REDP include:

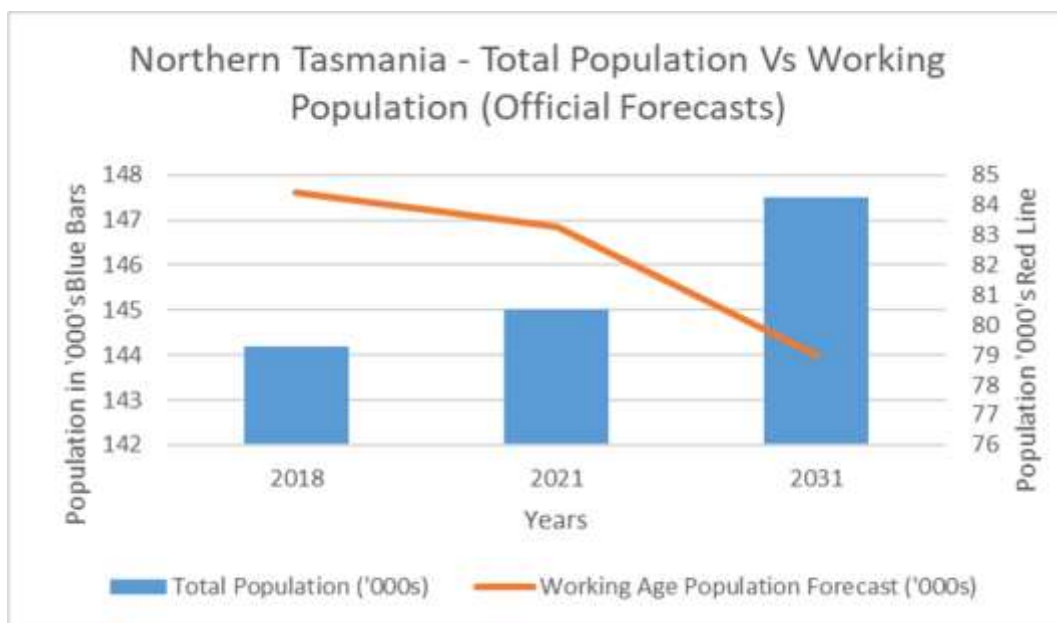
4. Innovation and Culture
5. Place-making
6. Health and Education (improving our productivity)

b) The Population Challenge

If we consider a 'business as usual' case for our economy based on the Tasmanian Government forecasts projected for the next decade or more to 2031, we will experience a big decline in our 'working age population' (18-64's) from current levels.

The graph below indicates that we already have a declining working age population and by 2031 we will have 5,000 less working age people than we have currently!

Although our population does modestly increase – this is primarily due to our current older demographic aging into retirement and new retirees attracted to the region over this period.



*Data by NIEIR 2018. These graphs should be considered as indicative only. This data should be used for general informational purposes only.

If we are to build our economy to our 'best case scenario' we will actually need an additional 10,000 workers (that reflects the 5,000 that we lose through our aging demographics, and 5,000 additional workers required for our growing economy).

The Population Taskforce

To start addressing this challenge NTDC have established a Population Taskforce, chaired by City of Launceston General Manager, Michael Stretton, and with representation from the State Government, and all our major regional stakeholders.

After reviewing all the data from many sources, the type of issues that need to be addressed include:

- Identify the jobs/skills we are having trouble filling
- Attract and retain more international students
- Attract and retain skilled migrants
- Support humanitarian refugees (to want to stay within our community through jobs and community connections).
- Attract new business people who have mobility and can use our high NBN connectivity
- Encourage our over 64's to continue contributing to our community (if they desire).

We all know we have a wonderful lifestyle and there are many benefits to living in Northern Tasmania, we need to combine this message with job availability, and outline the range of essential services required by families – such as good education and health services.

