

City of Launceston Economic Profile 2016

Final Draft Report

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prepared by **.id**

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1. Executive summary

ECONOMIC CONTEXT

With an economic output of \$3.85 billion and population of 67,080, The City of Launceston is a regional city strategically located within Northern Tasmania. This has provided it with natural advantages which have supported the development of a diverse and resilient economy and helped the City weather the economic challenges it has faced over its history.

We acknowledge that the City of Launceston and the Northern Tasmania Region face a number of challenges that need to be addressed. However the economic outlook is improving, with GRP growing by around 3% per year over the last 2 years, well above the 10 year growth rate of 1.1% per year. Employment also grew by 1.7% in the last year underpinned by a long term trend towards services and knowledge intensive activities. Airport passengers and tourism expenditure has also grown strongly, with direct tourism expenditure in Northern Tasmania up by 50% since 2005.

This positive outlook is supported by the Department of Employment which is forecasting stronger employment growth across a range of industries over the next five years. This improved outlook is on the back of significant regional investment in the pipeline, a rebalancing of industry, more favourable macroeconomic conditions, record airport passenger numbers and emerging tourism market.

This report identifies the opportunities, trends and drivers of future economic growth. This economic context provides a foundation upon which the Economic Development Strategy has been developed.

The opportunities identified are in sectors where the City of Launceston has a strong competitive advantage as a regional city that are enhanced by its location within Northern Tasmania. Four major opportunities are identified. They are:

1 GROWING IMPORTANCE AS A REGIONAL CITY

Australia's economy is becoming more dependent on ideas and problem solving, with the largest increase in jobs across Australia being those that require higher level qualifications. Launceston too has followed this transition with employment growth in education, health, professional services and retail over the past decade.

Knowledge intensive jobs tend to be attracted to high quality places, large labour force pools and access to markets. The City of Launceston has positioned itself as the capital city of Northern Tasmania offering a wide range of health, retail, education and business services. Its importance as an economic centre is clear, servicing a catchment of almost 145,000 people. This role is supported by its strategic location, air connections to the eastern seaboard, high quality infrastructure and technology, strong reputation for its quality of life, low cost business environment, and younger and talented workforce.

An expanded regional city role will be driven by demographic factors (population growth and ageing) and economic factors (economic multipliers from the rise of agriculture on the back of major investment) and is expected to create opportunities for:

- ▣ Health and wellbeing
- ▣ Education and training
- ▣ Knowledge and business services

These opportunities are being supported by strategic investment and initiatives across the City of Launceston. Projects such as the City Heart Project, North Bank redevelopment and likely relocation of UTAS to a more central location will create a high quality urban environment that fosters stronger activity levels, agglomeration benefits and private investment. Projects such as these will help elevate the knowledge hub role of the City of Launceston to the benefit of the Northern Tasmanian region.

2 LEVERAGE OFF ECONOMIC DEVELOPMENT POTENTIAL OF NORTHERN TASMANIA

The future economic performance of the City of Launceston is closely linked to the economic development potential of Northern Tasmania which is driven by agriculture and forestry. Significant investment in irrigation infrastructure and

capital projects are set to elevate the economic importance of the region, in turn attracting stronger population and job growth. Launceston's specialist agriculture related research and technology businesses can enhance the growth potential to create a virtuous cycle between knowledge and industry (more on that shortly).

Integration of irrigation infrastructure and new technologies will improve the ability of business in the region to supply more higher-value food products with flow-on opportunities for agriculture and downstream services across the region. This will enable Launceston to tap into the major export opportunities offered by the rise of Asia and its demand for higher value and clean products and services.

For the City of Launceston, stronger regional economic activity in agriculture will provide opportunities for:

- Manufacturing (food product and equipment manufacturing)
- Services hub
- Research and development (we address this opportunity below).

The City of Launceston is already home to major processing companies such as Bellamy's, Tamar Valley Dairy and Boags Brewery. The increasing specialisation and customisation to meet specific markets both domestically and internationally means that processing facilities need to be closer to agricultural production. This provides a major opportunity for private investment into winemaking, dairy processing, pharmaceutical manufacturing (poppy), aquaculture and wood product manufacturing. The specialist nature of the food and agribusiness sector also provides opportunities for businesses in Launceston to tailor financial and business advisory approaches that differ from standard retail banking.

The Forestry sector in Tasmania also has the potential to diversify after a long period of job losses. There are signs of recovery and rebalancing, with forestry and logging increasing in value to the economy every year since 2012. The revitalisation of the forestry sector in the Northern Tasmania region received a major boost with the launch of Forico Pty Limited, an integrated timber plantation, forest management and timber export business.

3 WHERE KNOWLEDGE AND INDUSTRY MEET

The concentration of tertiary education and research facilities, as well as partnerships between education providers, government and industry will create opportunities to generate knowledge that can benefit industry. As the research hub for the region, this will create new opportunities for the City of Launceston, with a particular focus on research and development activities across a range of fields including agriculture, forestry, environment and advanced manufacturing.

Partnerships such as the Tasmanian Institute of Agricultural Research, Centre for Food Innovation, Australian Maritime College, Fermentation Tasmania and The Centre for Sustainable Architecture demonstrate examples of this emerging research cluster. These specialisations will add value to the agricultural and forestry sector and at the same time attract and build skills in the region.

4 GATEWAY FOR AN EXPANDED TOURISM OFFER

The region's emerging tourism market is also the focus of major investment with a number of projects in the pipeline. This investment will strengthen the tourism offer in the region and allow it to tap into both domestic and international visitation. For the City of Launceston this will support:

- ▣ Tourism related expenditure (retail, food services,
- ▣ Accommodation

The development of the Silo Hotel on Northbank and Penny Royal tourism redevelopment are recent examples of increasing tourism assets in Launceston. These projects will support regional investment such as the North East Rail Trail, a 94km multi-use trail from Launceston to Legerwood through conversion of a disused railway corridor. This, in turn, will support the adventure tourism market in Northern Tasmania.

CITY OF LAUNCESTON ECONOMIC PROFILE

The following sections provide a narrative of the City of Launceston's economy with evidence to support the drivers of growth and future opportunities. The profile acknowledges that the City of Launceston and Northern Tasmania Region face a number of challenges that need to be addressed. These are well documented and strategies such as the Greater Launceston plan and City Heart

Project specifically address these challenges. That said, this profile points to a number of emerging opportunities and drivers of growth and these are the focus of this profile.

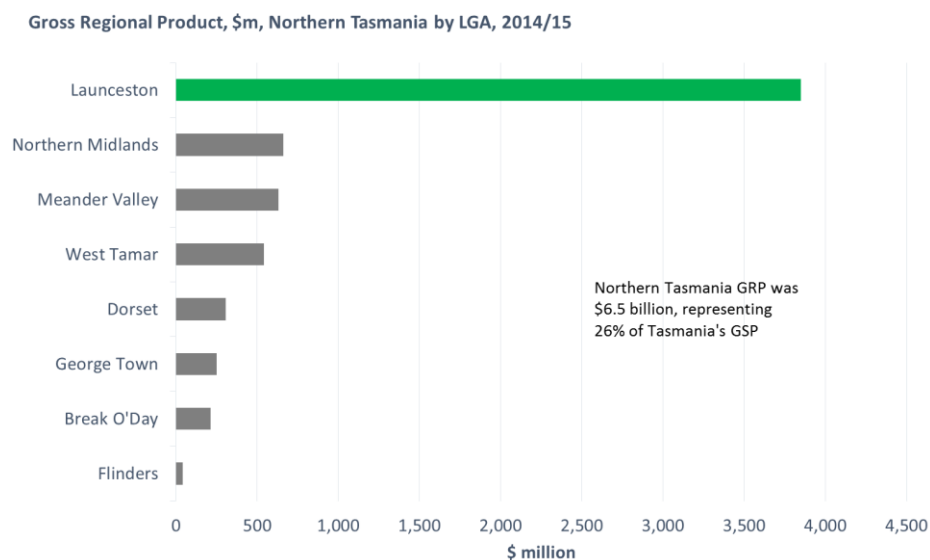
2. Economic profile – City of Launceston

As Tasmania's second largest city with 67,080 residents and a further 19,550 residents in the wider urban area¹, Launceston has positioned itself as the capital city of Northern Tasmania on the back of its central location and high quality infrastructure.

The City of Launceston also plays a wider role as an important regional city that services a population of almost 145,000 people while also supporting the economic development potential of a highly productive agricultural region.

2.1 Economic overview

City of Launceston's Gross Regional Product (GRP) is estimated at \$3.85 billion, which represents 15.6% of the Tasmania's Gross State Product (GSP). Its importance as an economic centre is clear as the largest economy in Northern Tasmania.



Source: National Institute of Economic and Industry Research (NIEIR) ©2016. Compiled and presented in economy.id by .id, the population experts.

