

TAMWORTH

GLOBAL GATEWAY PARK Business Case



Tamworth Regional Council

Version: 2

28 August 2020

KEY PROPOSAL DETAILS

PROPOSAL INFORMATION	
Proposal name	Tamworth Global Gateway Park
Lead proponent (e.g. Council)	Tamworth Regional Council
Lead proponent ABN	52 631 074 450
Proposal partners	Not Applicable
LEAD CONTACT	
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PROPOSAL SCOPE	
Proposal summary for publication <i>Please provide 150 words or less</i>	<p>Tamworth Global Gateway Park has been identified as one of the most exciting enterprise park and logistics hubs in Australia. A purpose planned 246 hectare business, industrial and enterprise zone, connected by a heavy vehicle road network and the establishment of a rail freight intermodal to be operated by one of Australia's leading providers of integrated logistic solutions – Qube Holdings Ltd.</p> <p>The structure plan for the site has been completed and now a range of infrastructure works are required to enable land release for development. The development of a sustainable staging plan, and subsequent associated infrastructure works are a critical element in the progression of this project. The staging plan will position the project with available land that meets the needs of the market and is planned so as to minimise the required expenditure for development while at the same time maximise revenue from the sale of land.</p>
PROPOSAL LOCATION	
Proposal address	Marathon Street Westdale
Local government area	Tamworth Regional Council
NSW electorate	Tamworth
Federal electorate	New England
SUPPORTING INFORMATION	
Attachments Please list out all supporting information provided	<p>Annexure 1 – Tamworth Tomorrow 2016-2021</p> <p>Annexure 2 – TGGP Preliminary Structure Plan Drawing Set</p> <p>Annexure 3 – Tamworth Global Gateway Park Industrial Demand Assessment</p> <p>Annexure 4 – TGGP Full Cost Estimates</p>

DOCUMENT INFORMATION

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1 EXECUTIVE SUMMARY

Tamworth Regional Council is initiating the development of a multi-stage major enterprise park and logistics project, which will significantly enhance the economic landscape of the city and provide vast and ongoing benefits to the wider region.

The Tamworth Global Gateway Park (TGGP) consists of 246 ha of land zoned into 119 ha of heavy industrial (IN3), 60 ha of light industrial (IN1) and 67 ha of business park (B7). The TGGP is strategically located on the Oxley Highway, seven kilometres from the city, in close proximity to the Tamworth Regional Airport.

Council has been positioning itself in recent years for strategy based growth and development for the city of Tamworth, consistent with NSW Government development plans and based on the strategic drivers identified in Council's Economic Development Strategy - Tamworth Tomorrow 2016-2021. Council has recently adopted Blueprint 100, an ambitious strategy project aimed to deliver significant growth for Tamworth city over the coming decades. TGGP is identified as the Western Growth Corridor in Blueprint 100.

Situated on the site will be the Tamworth Intermodal Freight Facility, making the TGGP ideally positioned with easy access to Tamworth Regional Airport, a major highway and rail freight with direct access to the port of Botany. These aspects afford the TGGP the opportunity to capitalise on prospects in the transport, freight, manufacturing and warehousing industries.

The ongoing development of the TGGP is a complex project. The funding, design and delivery of the 246 hectares must be carried out in an efficient and timely manner, which is flexible enough to meet the needs of future developers. This will require a co-ordinated response from a number of Council directorates, along with detailed specific engagement with a number of government agencies and private entities.

The business case provides an overview of the entire project, including construction and operation of the intermodal, design and construction of infrastructure, as well as options for council to consider in relation to the ongoing development of the park. The business case also

provides a clear outline of the preferred stage one approach to launch the TGGP to market.

The options to launch the TGGP to market have been considered with the objective of activating commercial and industrial development in the city and maximising future development potential for the site; whilst taking into account capital expenditure and potential sales revenue. Alternative approaches considered, while viable, will fail in achieving the desired level of activation for the site.

In order to achieve the primary objective of activation, it is considered essential that the TGGP development aligns with the intermodal timeline, in order to fully capitalise on the market benefits that the intermodal facility has the potential to deliver. To further enhance the activation, simplified development approval mechanisms for developers will be established to streamline the development process.

Council has the option of selling the park in its entirety or large parcels of land for private development, now or in the future. However, with the aim of activating commercial and industrial development in the city, it is critical that council capitalises on the development of the intermodal facility and the potential this development has of attracting many associated and complimentary industries. Therefore, it is proposed to launch the TGGP to the market with a stage one development. The stage one development would include the land release and servicing of: 15.69 ha on Goddard Lane, 10.76 ha adjacent to the intermodal facility and 3.95 ha at the Oxley Highway entrance to the business park.

To develop 26.45 ha of industrial land (in addition to the 9.5 ha for the intermodal terminal) and 3.95 ha of business park land, the total construction costs to council are estimated to be \$12,601,649.

The possible outcome of stage one includes potential sales revenue of over \$28.9M, 340 new jobs and \$195M in economic output for the region. In addition to this, the TGGP will be activated and open for business. This brings significant marketing potential, helping to drive future sales for the park as well as industrial and commercial development for the region.