NTDC is now working with the LGA General Managers and the State Government on how to effectively resource this population challenge and to develop and facilitate meaningful programs to address our specific challenges. A resourcing boost is essential to ensure we have the people in the jobs required to make our regional economy hum.

c) The Investment Challenge

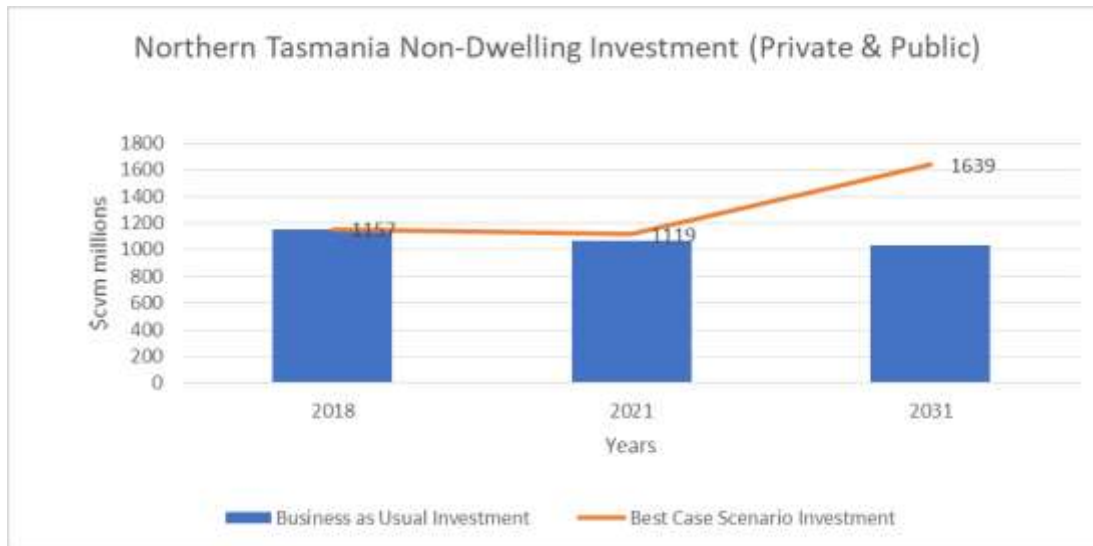
NTDC has met with more than 100 progressive businesses in our region over the past 6 months to get their views on what needs to be done to facilitate their expansion to employ more people, and potentially export more products and services out of the region.

The feedback provided by business was that gaining access to capital and operational finance is an ongoing challenge – especially for SME's. Traditional banks are very conservative with any commercial investment. If the owner of the SME doesn't have unencumbered property to leverage, it is very difficult to secure a commercial loan.

However, there are more funding mechanisms that have evolved over the past few years that could be viable options for SME's, like crowd-funding finance or peer-to-peer finance.

We also have potential investors in our community, but they don't know the businesses that might be looking for equity investors, and vice versa. There are some State and Commonwealth programs that may be able to assist SME's with low interest loans or provide services to help further develop their business case to be more attractive for traditional financing.

Our investment challenge is represented by the graph here:



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The total level of investment is expected to stay at a similar level under the ‘Business as Usual’ case. To meet our ‘best case’ economy with increased exports – we will need to significantly increase our private and public investment by about 45% by 2031.

It is interesting to note it is not all about government handouts. Two thirds of this investment is required by the Private Sector (in buildings and equipment) to meet our targeted economy with a Gross Regional Product lifting to up to 3% per annum by 2031. The Public Investment required (State, Commonwealth and Local Government funding) will need to be well targeted to ensure it enables the required economic development.

An Investment Taskforce

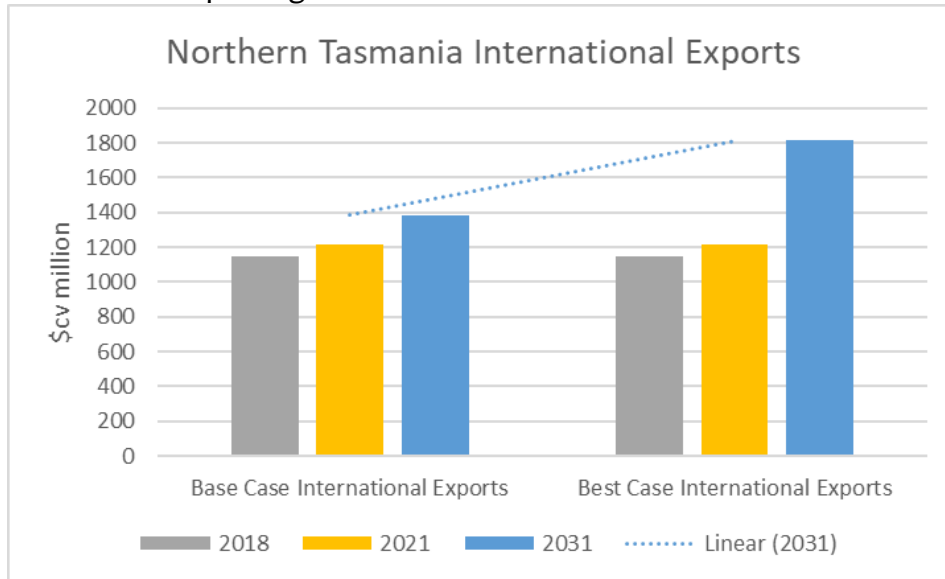
NTDC has established a volunteer Investment Taskforce chaired by Greg Bott, Deputy Chair NTDC and a previous banker, other members include: Regional Development Australia Tasmania; other bankers and finance experts; a venture capitalist; and the Office of the Coordinator General.