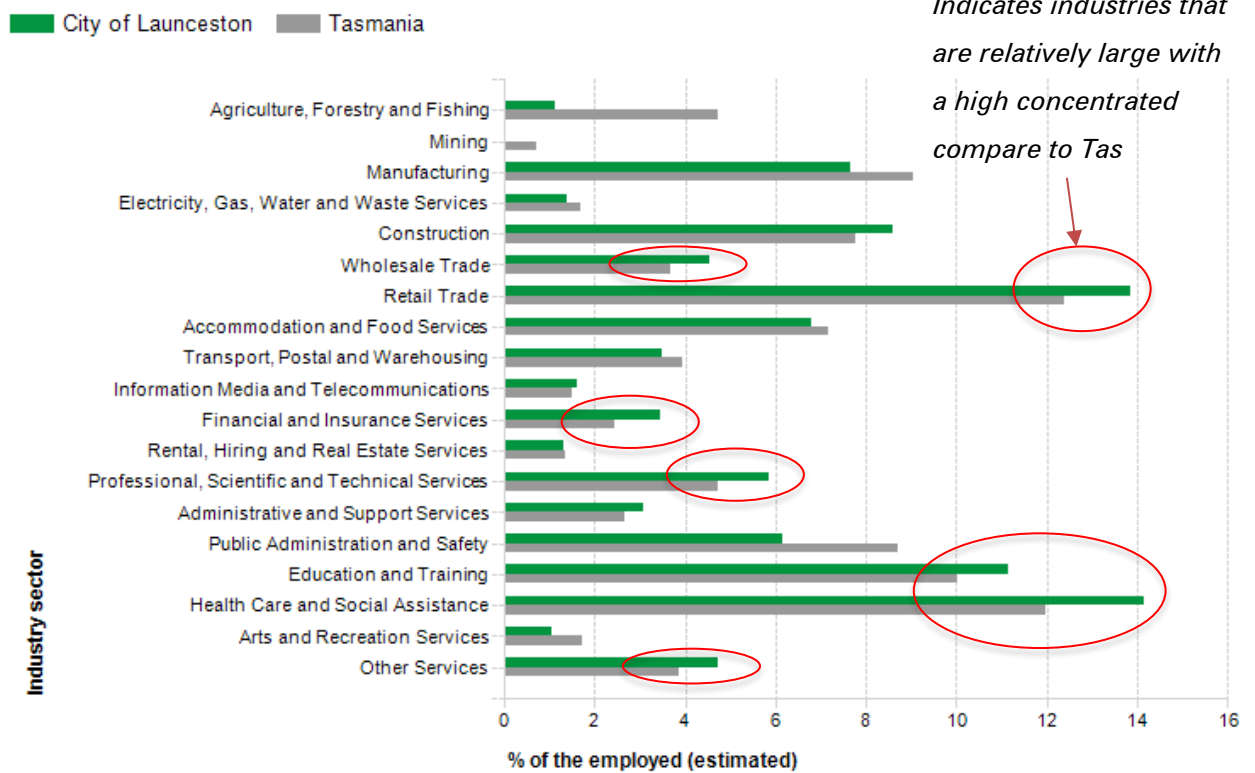
¹ As measured by Significant Urban Area defined by the Australian Statistical Geographic Standard (ABS)

2.2 Industry overview

The City of Launceston’s economy is supported by a diverse industry base. This diversity has been driven largely by two factors:

1. As a regional city, the City of Launceston offers a wide range of health, retail, education and business services.
2. Its strategic location within Northern Tasmania’s productive agricultural and forestry region means that the City of Launceston economy adds value to agriculture and forestry through manufacturing as well as providing supporting business services and knowledge to industry.

Employment (total) by industry 2014/15



Source: National Institute of Economic and Industry Research (NIEIR) ©2016
 Compiled and presented in economy.id by .id the population experts



A large share of the jobs in the City of Launceston are in the service sector, particularly in the provision of *consumer services* such as Health Care and Social Assistance (5,585 jobs, 14.2%), Retail Trade (5,460 jobs, 13.8%) and Education and Training (4,390 jobs, 11.1%). These three industries are the largest

employing industries in the City of Launceston, and in combination, account for 15,439 jobs, or 39.2% of the Launceston workforce.

Top Employing Industries, City of Launceston & Northern Tasmania, 2015

City of Launceston			Northern Tasmania (excl Launceston)		
Industry	Jobs (number)	Jobs (% of total)	Industry	Jobs (number)	Jobs (% of total)
Health Care and Social Assistance	5,585	14%	Manufacturing	3,506	14%
Retail Trade	5,460	14%	Agriculture, Forestry and Fishing	3,489	14%
Education and Training	4,394	11%	Construction	2,554	11%
Construction	3,391	9%	Retail Trade	2,174	9%
Manufacturing	3,013	8%	Education and Training	1,806	7%

Source: National Institute of Economic and Industry Research (NIEIR). Compiled by .id the population experts

The City of Launceston is clearly the service hub for the region. Almost 70% of service sector jobs in Northern Tasmania were located in the City of Launceston where industries with the largest share of Northern Tasmania jobs include:

- ▣ 88% of Financial and Insurance Services and Information Media and Telecommunications jobs in Northern Tasmania
- ▣ 77% of Professional, Scientific and Technical Services jobs
- ▣ 76% of Health Care and Social Assistance jobs
- ▣ 71% of Education and Training, Public Administration and Safety and Other Services jobs

Over the past decade, the number of jobs in the City of Launceston increased by 2,827 jobs, just over 280 jobs p.a. Most of this growth occurred between 2005 and 2010 with jobs relatively steady since. The majority of the new jobs have been in services, especially knowledge intensive activities, reflecting the city's ongoing economic transformation. The largest changes in the number of jobs in the City of Launceston over the last decade included:

- ▣ Construction (+971 jobs)
- ▣ Education and Training (+774 jobs)
- ▣ Public Administration and Safety (+558 jobs)
- ▣ Professional, Scientific and Technical Services (+555 jobs)

Change in employment (total) by industry, 2004/05 to 2014/15

City of Launceston



Source: National Institute of Economic and Industry Research (NIEIR) ©2016
 Compiled and presented in economy.id by .id the population experts

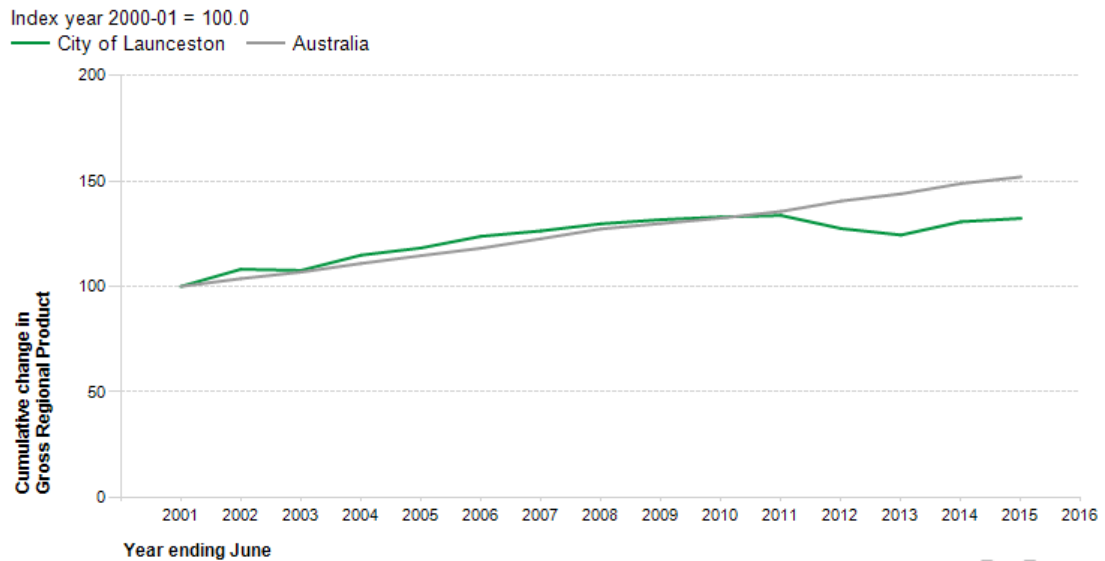


2.3 Economic performance

Economic diversity and natural advantages have supported the development of a resilient economy and helped the City of Launceston weather the economic challenges it has faced over its history. This has been important in recent times when economic growth has been slow.

Launceston’s economic growth followed the national average throughout the 2000s, but the gap has widened since 2011. A sustained decline in manufacturing, a traditional strength, contraction of the timber industry and slow population growth have dampened local economic activity post the Global Financial Crisis (GFC). While the mainland was benefiting from strong mining-related investment, a higher exchange rate put pressure on Northern Tasmania’s major exports such as tourism and agriculture. As a result, the Launceston economy has been slow to recover from the GFC.

Cumulative change in Gross Regional Product



Source: National Institute of Economic and Industry Research (NIEIR) ©2016
Compiled and presented in economy.id by .id the population experts



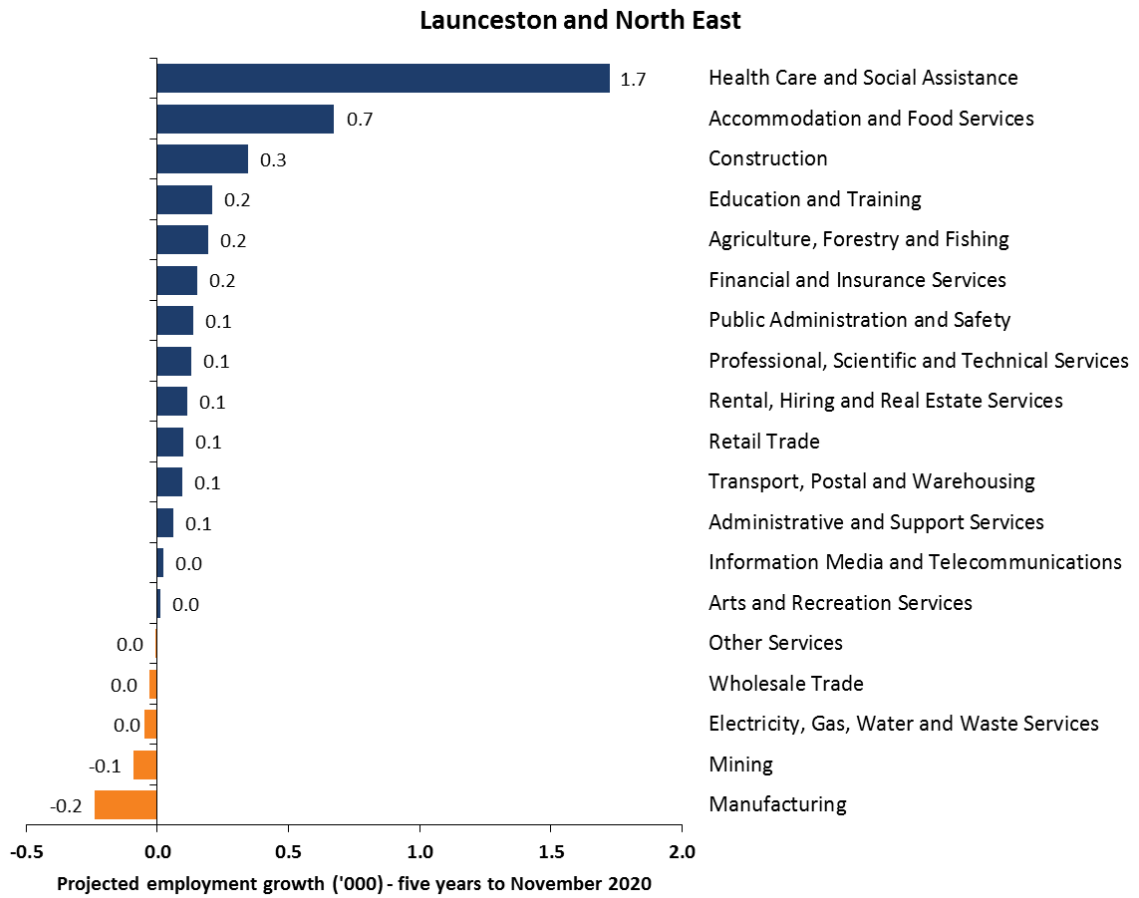
The Launceston economic outlook however has improved, with the economy growing by 3% per year over the past two years, well above the 10 year growth rate of 1.1% per year.