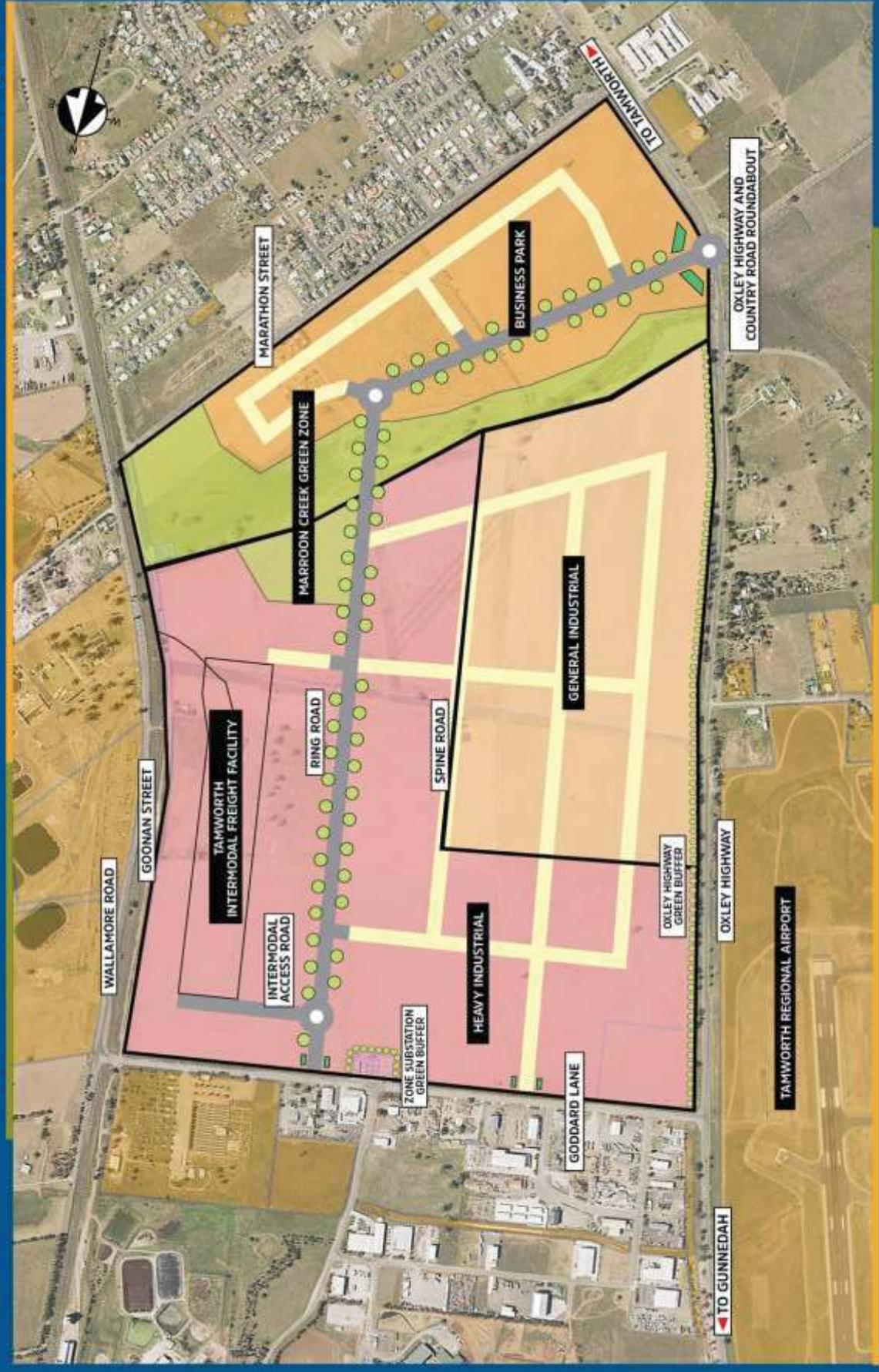


Fig 1. Tamworth Global Gateway Park Layout

2 CASE FOR CHANGE

2.1 BACKGROUND

2.1.1 Overview

Council has been positioning itself in recent years for strategy based growth and development for Tamworth, consistent with State Government development plans. Council commissioned Tamworth Tomorrow 2016-2021 to review the city's current position for development and to identify the actions necessary in relation to the strategic drivers that will activate growth and sustainability of the key industry pillars identified in the report (*Refer to Annexure 1 – Tamworth Tomorrow 2016-2021*).

The city has been well served by two industrial areas that are nearing capacity of development. Taminda was developed by Council in the 1960s to encourage an industrial presence in the city. Glen Artny Industrial Estate, located west of the Tamworth Global Gateway Park site is approximately 20 years old and has demonstrated consistent growth. It should be noted that both of these industrial areas have largely been developed and there are limited options available for existing businesses to grow or new businesses to establish.

Access and infrastructure is a key industry pillar of the Tamworth Tomorrow report and a strategic driver of this is investment attraction and business recruitment, retention and expansion. The strategic plan to release industrial land exponentially was implemented in 2016 with Tamworth Regional Council's purchase of the 246 ha parcel of land, predominately zoned Rural RU4, to accommodate increased economic opportunity and a growing population.

Later to be named Tamworth Global Gateway Park, Council purchased the parcel of land for \$16M with the aim of facilitating an intermodal terminal, utilising the decommissioned Barraba spur line which is situated adjacent to the TGGP on Wallamore Road and ensuring the city and region would have a sufficient supply of commercial and industrial land to support economic growth well into the future.

In August 2018 the TRLEP 2010 was amended to change the zone provisions for the site from Residential (R1 and R5) and Rural (RU4) to General Industrial (IN1) and Business Park (B7) and extended the Heavy Industrial (IN3) on the site. The amendment removed lot size provisions from the entire site.

In late 2018 a preliminary structure plan for the site was developed to provide a comprehensive framework for the site utilising the adjoining airport, rail and road infrastructure. The Structure Plan has been prepared to ensure the TGGP is built on a range of existing and future environmental, social and economic considerations. (*Refer to Annexure 2 – Preliminary Structure Plan Drawing Set*)

In 2019 it was announced that TRC was to receive over \$20M from the NSW Government's Growing Local Economies Fund for infrastructure projects to facilitate the development of the TGGP. In addition, TRC also received a total of \$6.8M from the Federal Government to assist with the 5-way roundabout (at the intersection of the Oxley Highway, Country Road and Business Park entry) and roadworks for intermodal access.

The project is now moving from the initial planning stage into a delivery phase which includes the following sub projects: intermodal delivery, infrastructure design and construction, marketing and land sales, and the ongoing management of the TGGP.

2.1.1.1 Intermodal delivery

Council has been involved in discussions relating to the development of a rail/road intermodal for the Tamworth region since approximately 2014. In 2017 Council conducted an EOI process to select the appropriate proponent to operate the intermodal terminal at the TGGP and Qube Logistics was selected as the preferred operator. In order for the intermodal to function, the rail line between the West Tamworth rail yard and the TGGP needs to be reactivated. The NSW Government announced \$7.42M funding for the rail line reactivation project in November 2017.

Early works for the rail line reactivation commenced in April 2020. Finalisation of the design is currently progressing with the current program showing the rail line as reactivated by October 2021.

Qube have recently prepared a program for the design, approval and construction of the

intermodal which indicates a completion date of August 2021.

The marketing and sales strategy for the TGGP will largely revolve around its function as a transport and freight hub, which makes the delivery of the intermodal facility critical to the successful development of the park particularly in the early stages.

Vehicle access and general services are required for the operation of the Intermodal site. The provision of access and services needs to be aligned with the planned start date for operation of the intermodal. This work will involve the construction of the access road off Goddard Lane and the adjoining road that will provide access to the western boundary of the intermodal site.