The key objective of the Investment Taskforce is to link SME’s to their next step in their business funding journey – either to recommend how they fine-tune their business plan (and gain the expertise they need), introduce them to other finance providers, or recommend funding and financing options they may not have considered previously. So far, the taskforce has met twice to consider proposals and make recommendations. One project in Meander Valley has been connected to a venture Capitalist to investigate that avenue of funding.

NTDC is considering how to effectively resource the Investment taskforce and to develop and facilitate meaningful programs to address our specific challenges that are linked to State and Commonwealth programs.

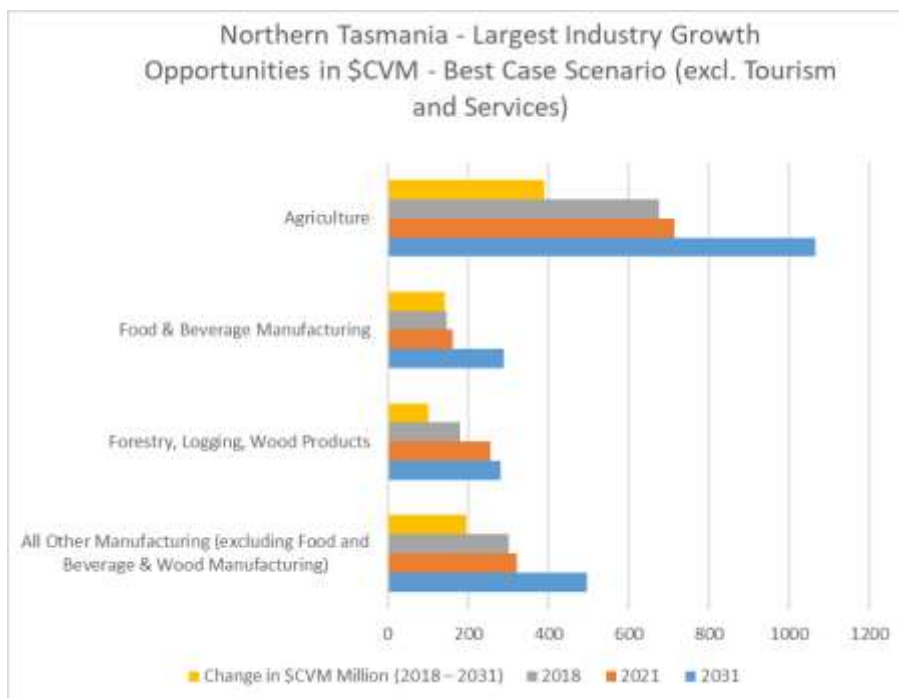
Industry Exports Development Challenge

In addition to more skilled workers and investment dollars, we need to support our industries to increase exports of goods and services (including Tourism) by 25% over the next decade. The graph below considers what our ‘business as usual’ exports in our economy (base case) and our best-case scenario of exports if we are able to stimulate more exporting.



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Of our established industries – the best performing sectors that would or could deliver the most wealth to our economy to 2031 are as follows:



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These sectors will drive other service industries and retailing and will be a key focus area for the Investment Taskforce.

With the implementation of new technologies and productivity improvements, these industries will grow in value to the benefit of our economy, but not necessarily provide the same proportion of new jobs.

The good news is that those areas that see the implementation of new technologies will also require higher skilled workers, and therefore generally offer better paid jobs.

In regard to jobs growth the key opportunities will be in the following sectors in order of importance (volume and growth of jobs available):

- Education (particularly preschool and school education sectors)
- Health and community services (particularly medical and health services, hospitals, social assistance and residential care)
- Food and beverage service
- Professional, scientific and technical services
- Public administration

The jobs and growth required for these sectors will be a key focus area for the Population Taskforce.