This improved outlook is on the back of:

- ▣ Significant regional investment in the pipeline
- ▣ A rebalancing of industry – manufacturing and agriculture, forestry and fishing
- ▣ More favourable macroeconomic conditions (e.g. lower exchange rates).

This growth story is shared by the Department of Employment. Their current employment projections tell us that Health Care and Social Assistance is projected to make the largest contribution to employment growth (+1,723) in the Northern Tasmania Region over the next five years to 2020. The next largest growth industries are forecast to be: Accommodation and Food Services (+674), Construction (+345) and Education and Training (+210) and Agriculture, Forestry and Fishing (+193).

Employment projections, 2015-2020 – Launceston and North East



Source: Department of Employment, *Regional Projections to November 2020*, 2016

We acknowledge that the City of Launceston and the Northern Tasmania Region face a number of challenges that need to be addressed. These are well documented and strategies such as the Greater Launceston plan and City Heart Project specifically address these challenges. That said, we can point to a number of growth drivers and emerging opportunities that are the focus of the following chapters.

3. Drivers of growth

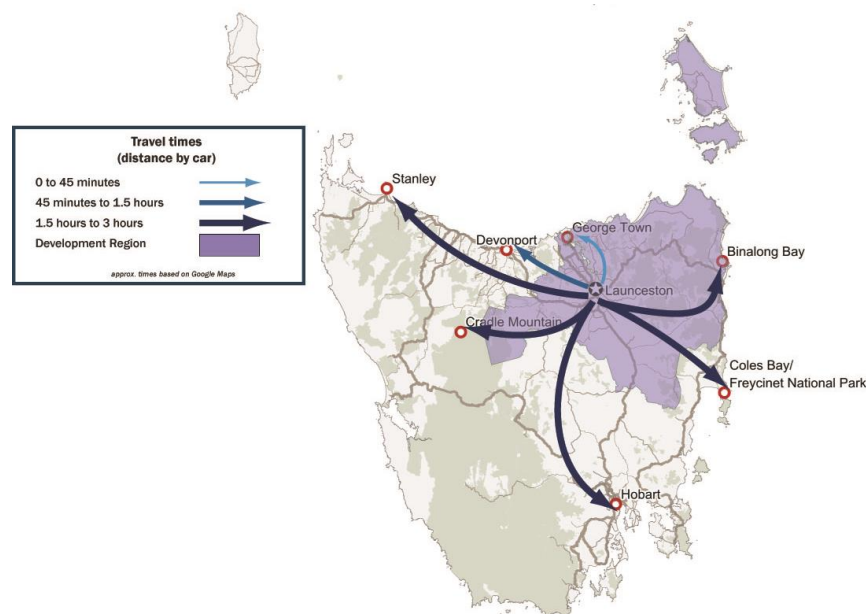
The continued resilience and growth of Launceston's economy will be driven by the opportunities and competitive advantages identified in four important areas:

- ▣ Strategic – location, natural assets, infrastructure and assets, liveability, talent
- ▣ Investment – infrastructure and development
- ▣ Demographic – population growth, aging population
- ▣ Regional – Northern Tasmania – agriculture and forestry

3.1 Strategic drivers

3.1.1 Strategic location

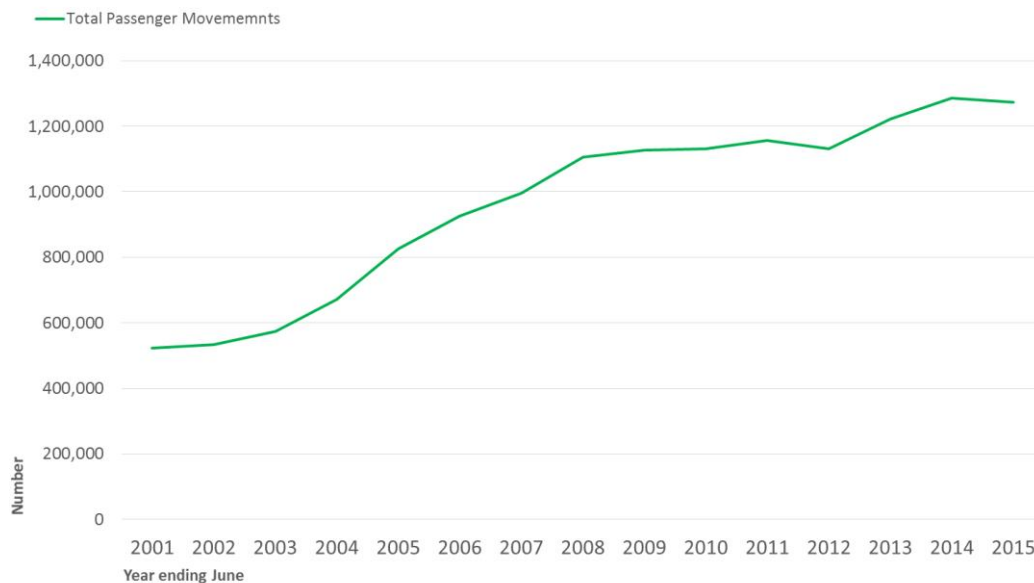
Located on the Tamar River, approximately 45 kilometres south of Bass Strait, and 200km north of Hobart, Launceston is a central hub in Tasmania's transport network and is regarded as both the heart and gateway to Northern Tasmania. The City of Launceston benefits from this strategic location by connecting people to jobs and services as well as goods to domestic and international markets.



Launceston is well connected by air to other major cities in Australia, with direct flights to Sydney, Melbourne and Brisbane. The importance of Launceston Airport

has increased considerably over the past 15 years, reaching 1 million passenger movements for the first time in 2008 and increasing to almost 1.3 million in 2015.

Passenger movements, Launceston Airport



Source: Bureau of Infrastructure, Transport and Regional Economics , Airport Traffic Data 2015. Compiled and presented by .id the population experts

Launceston is also strategically located 50km south of the Port of Launceston (Bell Bay), Tasmania's primary deep-water port. This provides important connections for Launceston and its region to export markets.

3.1.2 Natural assets

Launceston and Northern Tasmania contain a range of natural resources that provide it with a strong competitive advantage in agriculture and forestry. Additionally the region is well known for its environmental qualities with national parks and recreation areas that support a growing adventure and nature based tourism product including:

- ▣ Cataract Gorge
- ▣ Tamar Valley Wine route
- ▣ Narawntapu National Park and a number of Parks and Forestry Lands trails
- ▣ Hollybank, Blue Tier and Cascade Falls mountain bike trails

3.1.3 Infrastructure and technology

The City of Launceston and its region is home to major economic assets that underpin its regional centre function. The major economic assets include:

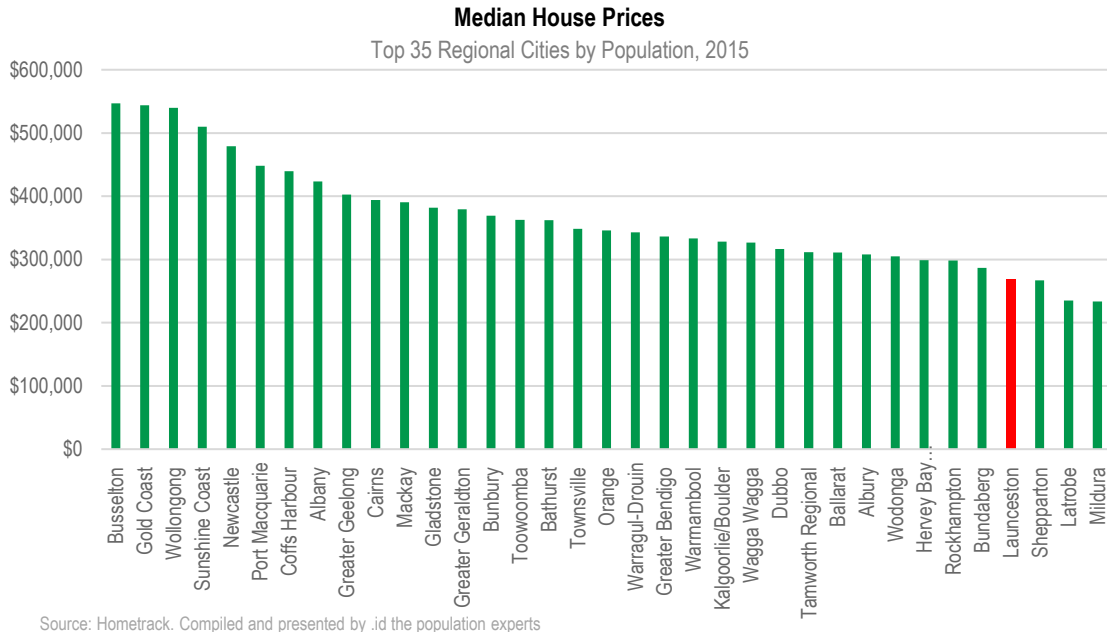
- ▣ High quality road, air, port and rail infrastructure
- ▣ University of Tasmania (two campuses including the Australian Maritime College)
- ▣ Launceston General Hospital and Calvary Private Hospital (two sites St Lukes and St Vincents)
- ▣ Heritage, cultural and sporting assets including Aurora Stadium, Queen Victoria Museum and Art Gallery (largest regional gallery in Australia)
- ▣ Major retail destinations

Launceston's infrastructure and connectivity has been further enhanced by the recent transition to the National Broadband Network. This added connectivity has the potential to increase private investment through increased productivity, lower business costs and by better linking labour, research, industry and markets.

3.1.4 Liveability

The combination of natural, culture and heritage assets, quality education, recreational opportunities, low levels of traffic congestion and affordable housing makes Launceston a highly desirable location. Launceston was voted as the most family friendly city in Australia in the inaugural *2013 Suncorp Bank Family Friendly City Report*.