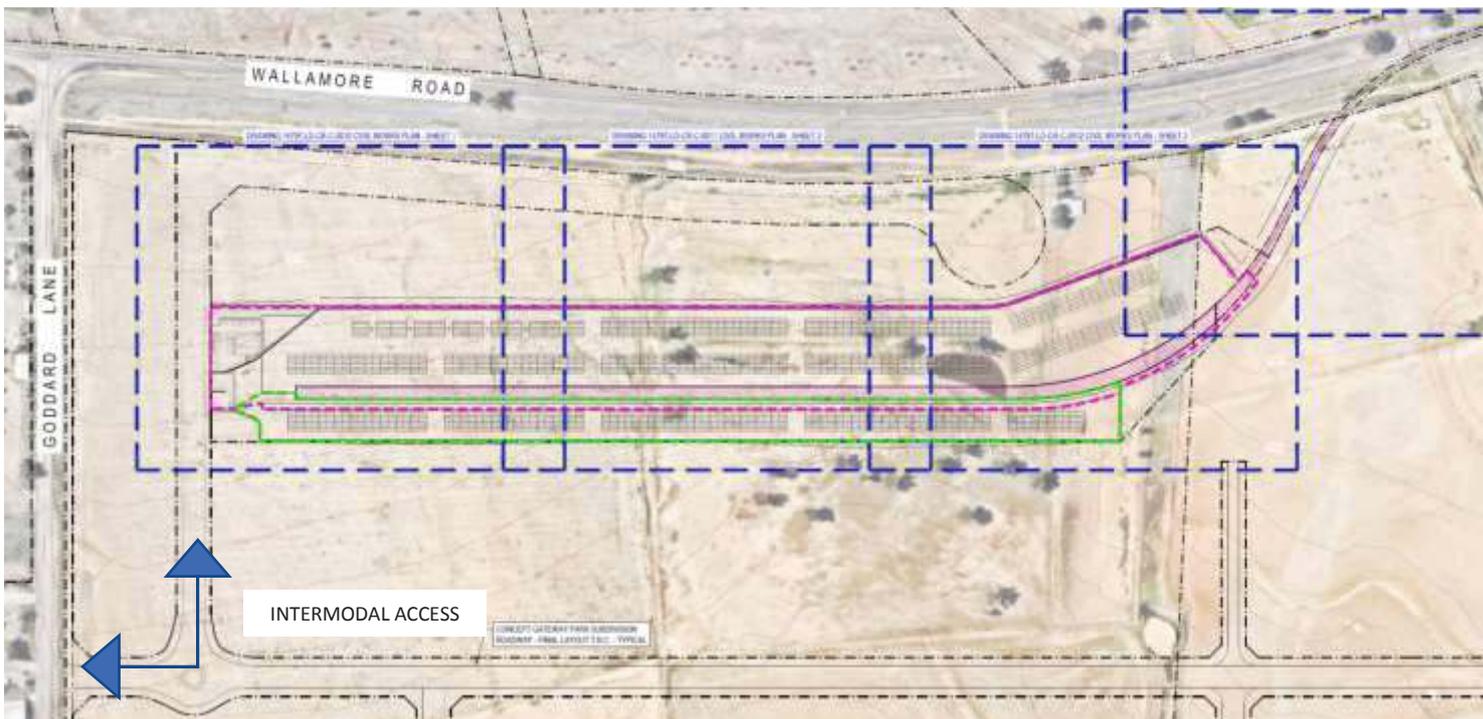


Fig 2. Intermodal access road off Goddard Lane

2.1.1.2 Marketing and development Strategy

An EOI has been undertaken for the purpose of appointing a licensed agent to take the TGGP to market. The preferred agent will be tasked with the development of marketing strategies, introduction of national agent and potential proponents of the land along with the lot sale process.

During the meetings with the agents a targeted marketing approach for stage one was recommended. Through this approach the agent would submit an information memorandum to their national/international qualified database. This process would commence in October 2020. A direct approach to businesses within our region looking to expand will also be undertaken.

Prior to the completion of stage one a full marketing campaign would be launched. A targeted approach initially is considered necessary to secure some 'major players' in the market, these businesses would be used as cornerstone businesses to drive future sales.

Of critical importance to the overall success of the development of TGGP will be:

- the selection of the right agent with drive and knowledge to generate targeted sales; and
- establishing a mechanism that delivers flexibility in negotiation to allow deals to be finalised efficiently.

2.1.1.3 Design of Infrastructure

Road improvements and servicing strategies have been prepared which include:

- Goddard lane kerb and gutter
- Entry road for intermodal access and adjacent lots
- Water supply
- Sewer access
- Storm water Electrical supply – High and Low Voltage
- Street lighting telecommunications
- Gas (trunk service in ring road only)

Tailoring of lot sizing to suit individual developers will require flexibility in the servicing arrangements for the development. This will

provide the marketing team an opportunity to offer buyer specified lots which will be an attractive feature for particular developers.

The proposed initial stages of the development are currently at the following design status:

- Goddard Lane Roadworks: Complete and plans Issued for Construction (IFC)
- Intermodal Access Roads: 50% Complete with IFC drawings due October
- Business Park Roads: Concept – IFC planned for December 2020

2.1.1.4 Construction

Construction of Goddard Lane and the adjoining lots will be completed by the end of February 2021 and the intermodal access road will be completed by April 2021, ready for the operation of the intermodal by July 2021. The 5-way roundabout on the Oxley Highway at the intersection of Country Road and New Winton Road will be completed by July 2021, which will allow access to the Business Park.

2.1.1.5 Ongoing Management

At the completion of stage one of the TGGP, over 30 ha of land will be serviced. Trunk stormwater drainage will be in place, Qube will have constructed the intermodal facility and operations will have commenced. The 5-way roundabout at the entrance to the business park will be completed and ideally industrial and commercial businesses will have commenced operating from the park. The TGGP will have been transformed from a greenfield site to a functioning industrial park. Throughout stage one council always has the option to seek expressions of interest for sale of large areas of land or continuing to develop the park into stage two and beyond. Once businesses commence construction at the park and activity can be seen in the market, the land at the TGGP will become more attractive and likely attract a higher price in the market place.

The activation of the precinct needs to be set as the key performance indicator for the development. As the early stages progress, Council needs to be responsive to marketing opportunities that can open up the TGGP at a faster rate, all for the benefit of the city.

2.2 RATIONALE FOR INVESTMENT

2.2.1 Opportunity:

In late 2018 council set about creating an overarching strategy that aims to provide the Tamworth Region a roadmap to guide Tamworth towards its vision of a prosperous economy and a population of 100,000 people by 2041. This roadmap is called Blueprint 100 and it is this document which will guide and promote development for the Tamworth Region to 2041 and beyond.

In Blueprint 100, Tamworth is identified as the major supplier of services and manufacturing for the agricultural, mining, trades, housing, commercial and industrial sectors of the greater region. Considering these assets, Blueprint 100 identifies that there is opportunity for Tamworth to support new initiatives to expand the industrial sector at the Tamworth Global Gateway Park and leverage off its positioning adjacent to the Airport. TGGP is identified as key employment land to aid the growth of the Tamworth region.