What our forecasting doesn't include are what specific roles will be available in each sector, and more work needs to be undertaken to better understand resourcing needs. However, we do know from feedback from our progressive employers is that job-seekers need to know how to use, apply and drive technology.

The other aspect that is not forecast is what new industries may develop in the future.

Some areas that we know have commenced but are in the early stages of development include: more social enterprise start-ups, technology start-ups, potential health-related manufacturing, defence related manufacturing, alternative and renewable energies, and others that we don't yet know about.

If we consider that many of the businesses in Tasmania are Small to Medium Enterprises (SME's) – the question is how can we encourage more businesses to expand and export out of the region?

Collaborative Business Models (Clusters)

NTDC is recommending the development of 'Collaborative Business Networks'. This concept, used extensively internationally, supports business and industry networks to build relationships and trust, that can evolve into the sharing of knowledge, skills, contacts, equipment, freight arrangements, etc.

Many Tasmanian products and services are in high demand – and in fact many exporters have trouble finding the right 'niche' market areas to match the smaller quantities that we can supply. It is important therefore that our businesses work together to maximise the value of their products and services. New Zealand do a great job at this and we could learn from their approach!

There are already networks that have established in Northern Tasmania, such as the Tamar Wine Route, the Bell Bay Industry Group, and other informal networks.

NTDC in cooperation with Regional Development Australia Tasmania has established a Food Network. Launceston Chamber of Commerce with the support of NTDC has established the Community and Health Industry Committee. These networks are considering their skills needs for the future, new technology applications and business opportunities to expand and export.

NTDC has provided written support of the State Government's Agri Food Export Hub submission to the Commonwealth's Export Hub Program. NTDC has some funds to target some additional cluster activity to further extend the work the State Government will organize (if they are successful), to ensure our food and agriculture enterprises are supported with additional regional skills and focus.

d) Regional Visioning Workshop

A workshop was held in August, with a group of regional leaders, and some not so usual younger faces. The objective of the workshop was to consider the REDP key themes and review some of the underlying principles and the proposed vision.

The major points from the workshop were as follows:

A United Region

- An agreed regional vision
- Regional brand and narrative including our stories
- Festivals and events reinforcing regional strengths
- Working together, collaborating and sharing ideas
- Networks with usual and unusual voices and perspectives

Enterprise and Innovation

- Outward looking export focus
- Business diversification
- Social enterprises
- Value adding
- Agile and flexible responses to opportunities
- Sustainable industries through strengths and collaborations

Capacity Building

- Educated and skilled people
- Variety in education
- Mentoring culture
- Collaborative approaches
- Strong education, training and work pathways

Investment

- Growth
- Strong financial backing
- Flexible financing options
- Competitive financial performance

Healthy population

- High productivity
- Less chronic disease

Attitudes

- Learn from past
- Move toward and respond to change and disruption
- Be early adopters

Preferred economic scenario

The group considered all the proposed economic scenarios recommended by National Institute of Economic and Industry Research (NIEIR) in the Key Directions Report (KDR) and chose the 'best case' scenario for our preferred regional outcome for planning key initiatives. The 'best case' scenario includes;

- Population/Immigration (aligned with job availability - and a focus on targeting working-age population)
- UTas transformation (ensuring the region maximizes the educational outcomes, as well as the students and staff this project can offer), and
- Industry/Export Development (including social enterprises)

2. Regional Prioritisation of Projects

One of NTDC's objectives is to advocate for priority projects that will impact positively for the regional economy. NTDC has developed a structured process for identifying and prioritising suitable regional and subregional projects that will facilitate high levels of regional economic growth. Prioritised projects must offer the following attributes;

- Strategic, research-based and market driven
- Socially and environmentally considerate
- Engaged with the business sector and the broader community
- Aligned with Local, State and Federal priorities
- Promote private sector investment

NTDC have appointed Georgie Brown as Project Manager for Regional Priority Projects. Georgie will work with our 7-member councils to better define our regional priority projects (Tier 1) and also ensure we have clear priority sub-regional projects on our Tier 2 list.

Marketing and Communications

NTDC have recently appointed S. Group as a Marketing and Communication consultant to assist in communicating a selection of key messages comprising of data and evidence from the Key Directions Report (by NIEIR) and assist NTDC to socialize some of the issues and opportunities raised in the REDP to our broader regional community.

NTDC has commenced the socializing the issues by producing a three-part opinion piece (over three weeks) featured in The Examiner during September and early October.

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