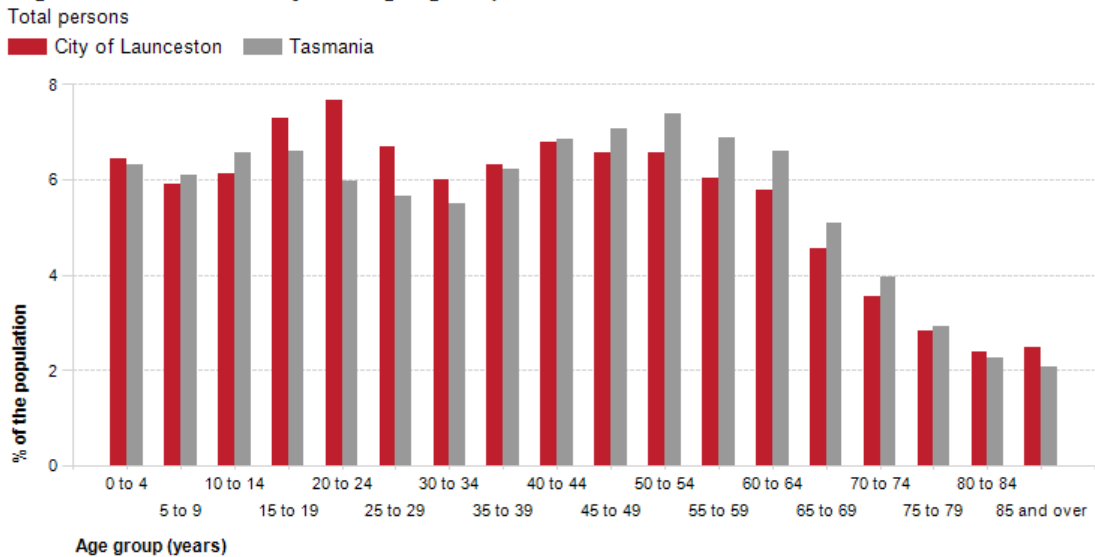
Launceston is well known for its affordable housing. In 2015 the median house price in Launceston was \$268,000, approximately 32% lower than the median house price in Greater Hobart, and 7% lower than the Tasmanian median. Additionally, of Australia's 35 most populous regional cities, Launceston has the 12th largest resident population, but is ranked only 32nd in median house prices.



3.1.5 Talent

This housing affordability advantage makes the City of Launceston an attractive place for younger workers to live. Compared with Tasmania, Launceston's labour force is much younger with 28% of residents aged 15-34, compared to 24% in Tasmania.

Age structure - five year age groups, 2011



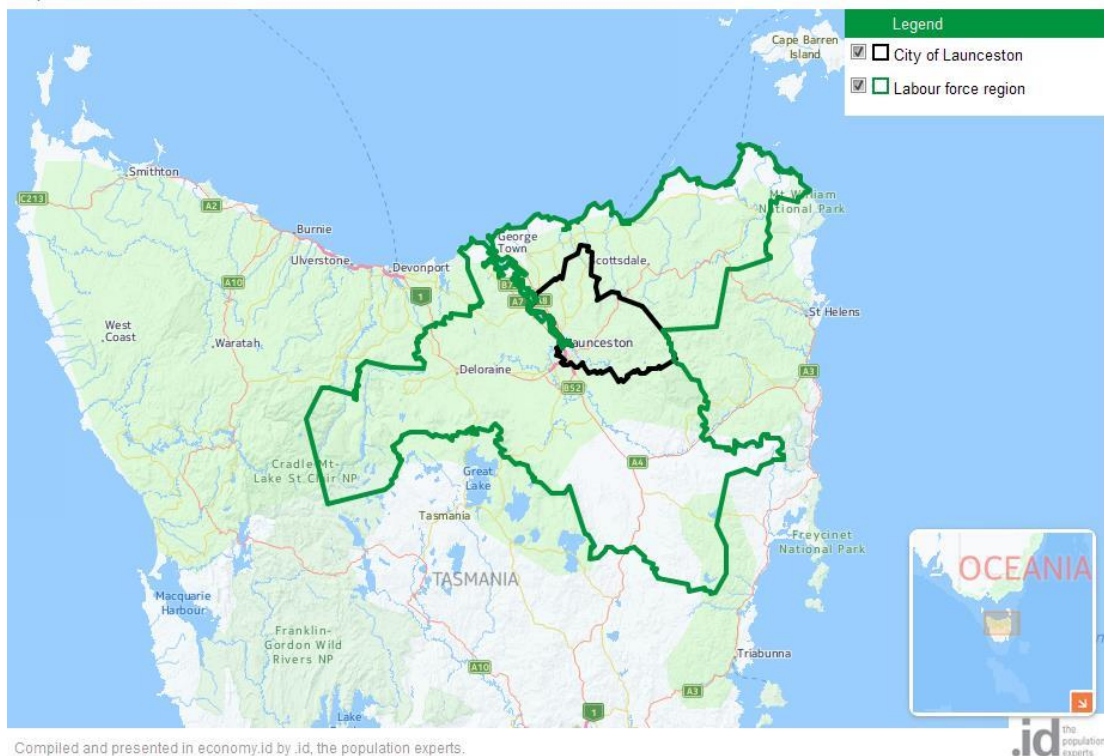
Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 (Usual residence data)
Compiled and presented in profile.id by .id, the population experts.



Launceston draws upon a deep labour force pool offering employers with a large number of potential workers with a wide range of skills, qualifications and knowledge. In 2011, the City of Launceston’s regional labour force was 57,181 persons (illustrated in the map below as the labour force region).

Economic region

City of Launceston



Note: Labour force region represents the pool of potential labour force skills available to the local area from the region.

3.2 Investment drivers

In recent times, there has been a significant number of large capital projects proposed in the region. The biggest is the wave of regional irrigation infrastructure investment, some of which have already been built or are under construction. This investment will fundamentally change the future prospects for agriculture in the region (more on this later – see section 3.4.1).

Over \$280 million of capital development has been approved in the City of Launceston over the last two years. The development applications include an expanded retail offer, new tourism assets and residential activity. There are also a

number of projects completed, underway or proposed that will enhance the regional city role of the City of Launceston. Among the major projects are:

- ▾ City Heart Project (launched in 2014)
- ▾ North Bank redevelopment
- ▾ Penny Royal tourism redevelopment
- ▾ Proposed relocation of University of Tasmania
- ▾ North East Mountain Bike Project
- ▾ University of Tasmania new student accommodation facility

3.3 Demographic drivers

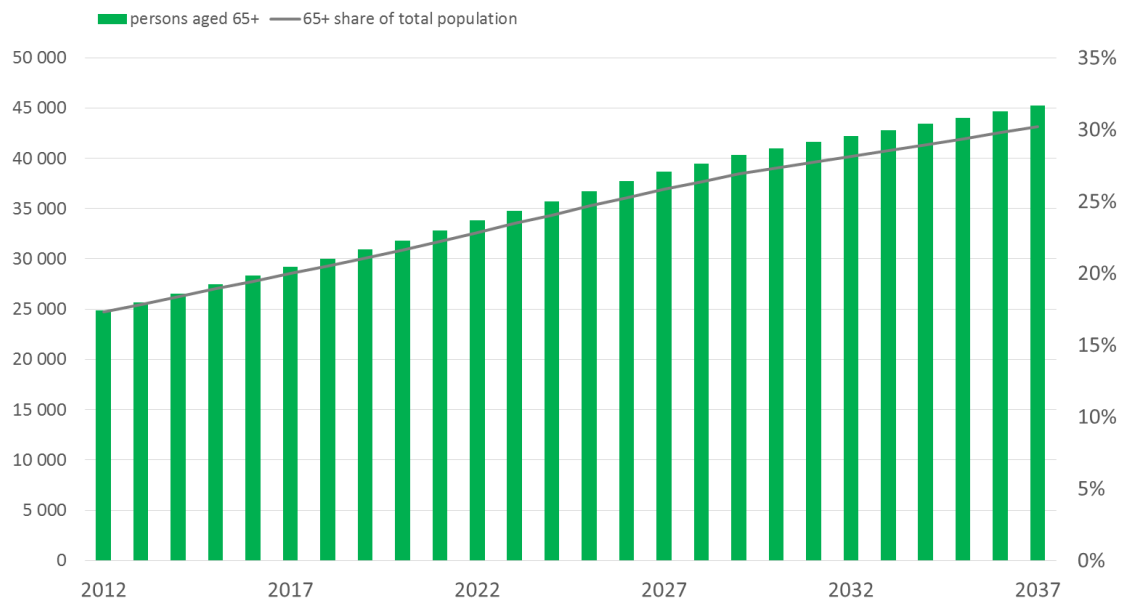
3.3.1 Population

Launceston has positioned itself as the capital city of Northern Tasmania, and services a catchment of almost 145,000 people. By 2037, Treasury Tasmania project the region to accommodate between 150,000 and 165,000 people. Current major investment into the region is likely to result in economic multipliers that support population growth more in line with the high series forecast. This stronger population growth will enhance the City's regional role as the destination for higher order health, education, business services and research.

3.3.2 Ageing

Today, around 1 in 5 residents in Northern Tasmania is aged 65+. This is set to increase to around 1 in 3 by 2037. The ageing of the population will drive demand for a range of services including health and wellbeing.