Currently industrial development in Tamworth is somewhat strained due to the lack of unencumbered land that remains available in the city's existing industrial areas of Taminda and Glen Artney.

The New England Northwest Regional Plan identifies Tamworth as a key regional growth area of NSW and as such the NSW Government is encouraging population and economic growth across all sectors, particularly industry and employment-generating activities. Tamworth is strategically important to the New England North West and provides a gateway for national and international markets.

Manufacturing is currently the third largest industry by employment in the LGA. This is largely due to Tamworth's Food Manufacturing industry, however it has been predicted that there is opportunity for growth in the local manufacturing industry in the post-covid era.

The Coronavirus crisis has highlighted Australia's over-reliance on overseas supply chains and the pandemic is causing the government to re-evaluate our local supply chains. A new Federal Government manufacturing taskforce has been

set up to focus on this very issue. The taskforce will focus on improving Australia's manufacturing capability, skills gaps, reliable cost effective infrastructure, effectiveness of Government incentives and cost effective energy supplies; all of which present opportunity for Tamworth and the TGGP.

2.2.2 Demand:

The TGGP has been identified by development consultants - Urbis, 'as rating highly against all demand drivers, and is a highly attractive location for industrial tenants' (*Refer to Annexure 3 – Tamworth Global Gateway Park Industrial Demand Assessment*). The TGGP is said to have a competitive advantage over other regional sites given its high availability of large undeveloped sites, and its proximity to the airport and the intermodal. This makes it the most attractive location for large, regionally-serving industrial businesses looking to expand operations.

Advice from a local real estate agent suggests the Tamworth industrial market is very buoyant and the extremely strong metropolitan market is very encouraging as regional markets generally follow a similar pattern to that of their metropolitan counterparts. One agent reported having fielded 112 genuine industrial land enquiries over the past 30 months.

Research from Urbis on both regional and metropolitan intermodal terminals has also identified increased demand of industrial land surrounding the terminals. Urbis has forecasted that land value could achieve growth of up to 9% as a result of its links to the intermodal terminal and airport.

2.2.3 Economic Impact:

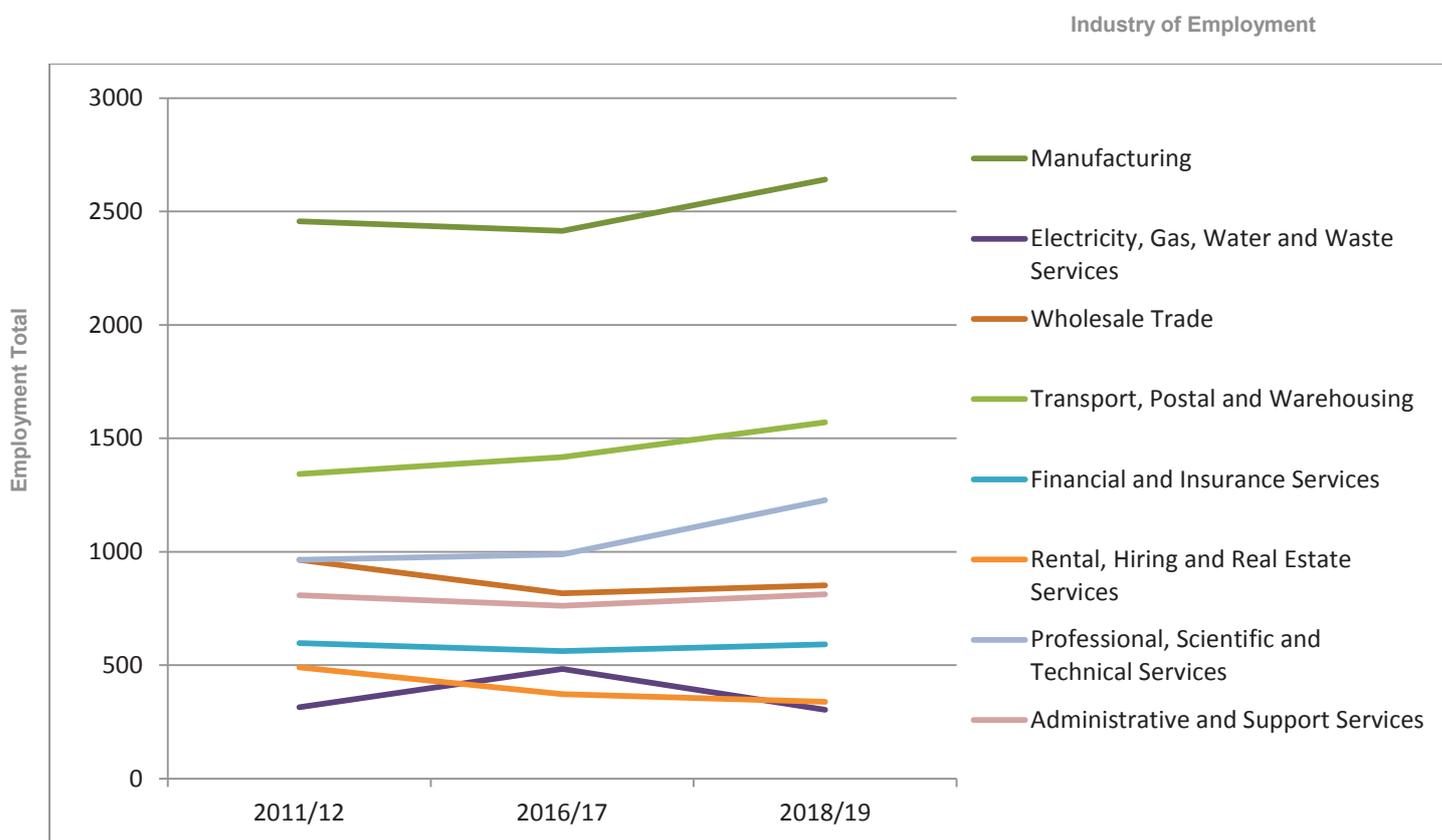
The TGGP has the potential of creating an estimated 3,000 plus jobs once fully developed. As identified by Urbis, the two predominate industries expected to reside in the park include Manufacturing and Transport, Postal and Warehousing.

According to id.Profile, in the five years to 2018/19 jobs in Manufacturing grew 8%, while Transport, Postal and Warehousing grew 26%, which equated to an additional 532 jobs over 5 years. The Urbis demand assessment does refer to job numbers between the census years of 2011 and 2016, which while relevant fails to show the

increase in employment in many of the key industries since the 2016 Census. The Manufacturing industry is a prime example of the market changes. The Urbis report shows the manufacturing industry lost 144 jobs in the Tamworth region from 2011-2016, however since

2016 id.Profile figures show an increase of 227 jobs in manufacturing. Other industries with substantial growth include Transport, Postal and Warehousing, and Professional, Scientific and Technical Services (See Chart 1).