Population projections of persons aged 65 or more, Northern Tasmania



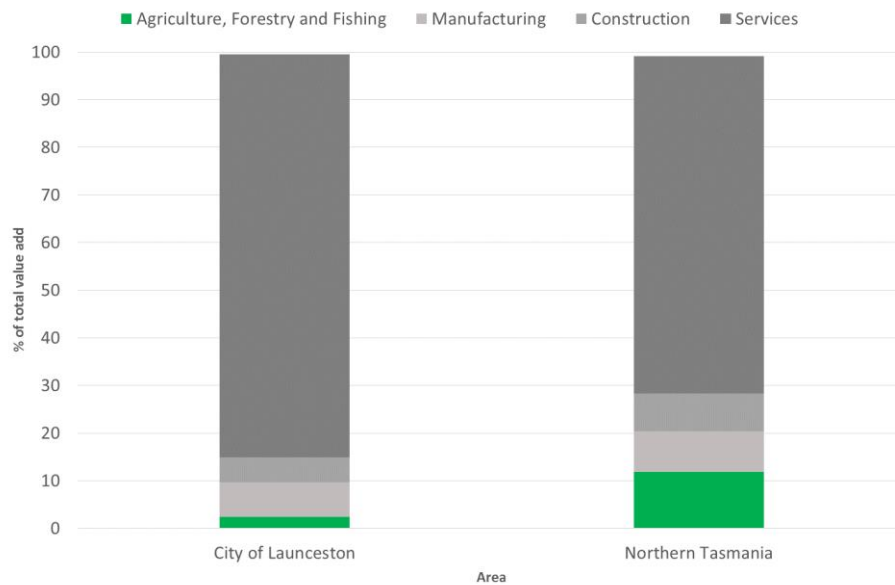
Source: Department of Treasury and Finance, Tasmania. Compiled and presented by .id the population experts

3.4 Regional drivers – Northern Tasmania

The future economic performance of the City of Launceston is closely linked to the economic development potential of the Northern Tasmania region, a region that comprises a third of the state.

The Northern Tasmania economy was valued at \$6.5 billion in 2015 and hosted 63,704 jobs and 143,874 people. It is a large and diverse area, with highly productive agricultural lands and nationally significant forestry resources. This specialisation is highlighted by the figure below comparing the industry mix of Northern Tasmania with the City of Launceston.

Share of total Value Added by industry sector, 2014/15



Source: National Institute of Economic and Industry Research (NIEIR) ©2016

Compiled and presented in economy.id by .id the population experts

The region's economic role in agriculture, food processing and tourism is supported by construction and manufacturing. The region also produces the majority of Tasmanian wine and has become a tourism destination on the back of its natural assets and pristine environment.

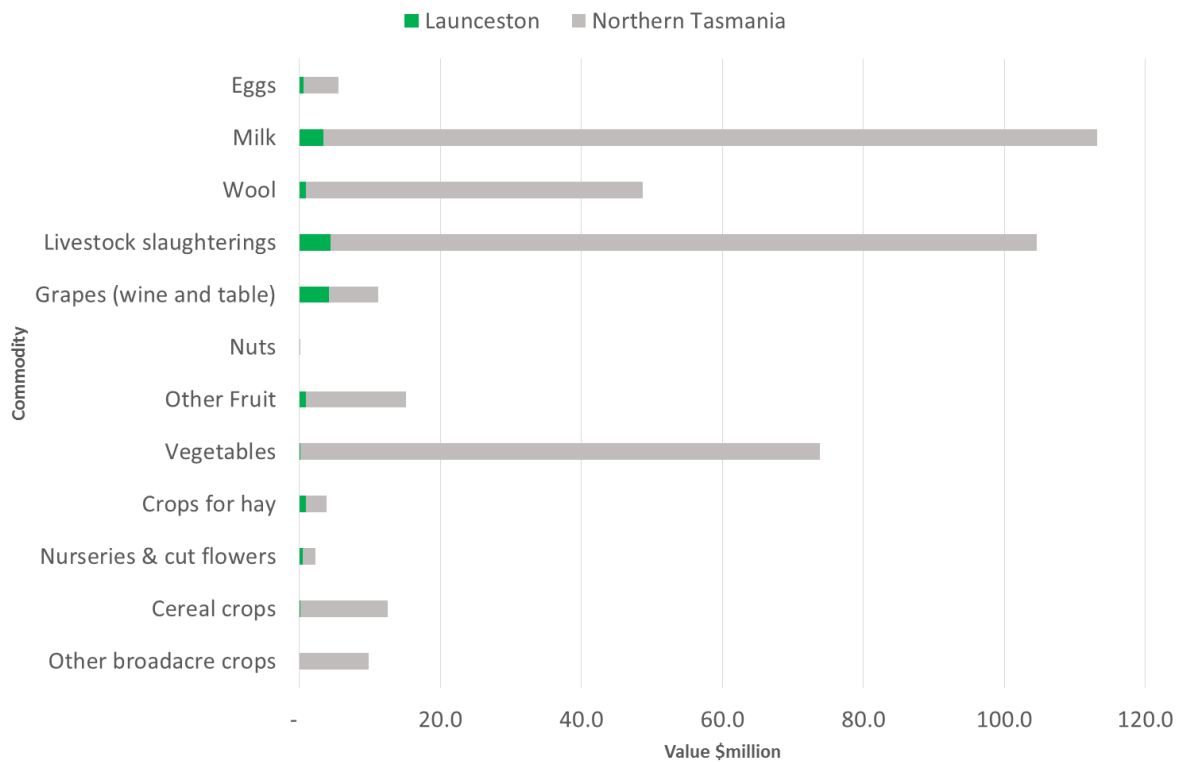
A large share of its service sector needs are met by the City of Launceston, which is the region's main employment location accounting for 62% of all jobs in Northern Tasmania.

3.4.1 Agriculture

Agriculture, Forestry and Fishing continue to be the major wealth creators with a combined value of \$681 million and contributing 30% of Tasmania's value add. This sector has taken advantage of highly fertile soils to build a productive agricultural region, with agricultural land accounting for 38% of the region (ABARE).

The sector is diverse, with key outputs in Milk, Cattle and calves, Potatoes, Wool, Sheep and lambs and Hay. The largest agricultural production regions are Meander Valley, Northern Midlands and Dorset.

Value of agricultural production 2010/11



Source: Australian Bureau of Statistics, Value of Agricultural Commodities Produced, Australia, 2010-11 . Cat. No. 7503.0

There has been notably strong growth in agricultural total gross value across the region over the past 3 years.

An independent assessment of the economic development potential of sectors of the Tasmanian economy (West et al. 2012) found that the wine, dairy and aquaculture sectors had the greatest economic development potential. Horticulture was also identified with potential. This is great news for Launceston and its region given the natural endowments it possesses.

This development potential is being enabled by large-scale irrigation projects which are rapidly transforming the agricultural sector into a highly diversified commodity and production mix. Since 2011, six irrigation schemes with total irrigable area of over 128,000 hectares have been constructed across Northern Tasmania. Two more schemes (Scottsdale and North Esk) are in detailed design phase with water planned to be ready in 2018/19.

Together, these water schemes are facilitating a transition from low value/land hungry commodities, such as Hay and Barley for Grain, into higher value commodities. Which in 2014/15 included:

- ▣ Dairy (milk production) – \$153.7 million, representing 26% of the total gross value of agricultural commodities produced. Since 2004/05 milk production has increased by \$89.9 million, or 141%
- ▣ Fruit and Vegetables including:
 - Potatoes \$77.8 million, or +45.8 million since 2004/05
 - Onions \$11.4 million, or +\$3.2 million since 2004/05
 - Strawberries, \$8.0 million, or +\$7.9 million since 2004/05
 - Apples, \$7.8 million, or +\$3.6 million since 2004/05
 - Cherries, \$2.2 million, or +\$1.2 million since 2004/05
- ▣ Grapes (wine) - \$11.8 million, +\$3.2 million since 2004/05

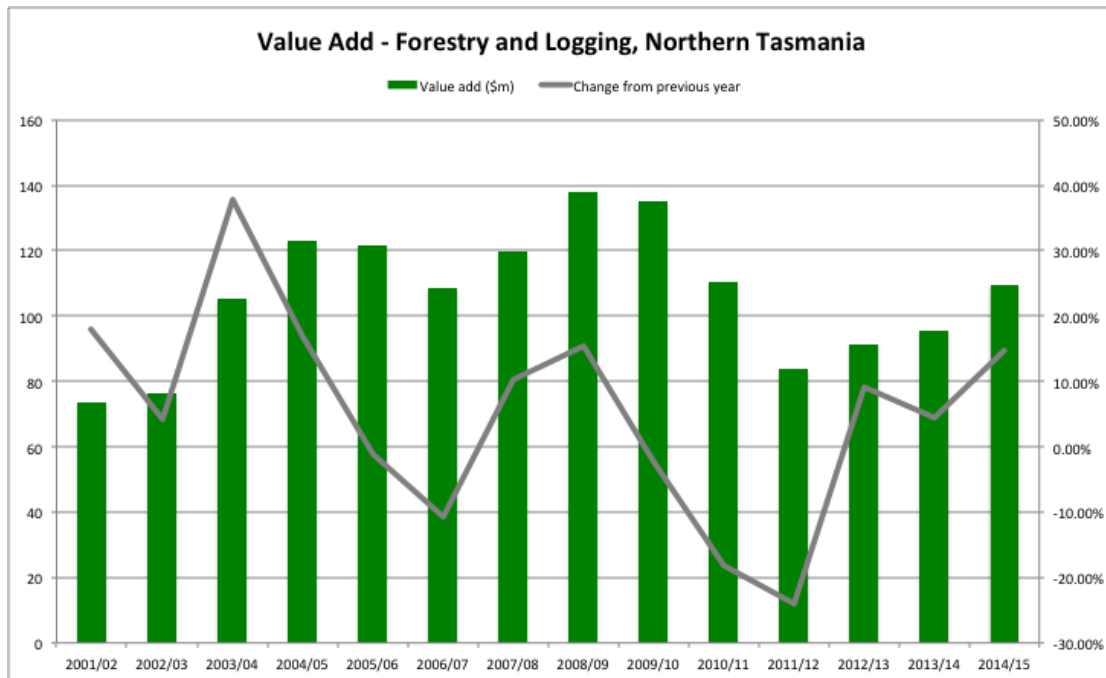
This transformation towards niche/higher value commodities will provide new domestic and international export opportunities for Northern Tasmania. In particular, industrialisation and urbanisation in Asia are generating rising income levels and growing the size of the middle class. The Asia Pacific middle class is expected to account for 66% of the global middle class by 2030, up from 28% in 2009. This prosperity is set to drive expenditure on Australia's higher value products and services. Northern Tasmania is well positioned to benefit from this.

There is also a range of food tourism opportunities in the region to build on its artisan products and natural assets. The gateway through Launceston to the Northern Tasmania region presents opportunities at the farm-gate and to further develop the food brand.

3.4.2 Forestry

In 2014/15, the Northern Tasmania region contributed 30% of Tasmania's Forestry and Logging employment and 29% of its value add.

After a long period of job losses, there are signs of recovery and rebalancing, with forestry and logging value add increasing every year since the 10 year low in 2012.



Source: National Institute of Economic and Industry Research (NIEIR) ©2016. Compiled and presented in economy.id by .id, the population experts.

The revitalisation of the forestry sector in the Northern Tasmania region received a major boost in 2014 with the launch of Forico Pty Limited, an integrated timber plantation, forest management and timber export business. Based in Launceston the company, established by New Forests, manages 180,000 hectares in Tasmania and includes two woodchip mills (Hampshire and Long Reach), a high-quality seedling nursery (Somerset) and a fibre technology laboratory and testing facility (Ridgley).

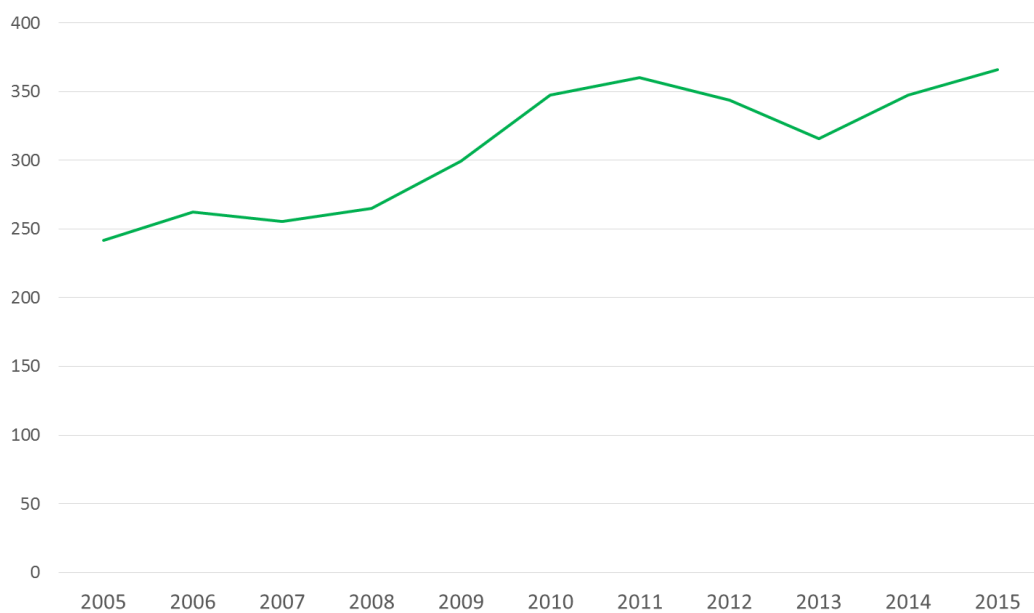
The company has recently invested in a \$10 million refurbishment of the Surrey Hills Woodchip Mill (south of Burnie in northwest Tasmania), demonstrating a renewed commitment to the processing capacity of the forestry industry in Tasmania. Forico are also investing around \$6 million into the refurbishment of Long Reach Mill which is located 35 km north of Launceston. The re-attraction of skills to the region generated by these investments, combined with a more

favourable exchange rate, should encourage further private investment into Northern Tasmania’s forestry industry.

3.4.3 Tourism

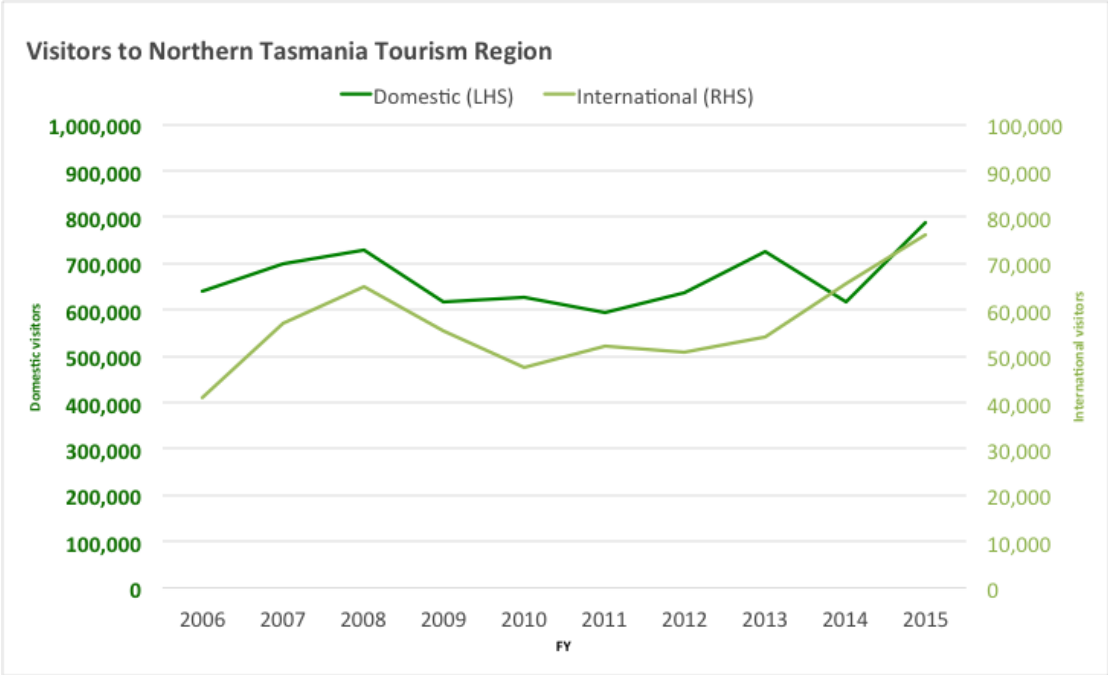
Northern Tasmania is a diverse region with a number of world-renowned tourist attractions, a prominent food and beverage scene, and a growing adventure based tourism offer. Tourism in Northern Tasmania generated \$366m in direct visitor expenditure in 2015, up by 50% since 2005.

Direct Value of Tourism and Hospitality, Northern Tasmania, \$m



Source: National Institute of Economic and Industry Research (NIEIR) ©2016. Compiled and presented by .id the population experts

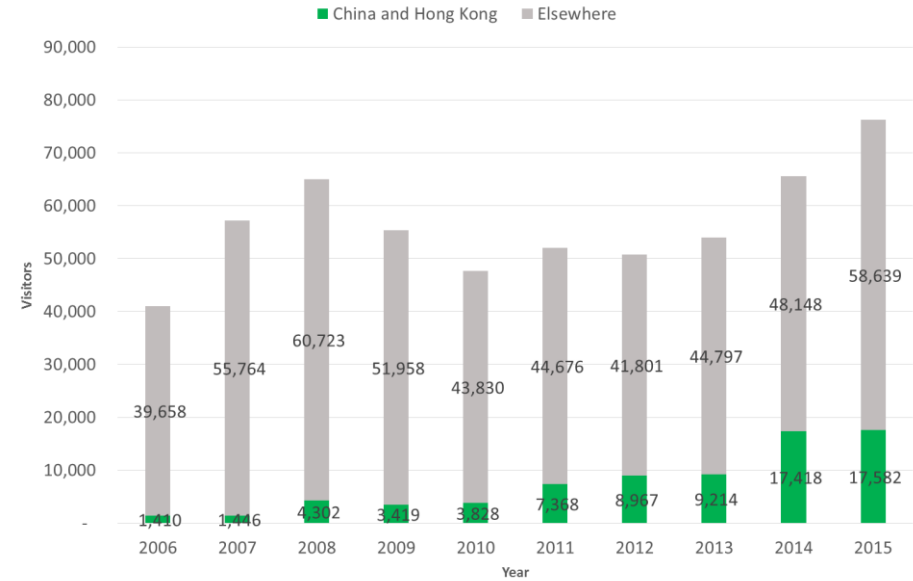
In 2006, the Northern Tasmania Region (based on Tourism Region), attracted around 683,000 domestic and international visitors. After a period of stable tourism visitation, tourism visitation is now on the way up, with strong growth since 2011. In 2015, the region for the first time attracted over 800,000 visitors with a total of 864,700 visitors, 27% higher than in 2006.



Source: Tourism Research Australia

Northern Tasmania has been able to increase its share of international tourists over this period. In 2006, international visitors accounted for 6% of total visitation. In 2015, this share had increased to 9%. The increase in the number of international visitors has been driven by renewed interest from traditional countries like the United Kingdom, United States and New Zealand and has coincided with a boom in visitation from China and Hong Kong.

International visitors, Northern Tasmania (TR)



Source: Tourism Research Australia

4. Future Opportunities

Looking forward, the drivers of growth outlined above, will open up new possibilities for economic development in the City of Launceston and its region. The opportunities identified below are areas where the City of Launceston has a strong competitive advantage as a major regional city and that are enhanced by its natural location advantage within Northern Tasmania. Four major opportunities are identified. They are:

Opportunity 1 – Growing importance as a regional city. An expanded regional city role, combined with demographic and economic factors is expected to create opportunities for:

- ▣ Health and wellbeing
- ▣ Education and training
- ▣ Knowledge and business services

This role will be further enhanced and diversified from the significant investment in Northern Tasmania currently underway.