Chart 1 - Employment Total by Industry 2011-2018



Source: economy id. Tamworth

Economic Impact continued-

The TGGP is 246 hectares and is similar in size to Tamworth’s existing Taminda industrial area. Taminda currently sustains approximately 3,563 jobs. Based on a comparison to Taminda and a similar percentage of industry, if Council is to develop 30.4ha of land in stage one, which is approximately 12% of the total TGGP, stage one has the potential of housing 427 jobs.

As a Global Gateway Park the land is targeted at attracting organisations beyond the local market and therefore it is assumed that only a small percentage of the 427 jobs will be sourced from the regions existing workforce. If we assume 80% of the positions will be created from organisation relocating to Tamworth from outside the region, the development would create approximately 340

new jobs for the Tamworth Region. The economic benefit of these jobs would deliver \$195M to the local economy in additional output. Furthermore, based on the id.Profile model, the combination of all direct, industrial and consumption effects would result in a total estimated increase of over 760 jobs for the Tamworth Region¹.

The additional wages from this job creation being spent locally would have long ongoing benefits for the regions economy, boosting industries such as retail spend, food, beverage and entertainment services.

The increase in employment opportunities and potential business expansion, can also work to

¹ <http://economy.id.com.au/tamworth>

increase population. An increase in population will create additional employment in servicing industries such as health care and education. By creating an environment where employment and higher education can grow, the region will experience improved socioeconomic conditions and cultural diversity, improving the lifestyle and the mental and physical wellbeing of residents; ensuring population retention and improved community resilience into the future.

In addition to the broader economic benefits and job creation for the Tamworth Region, there will

also be revenue generated through sales and development costs. It has been conservatively estimated based on advice from Urbis and local agents that the industrial land can be marketed at \$90/sqm, while business park land can be marketed for \$130/sqm, with an average development cost of \$50/sqm. A conservative model shows sales will cover infrastructure costs and assist in reducing the principal loan amount on the land, which will assist in also reducing interest repayments.

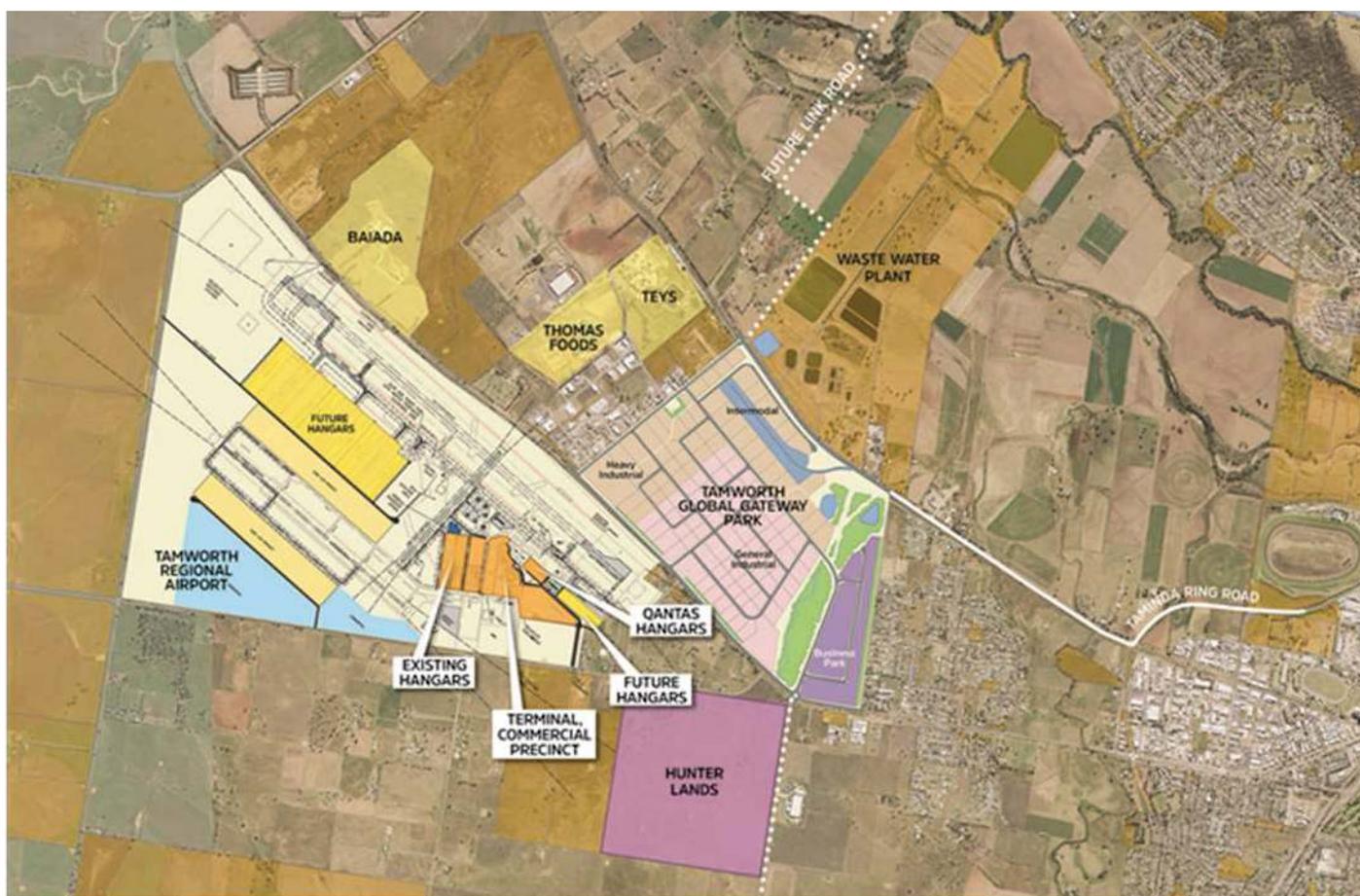


Fig 3. TGGP in relation to the Airport, Glen Artney and Hunter Lands

2.3 STRATEGIC ALIGNMENT

Blueprint 100 –

Blueprint 100 is an overarching strategy that provides a roadmap to take the Tamworth Region towards its vision of a prosperous economy and high living standards with a population of 100,000 people. A key priority for Blueprint is to create a prosperous region and the TGGP is identified as key employment land to aid the growth of Tamworth.