Opportunity 2 – Leverage off considerable investment in irrigation infrastructure in Northern Tasmania. This investment in irrigation will create flow-on opportunities for agriculture and downstream services across the region. Specifically for the City of Launceston this includes:

- ▣ Food product and equipment manufacturing
- ▣ Services hub

Opportunity 3 – Stronger links between knowledge and industry. As the research hub for the region, this will create new opportunities for the City of Launceston, with a particular focus on:

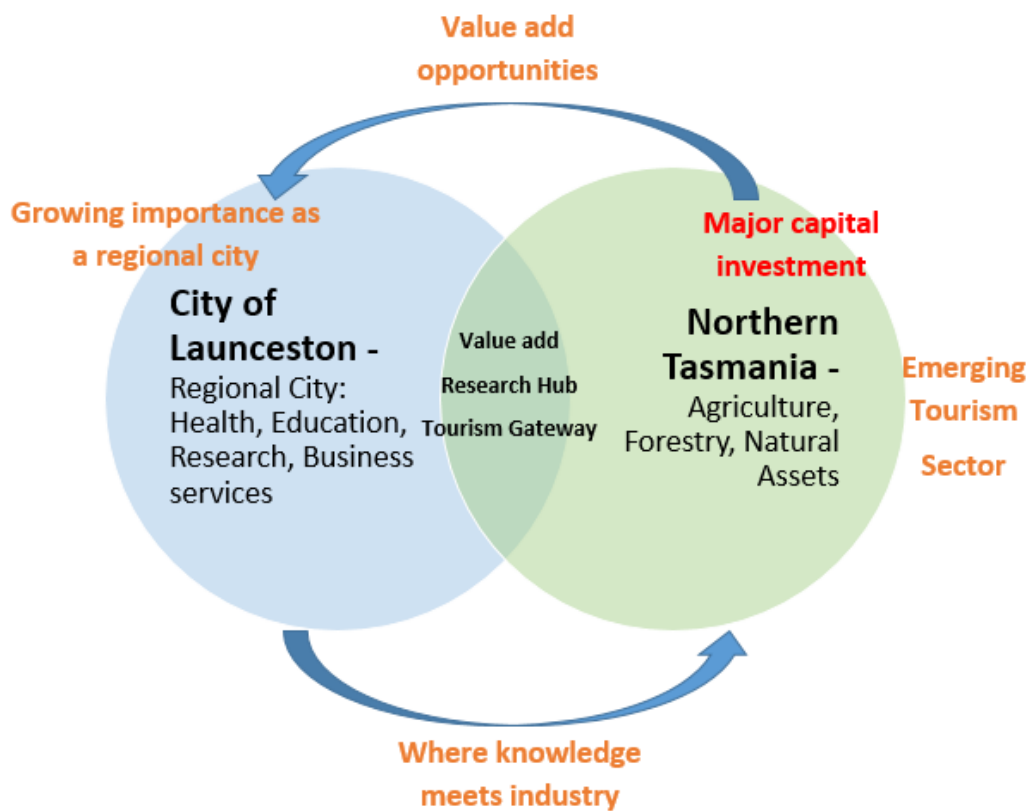
- ▣ Research and development activities
- ▣ Forestry and wood product manufacturing

This will also provide flow-on benefits for Northern Tasmania's agricultural and forestry industry, driving productivity growth.

Opportunity 4 – Gateway for an expanded tourism offer in Northern Tasmania

- ▣ Tourism and accommodation

These opportunities highlight the intrinsic economic links between the City of Launceston and Northern Tasmania. The City of Launceston as the service and research hub and tourism gateway benefits from a stronger agricultural industry, while the agricultural industry in Northern Tasmania benefits from the services and research provided by the City of Launceston. This virtuous cycle, catalysed by major capital investment, is illustrated with the opportunities in the figure below.



These opportunities are explored below.

4.1 Growing importance as a regional city

Australia’s economy is becoming more dependent on ideas and problem solving, with the largest increase in jobs across Australia being those that require higher level qualifications. Launceston too has followed this transition with employment growth in education, health, professional services and retail over the past decade.

Knowledge intensive jobs tend to be attracted to high quality places, large labour force pools and access to markets. The City of Launceston is well placed to benefit from this transition on the back of its existing economic anchors that are supported by high-quality infrastructure, NBN technology, and an enviable lifestyle that appeals to young talent and knowledge workers. This expanded regional city role, combined with demographic and economic factors is expected to create opportunities for:

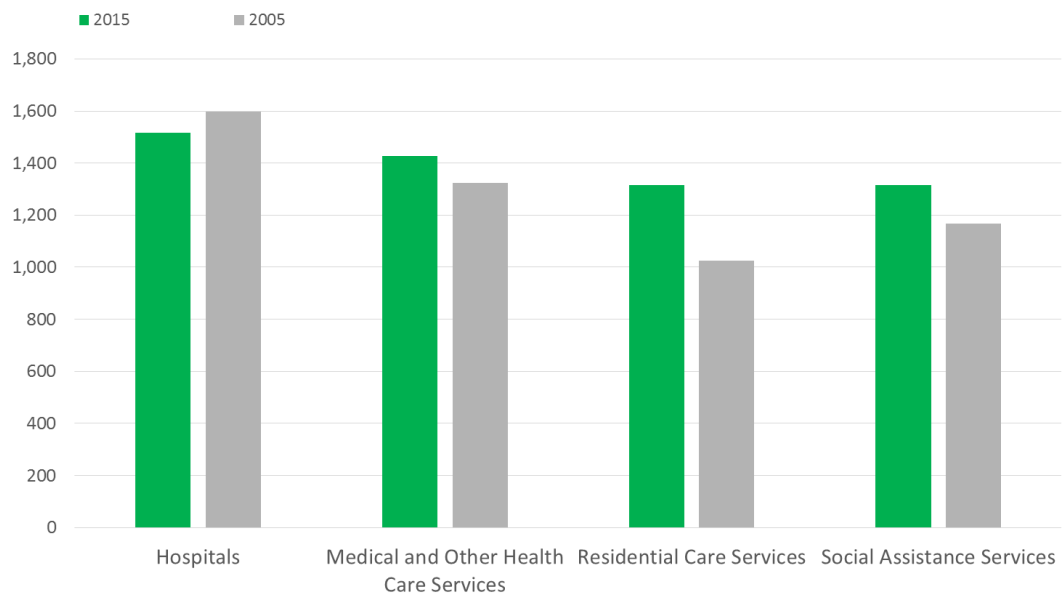
- ▣ Health and wellbeing
- ▣ Education and training
- ▣ Knowledge and business services

4.1.1 Health and wellbeing (largest employer)

Health Care and Social Assistance is the largest employer in the City of Launceston, providing around 5,585 (14.2%) jobs in 2014/15. The number of Health Care and Social Assistance jobs have increased by 379 jobs over the last decade.

Residential Care Services is the fastest growing Health Care sector in the City of Launceston, with jobs increasing by 259 jobs (+25%) over the past 10 years to 1,290 jobs in 2014/15.

Local jobs in Health Care and Social Assistance Industry, Launceston



Source: National Institute of Economic and Industry Research (NIEIR) ©2016. Compiled and presented by .id the population experts

Launceston's ageing population, combined with its regional city role is expected to generate strong demand for new health related businesses.

As highlighted in the Drivers of Growth Chapter, the population is expected to age with 1 in 3 residents aged 65 or more by 2037. As the major service hub in the region, this ageing will drive a range of investment opportunities in and around Launceston. Some of the opportunities include:

- ▣ Ancillary health services - Day hospital, private surgery, dental
- ▣ Short-term accommodation supporting hospital (and tourism demand)
- ▣ Retirement villages and aged care
- ▣ Commercial offices / medical suites
- ▣ Wellbeing services – health and wellness centre, swimming pool, hydrotherapy pool, yoga/pilates, meditation.
- ▣ Education and research – labour and skills, specific research / centres of excellence (e.g. disability)

4.1.2 Education and training (third largest employer)

In 2015, the Education and Training industry was the third largest employer in Launceston with a total of 4,394 workers. It is also a major job creator, with the

second largest increase in employment over the past decade of any industry in Launceston.

Education and Training has also become an important export industry for the City of Launceston. The Tertiary Education sector in particular has emerged to become the largest source of international service exports in Launceston. Its importance has increased significantly from a low base of \$6.6 million in 2001 to \$17.3 million in 2015.

The University of Tasmania (UTAS) and the Australian Maritime College (AMC) are the two major tertiary education facilities in the Northern Tasmania region. Major research centres include Tasmanian Institute of Agricultural Research, Centre for Food Innovation, Fermentation Tasmania and Centre for Sustainable Architecture. These tertiary and research facilities are well supported by numerous primary and secondary schools.

Opportunities will be reinforced by the relocation of the University of Tasmania to Inveresk, by expanding its teaching and research capacity, improving its collaboration with TasTAFE and industry and making the university more attractive to international students. This relocation is in line with achieving its vision to attract 10,000 new students into tertiary education in Tasmania over the next decade.

The outlook for the City of Launceston's education and training industry are positive driven by opportunities to:

- ▣ Expand the region's knowledge and skills in agriculture, food and forestry production.
- ▣ Tap into Australia's growth in international student exports.

They will provide secondary economic benefits including:

- ▣ Attract companies that wish to benefit from research undertaken in the tertiary education sector.
- ▣ Increase participation rates in tertiary education, supporting workforce skills
- ▣ Attract a greater number of international students.

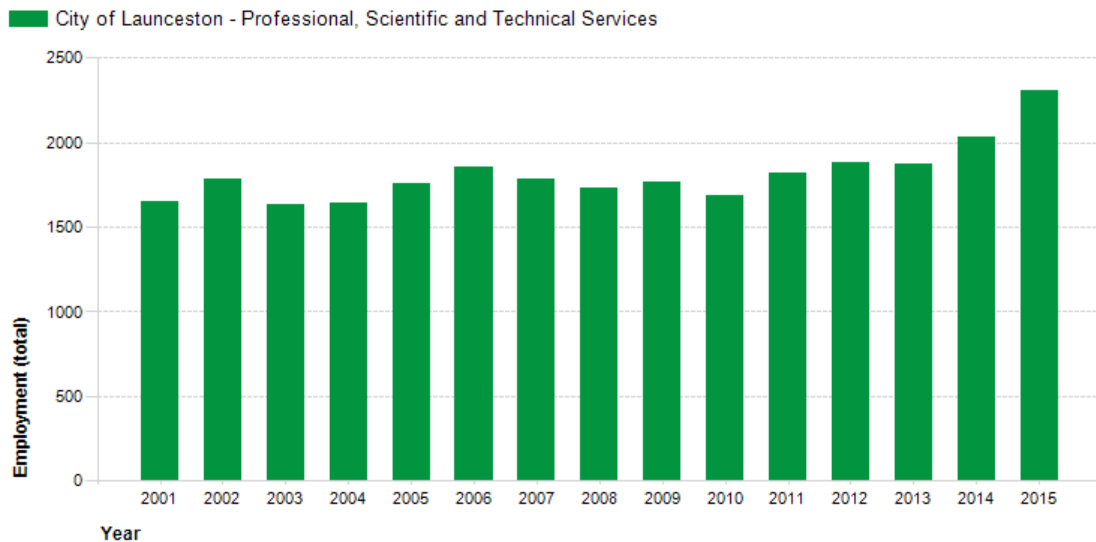
- ▣ Creation of clusters in knowledge economy employment
- ▣ Research links will help generate spin off opportunities for the private sector to implement in the Northern Tasmania region. This opportunity is expanded further in section 4.3.

4.1.3 Business services and knowledge

The major economic agglomeration in Northern Tasmania is the Launceston CBD. Around 52% of all Launceston’s jobs and 70% of business service jobs are located in the Launceston CBD. Business service related industries employed 6,027 people in 2014/15 and generated around \$857 million in value add.

The largest business service industries in Launceston are Professional, Scientific and Technical Services (2,308 jobs) and Finance and Insurance Services (1,364 jobs). The importance of Professional, Scientific and Technical Services has increased over the last decade with strong growth observed since 2008, making it the 4th largest growing industry over the past 10 years.

Time series - Employment (total)



Source: National Institute of Economic and Industry Research (NIEIR) ©2016
 Compiled and presented in economy.id by .id the population experts



This sector will become increasingly important as the City of Launceston becomes the knowledge hub for industry within the Northern Tasmania region and leverages off its strategic drivers such as NBN technology, liveability and human capital; all of which are highly valued by the knowledge economy.

Growth in this sector will be driven by:

- ▾ The revitalisation of the Launceston CBD focused on attracting new private investment, job creation and inner city residential development. This investment is important in enabling the CBD to move beyond the traditional retail role and create a location that is highly desirable to knowledge intensive jobs.
- ▾ The City Heart Project, launched in 2014, is designed to breathe new life into the Launceston CBD. In early 2016, the City of Launceston began the first stage of the project. The revitalisation of Dicky Whites lane was completed and work is now in progress on the redevelopment of the Quadrant Mall.
- ▾ North Bank redevelopment project. The project will create a new precinct on the northern edge of Launceston CBD, offering workers, students, tourists and residents new leisure and recreation opportunities.

Together, these projects present a major opportunity to strengthen the agglomeration benefits and amenity in the CBD and increase the number of ideas per square metre. The increase in jobs and students will help revitalise the CBD and add to its diversity and culture. The public realm improvements are also important in creating an urban experience that can attract knowledge based workers and investment.

4.2 Benefits from a stronger Northern Tasmania economy

Northern Tasmania is experiencing unprecedented investment in irrigation infrastructure that will improve reliability, productivity and competitiveness of the region's agriculture industry. This investment will unlock the unmet potential of the sector with a greater focus on higher value / niche products. This transformation is already underway with a shift towards high value commodities such as dairy, fruit and vegetables and grapes (wine).

4.2.1 Downstream processing and manufacturing

The region's strength in agricultural production is supported by a strong manufacturing industry. Around 60% of the food and agribusiness downstream

processing and manufacturing value is produced in Launceston. The city is already home to major processing companies such as Bellamy's, Tamar Valley Dairy and Boags Brewery. The key manufacturing sub-sectors which generated the greatest economic value in Northern Tasmania were:

- ▾ Food Product Manufacturing: \$79 million (60% value outside of Launceston)
- ▾ Machinery and Equipment Manufacturing: \$75 million (25%)
- ▾ Beverage and Tobacco Product Manufacturing: \$69 million (33%)

The diversification of agricultural output in the region resulting from investment in irrigation towards higher value food ingredients will provide opportunities for:

- ▾ Niche and high value products for domestic and international export.
- ▾ Food processing facilities closer to agricultural production.
- ▾ Private investment to meet an emerging gap in a high growth food and agribusiness sector -
 - Grape – winemakers
 - Dairy farms – Dairy processors
 - Poppy – pharmaceutical manufactures
 - Aquaculture
 - Forest plantations – wood product manufacturing

4.2.2 Service hub

The expansion of agriculture and further development of the food and agribusiness sector will lead to important multiplier effects in Launceston, particularly for financial services.

- ▾ Financial products and advice to support investments in infrastructure (e.g. irrigation)
- ▾ The specialist nature of the food and agribusiness sector provides opportunities for Launceston to tailor different financial approaches from standard retail banking.
- ▾ Storage, processing facilities, insurance products and equipment and mechanism.

4.3 Stronger links between knowledge and industry

The knowledge role of the City of Launceston is important for the future of food and agribusiness in the region. The concentration of tertiary education and research facilities within the City of Launceston will help drive innovation and productivity in the sector. The following facilities and partnerships highlight this growing link between knowledge and industry and the importance of Launceston in driving productivity growth in the region:

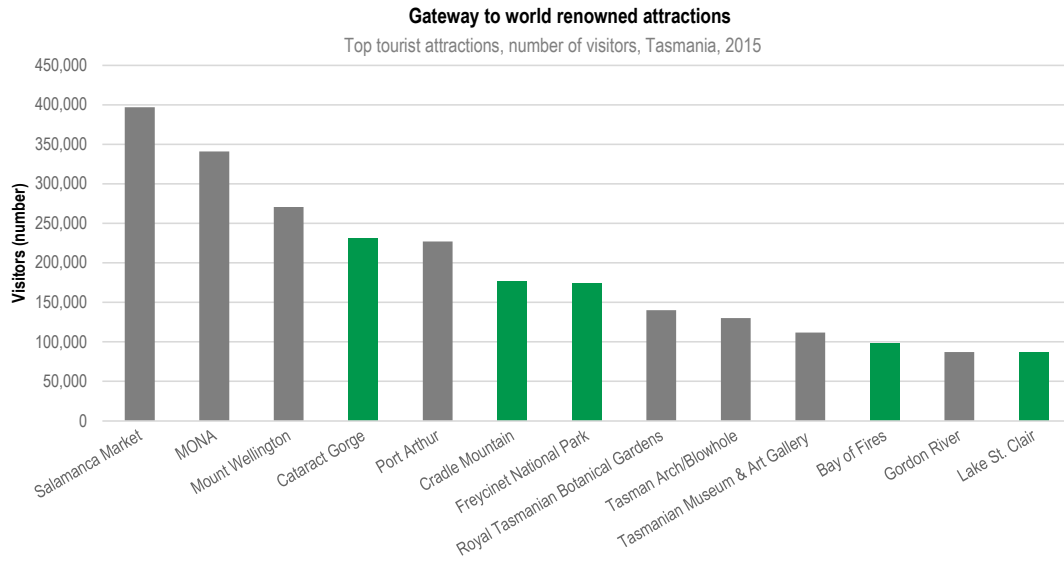
- ▣
 Tasmanian Institute of Agricultural Research, a joint venture between the University of Tasmania and Tasmanian Government, has been officially recognised as a world-class research hub with expertise in agricultural research, development, extension, education and training.
- ▣
 Centre for Food Innovation, based in Launceston, is a collaboration between the University of Tasmania, the Defence Science and Technology Group and CSIRO. The aim of this partnership is to help grow high-quality, nutritious, value-added products and promote value-adding for food production in regional Tasmania. The Centre for Food Innovation will also enable the Defence Science and Technology Organisation facility in Scottsdale to grow its research capability in food science and technology.
- ▣
 Australian Maritime College, located in Launceston, also plays an important research role for the region with a focus on maritime-related activities. Its research and degrees offered in fisheries management, aquaculture, aquatic animal health and marine conservation will help food production in regional Tasmania including Northern Tasmania.
- ▣
 The Coordinator-General's Office, located in the City of Launceston, is the lead agency for investment attraction in Tasmania. The government is committed to the growth of the food and agriculture sector and has identified a number of opportunities for investment in wine, dairy, berries and poppies.
- ▣
 Fermentation Tasmania is currently seeking to develop a Centre of excellence for fermentation in Launceston. If built, this facility will further help build on the competitive advantage the region enjoys in food and beverage manufacturing.

- ▣ The Centre for Sustainable Architecture with Wood (CSAW) is also building on the regions competitive strengths in timber by developing skills and research that can help diversify and add value to the forestry industry. The facility aims to foster the use of timber as a building material. CSAW offers a wide range of research and educational skills to the timber industry, building design professions and building industry.
- ▣ The recent UTAS student accommodation development at Inveresk is a recent example of Launceston and its region building on its competitive strengths in timber and using innovation to diversify and add value to its endowments. The student accommodation building was designed by local firms Morrison and Breytenbach and Circa Morris-Nunn Architects, with technical expertise from CSAW and the team's structural engineers. The project showcases the possibilities of advanced prefabricated timber construction to develop multi-dwelling buildings.

4.4 Gateway for an expanded tourism offer

The City of Launceston is the heart and gateway to this region and, as such, tourism is a significant part of the economy, directly contributing 4.0% to Launceston's GRP and 6.0% to employment (full time equivalent).

The range of experiences on Launceston's doorstep is extensive, including Australia's most awarded wine trail, gourmet local food and produce, history and wilderness. Five of Tasmania's top 13 attractions (with over 760,000 visitors in 2015) are located within a 2.5 hour drive of Launceston.



The outlook for Tourism in Northern Tasmania is positive with a number of projects underway. Some of the opportunities and plans include:

- ▾ Tourism Northern Tasmania, the regional tourism organisation for Northern Tasmania, has developed a Destination Management Plan that aims to increase visitor expenditure to Northern Tasmania from \$349 million to \$496 million by 2021.
- ▾ Tourism Northern Tasmania are developing Launceston as the gateway or starting point for the adventure to enjoy places such as Cataract Gorge, Cradle Mountain and Bay of fires.
- ▾ Launceston Airport passenger numbers are also forecast to grow from 1.1 million passenger movements in 2008/09 to around 1.9 - 2.49 million movements by 2028/29 (refer Launceston Airport Master Plan, 2009).
- ▾ Growth in tourism numbers will provide new opportunities for businesses in the region to develop better experiences including bike trails, golf, food, wine, ecotourism experiences. The North East Mountain Bike Trail Project – six trails spanning 88km - already has a reputation as one of Australia’s best mountain bike facilities.
- ▾ The changing tourist profile towards a larger share of Chinese tourists creates a major opportunity that is largely untapped to date. Findings from Tourism Australia’s Consumer Demand Project shows that safety, world class beauty and good food and wine are key factors that Chinese leisure travellers look for in a travel destination. Clearly, Northern Tasmania excels

at these factors and puts the region in a strong position to attract this growing tourism market segment.

- ▣ Launceston is developing new tourism assets that further enhance its gateway role. This includes the development of the Silo Hotel on Northbank and Penny Royal tourism redevelopment.
- ▣ There is also strong potential for the region's agricultural and viticulture business to provide tourism experiences to further grow the visitor offer.