In the Blueprint, Tamworth is identified as the major supplier of services and manufacturing for the agricultural, mining, trades, housing, commercial and industrial sectors for the greater region. Considering these assets, Blueprint 100 identifies that there is opportunity for Tamworth to support new initiatives to expand the industrial sector at the Tamworth Global Gateway Park and leverage off its positioning adjacent to the Tamworth Regional Airport.

A 20-Year Economic Vision for Regional NSW –

In the 20-Year Economic Vision for Regional NSW, the industries driving the economic future of regional NSW are well aligned with the pillars identified in Tamworth Tomorrow 2016-2021. The TGGP is aligned with freight and logistics and advanced manufacturing both listed engine industries for regional NSW. Freight and logistics was identified as ‘a backbone industry of regional NSW’. It is also stated that better connectivity along the east coast would enable more cost-effective solutions for the industry. Likewise with advanced manufacturing, with new cutting-edge technology across regional NSW, advanced manufacturing is driving economic growth. As is the goal with the TGGP, there is evidence to show leading manufacturers are attracted to regional areas because of the low-cost environment and access to markets. Furthermore, as a result of the Covid-19 pandemic and major supply chain interruptions, reports are indicating a move to an increase in local manufacturing to ensure Australia is more self-sustaining in future.

Tamworth Tomorrow 2016-2021 –

In 2016 Tamworth Regional Council launched Tamworth Tomorrow 2016-2021.

The strategy aims to drive the economic growth of the region, with a key objective being to ensure a robust, diverse economy that is accessible and connected.

Well planned transport infrastructure is the key to driving economic growth in regional Australia. A strong business district, a road network that improves connectivity, increased capacity at the Tamworth Regional Airport for international freight and the reinstatement of rail freight in the city, are all a major economic focus of Tamworth Regional Council.

The development of the TGGP will assist Council in achieving these goals which target at least four of the industry pillars, including Access and Infrastructure, Agriculture, Food Processing and Agribusiness, Aviation and Technology. The land does this by enabling the economies strategic drivers by helping to create diverse employment opportunities, business recruitment, retention and expansion and investment attraction.

New England Northwest Regional Plan –

In the New England North West Regional Plan, TRC was requested to prioritise the development of employment land, and more specifically, the land next to the current Glen Artney Estate, now known as Tamworth Global Gateway Park.

Goal one of the New England and Northwest Regional Plan is ‘A Strong and Dynamic Regional Economy’. Direction six of this goal is to ‘deliver new industries of the future’ which highlights the need to supply adequate land to continue to activate and grow employment opportunities. Direction seven identifies that ‘well-located employment land is a key component to a successful centre’ and the location of this land should support access to freight facilities. The activation of the TGGP will achieve all these objectives.

Lower North West Regional Economic Development Strategy -

The Lower North West Regional Economic Development Strategy (LNW REDs) identifies the delivery of key infrastructure as a foundation for growth, as the first strategy for the region. A key initiative of this strategy is to 'facilitate the development of serviced industrial and employment land'. Strategy two for the Lower North West Region is to 'Provide a positive,

supportive environment to facilitate business growth and investment'. This strategy highlights the need for councils to provide an environment which is conducive to growth; however, without the development of the Tamworth Global Gateway Park, industrial land in Tamworth is in extremely limited supply and if additional land is not made available, it will continue to constrain growth.

The development of TGGP was identified as a key priority for the entire lower north-west hub.



Fig 4. Aerial image of TGGP looking west along Wallamore Road

2.4 STAKEHOLDER & COMMUNITY SUPPORT

Tamworth Regional Council understands the importance of engaging with community and taking on board feedback, especially in relation to future planning, development needs and opportunities for the region. In order to identify the community's priorities and aspirations for the future and to develop strategies for achieving the set goals, Tamworth Regional Council developed the Community Strategic Plan 2017 – 2027.

The success and effectiveness of the Community Strategic Planning relies on strong community engagement and the way that information on issues, impacts and possible solutions are addressed by the community. This Community Engagement Strategy provided a framework for TRC to engage with the community. It identified stakeholders and outlined broad-level tools and tactics that Council used to engage with different stakeholder groups. In developing the strategy TRC also worked to engage with sectors of the community whose voice had not been 'easy to hear' in previous traditionally run consultation processes. Council implemented best practice guidelines developed by the International Association for Public Participation (IAP2) to ensure that engagement was genuine. As a result the Community Strategic Plan 2017-2027 genuinely reflects the community voice and aspirations.

The Community Strategic Plan is grouped around five key themes including: a spirit of community, a prosperous region, a region for the future, an accessible region and a region of progressing leadership. Each theme is then broken down into objectives. Objective 1.1 of A Prosperous Region is to support and facilitate economic development and employment opportunities. The measures of success of this objective include; responding to emerging opportunities; facilitating opportunities for new business; and deliver Glen Artney (TGGP) expansion.

The TGGP Master Plan also went through a public exhibition process before the Master Plan was adopted by council in early 2019.

In addition Blueprint 100 undertook significant community consultation both in the information gathering and development phase, along with the formal consultation process. Blueprint 100, identifies Tamworth Global Gateway Park as a key priority in theme 2 – Facilitate smart growth and housing choices.

Table 1: Identified Stakeholders and Potential Issues/ Interest

Stakeholder Group	Key Issues/ Interest
Tamworth Regional Council	Current land and project owners
NSW Government	Financial contribution toward various aspects of the project
Federal Government	Financial contribution toward the road infrastructure
Department of Primary Industries	Approvals for works within Murroon Creek
Local residents in the vicinity of the works	Primary: Residents of the Westdale area, from Marathon street east Secondary: Residents and business interest of the broader Tamworth Local Government Area
Essential Energy, Telstra, NBN and GAS provider (APA)	Services in the vicinity of the storm water infrastructure works
Transport for NSW (John Holland CRN (JHCRN))	In relation to the reinstatement of the rail line to enable the intermodal facility
QUBE Logistics	Design, construction, operation of the Intermodal Freight Facility
Private Developers	Opportunities for developers to build Facilities and Businesses within a streamlined approval process

The TGGP and all associated projects will have their own page on the MyTRC Online Community (<https://yourvoice.tamworth.nsw.gov.au/>). This will allow all stakeholders and the Tamworth community the opportunity to be informed about the various projects, as well ask questions and provide suggestions in relation to the roll out of the TGGP.

3 ANALYSIS OF THE PROPOSAL

3.1 OBJECTIVES & INDICATORS

Table 2: Project Objectives

PRIMARY OBJECTIVE: Activate commercial and industrial development in the city and maximise future development potential for the site. This primary objective will be underpinned by a framework for development approvals in TGGP, which are specifically targeted at simplifying the process for developers.

Key problem/issue	Key proposal objective	Key success indicator
Sale of land at TGGP	Prepare and market stage one of the development at the TGGP	Sale of industrial and business park land
Constrained industrial growth	Provide unconstrained vacant industrial land for regional businesses looking to start-up or expand	Growth of regional businesses Increased number of development applications
Increased business investment in the region	Provide unconstrained vacant industrial land and rail freight as an incentive for business looking to relocate	Relocation of businesses from outside the Tamworth Regional Council area Expansion of existing local businesses Jobs growth and growth in GRP
Access to and operation of the intermodal freight facility	Prepare the TGGP so the rail and intermodal freight facility can be constructed and commence operation	Construction and operation of the intermodal freight facility Long term lease for operator of the intermodal facility
Utilities and Services require for sale of land	Design effective servicing strategies for the TGGP	Provision of utilities and services

3.2 Project Costs

Table 3: Council Project costs to June 30 2020

Item	Cost (\$)
Land Purchase	16,000,000.00
Acquisition Costs (Legal, Valuations etc)	6,986.81
Holding Costs - Rates, Water Charges	199,320.71
Loan Interest - Internal	2,186,666.68
Costs associated with the rezoning of the land including specialist studies and preparation of the Master Plan	300,000.00
Council Co- contribution for Govt Funding	150,100.00
A range of internal design costs, external specialist consultants for flooding, geotechnical investigation, service locations, electrical supply and lighting and specialist marketing consultants. Approved at February 11 Council meeting.	462,000.00
Intermodal preliminary works	58,055.41
Total	19,363,129.61

3.3 Options Considered

Table 4: Summary - Options Considered

Options	Cost*	Potential sale price** excl. selling costs	Residual land	Expected outcomes	Pros	Cons
Option 1: Sell site	\$24,435,349 (Cost committed to date)	\$25,500,000	0%	<ul style="list-style-type: none"> Loss of credibility with the NSW Government (\$20M investment to activate land) Legal action from Qube - lost time /money invested in project 	No further spending required	No control over the activation of the land
Option 2: Develop whole site	\$103,023,303 (Excl holding costs)	\$169,932,600	0%	<ul style="list-style-type: none"> Profit in the vicinity of \$50M Creation of over 3,000 jobs 	Complete control over development	Significantly more human & financial investment required by council Perceived/real opposition to private developers in the city
Option 3: Stage 1 preferred option	\$12,601,649	\$28,940,000	80%	<ul style="list-style-type: none"> Over \$28.9M in sales revenue 340 new jobs for the Tamworth Region \$195M in additional output for the region Increased activity and commercial interest in the park 	Timely activation of the TGGP At completion, 80% of saleable land still remains, with an expected higher value	Additional investment of \$12.6M

*All figures provided have been provided in today's dollars. For ease, the impact of time on the value of money has been ignored. Infrastructure assets such as roads, drainage etc. has been included for the purposes of the Business Case Study as a development cost. For accounting purposes these assets will when constructed be taken up as an asset in Council's Property Plant and Equipment Asset register.

**Selling price based on an average of \$90/sqm for industrial land and \$130/sqm for business park land.

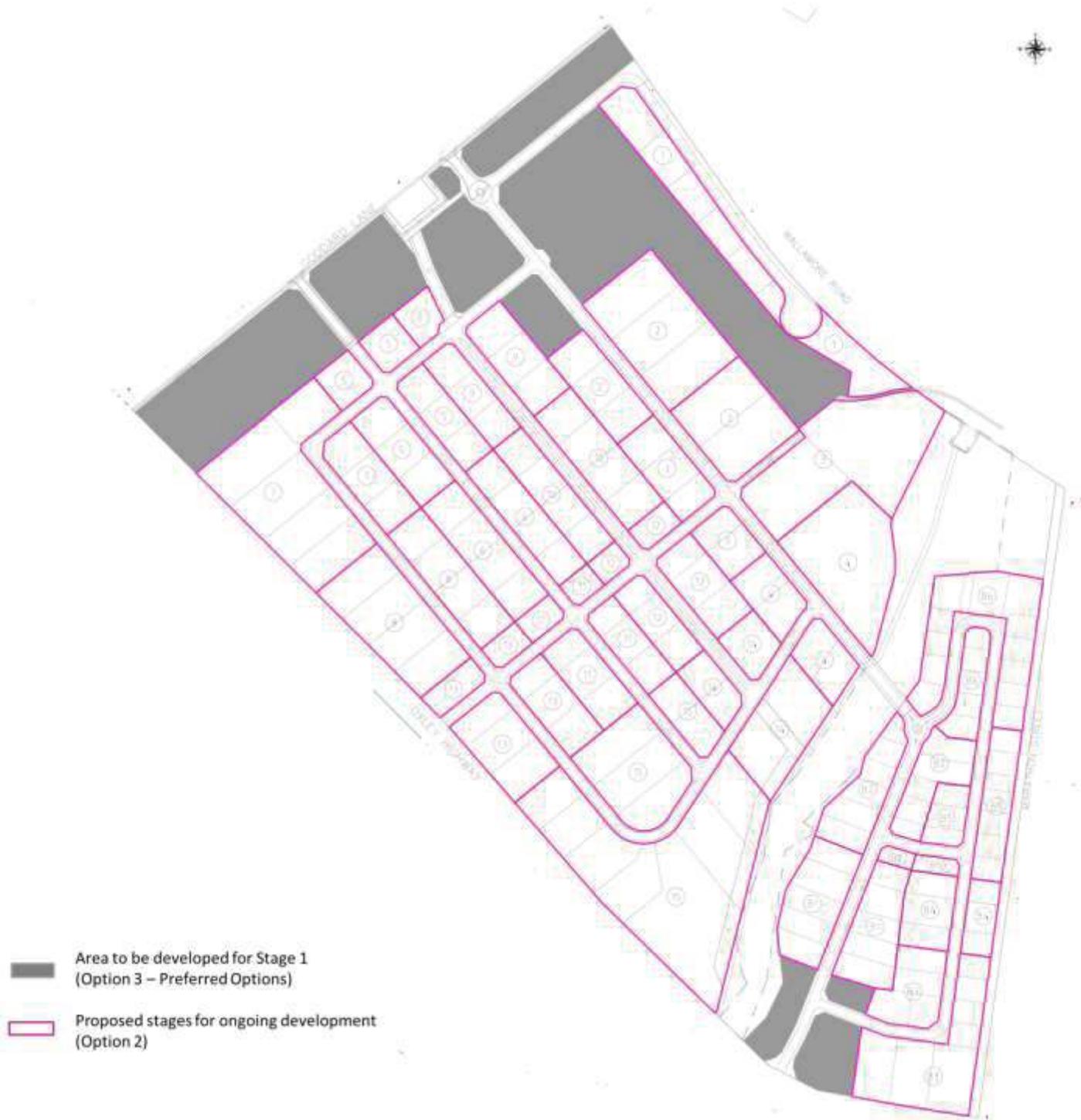


Fig 5. TGGP Staging Plan

3.3.1 Option 1 – Sell Site

Option 1 for the project has been given with the assumption that Council is unable to receive any further funding from the NSW Government and the reinstatement of the rail line is not completed. Council would then have to withdraw all commitments to the development, in relation to the proposed rail freight intermodal facility and other works underway or planned to allow the land to be ready for market, and put the entire parcel of land on the market for sale.

The current valuation for the sale of the park is \$25.5M, which would mean Council would likely break-even, based on current cost to date. However it is thought land of this size would have a very limited market and the length of time to achieve a sale could negatively impact on Council financially. The NSW Government has also invested over \$20M in the TGGP and associated infrastructure for the purpose of activation and job creation. This approach would not achieve the primary objective of activating the TGGP; it would also impact on Council's relationship with the NSW Government and could result in legal proceedings from Qube, due to loss of time and financial investment to date. This option would also prevent council from having any control of the development which comes with considerable risks, including the timely development of the land, activation of the intermodal and the future quality of tenancies for the park. In addition, due to the size of the land and its' positioning at a significant entrance to the city, development control is of high importance to ensure maximum benefit to the city, residents and regional networks.

3.3.2 Options 2 - Council to develop the TGGP over 50 years

Another option considered is for TRC to retain ownership of the TGGP in its entirety and develop

it in stages over the next 50 years. This is estimated to cost approximately \$105M (includes cost to date, excludes holding costs) based on current development costs) (Refer to *Annexure 4 – TGGP Full Cost Estimate*). However the total profit is estimated to be in the range of \$50M (based on current figures, sale rates and costs).

This is not the preferred approach for various reasons, including the additional staffing resources which would be required by Council in order for this option to be achievable. Property development is outside of Council's typical core business. Considering the objective of this project is to activate the park for the purpose of driving economic and industrial growth for the region; it is thought the best approach for Council would be to initiate the development via a stage one release, then allow the park to grow organically through the investment of private developers and business.

3.3.3 Option 3 – Develop Stage one

Stage One – **PREFERRED OPTION:**

The preferred option is to release 15.69 ha of land on Goddard Lane, 10.76 ha adjacent to the intermodal terminal and 3.95 ha at the entry to the business park off the Oxley Highway. The development of this option would cost \$12.6M.

This is the preferred option as it is the only option which will achieve the primary objective of activating the TGGP and driving industrial development in the city.

Sales from the stage one development have the potential of totalling \$28.9M. Furthermore this option would result in a direct addition of 340 jobs and over 760 jobs in total through consumption impacts; boosting economic activity as well as driving further investment in the park.

Table 5 – Profit estimate for Stage One – Preferred Option

Preferred Option Stage 1 Profit Estimate	
Anticipated Sales Income Stage 1	28,940,000.00
Pro Rata Share Holding Costs to 30/6/25	48,971.92
Pro Rata Share Interest Expense to 30/6/25	603,062.22
Goddard Lane Development Costs	6,916,973.00
Intermodal Access Development Costs	3,583,980.00
Business Park Initial	2,100,697.00
Additional Loan Contingency	198,350.00
Pro Rata Share Acquisition costs	1,978,099.18
Selling Costs Stage 1	2,894,000.00
Total Anticipated Expenditure	18,324,133.33
Stage 1 Estimated Profit	10,615,866.67

Assumptions

All stage 1 sold by 30 June 2025.

Loan for stage 1 development is paid off over 4 years.

Sales income of \$90m² for Industrial land and \$130m² for Business Park.

Stage 1 Development costs est at \$12.6m cash flow and profit estimate allow for \$12.8M.

Table 6 – Cash Flow – Stage 1 - Option 3* (preferred option)

Tamworth Global Gateway Park Cash Flow Stage 1 Development													
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Payments													
Acquisition Cost	16,006,987												
Loan Repayment							1,204,467	2,445,569	2,519,954	2,596,601	18,675,579	1,357,830	16,006,987
Interest Expense	186,667	560,000	560,000	560,000	320,000	280,000	495,528	634,421	640,037	643,390	84,412	22,166	28,800,000
Holding Costs	43,467	20,764	42,878	44,201	48,010	37,472	38,409	39,369	40,353	41,362	42,396		438,682
Development Costs	16,447	44,599	225,687	40,447	642,975	2,999,145	1,010,145						4,979,445
Development Costs Stage 1							12,601,649						12,601,649
Selling Costs							723,500	723,500	723,500	723,500			2,894,000
Total Cash Out	16,253,568	625,363	828,565	644,648	1,010,985	3,316,617	16,073,698	3,842,859	3,923,844	4,004,853	18,802,387	1,379,996	70,707,384
Receipts													
Loan Funding	16,000,000						6,400,000	6,400,000					28,800,000
Land Sales							7,235,000	7,235,000	7,235,000	7,235,000			28,940,000
Grant Funds													0
Total Cash In	16,000,000	0	0	0	0	0	13,635,000	13,635,000	7,235,000	7,235,000	0	0	57,740,000
Net Cash Provided or used each year	-253,568	-625,363	-828,565	-644,648	-1,010,985	-3,316,617	-2,438,698	9,792,141	3,311,156	3,230,147	-18,802,387	-1,379,996	
Running total cash movement	-253,568	-878,931	-1,707,496	-2,352,144	-3,363,129	-6,679,746	-9,118,444	673,697	3,984,853	7,214,999	-11,587,388	-12,967,384	

*Assumptions:

- Stage 1 will be fully sold within 4 years of development with equal sales taking place each year. This assumption will not affect reality
- Interest rates will remain low for the next five years
- Because the TGGP is commercial in nature council will need to go to a commercial bank for funding. Assumed interest rate of 3% for a fixed loan over 5 years with both interest and principal repayments for the Stage 1 Development Costs
- Holding costs from 21/22 onwards have been increased by 2.5% per annum, holding costs prior to this year are based on actuals.
- Intermodal rental income has been excluded from the cash flow; it has been assumed that the rent free period for this facility will be at least 10 years.
- Sales income has been derived using a per m2 rate, this rate has been derived from recent sales for what is believed to be equivalent land parcels in the Tamworth area. Exact sales income cannot be known until a sales contract is in place. Many factors beyond Council's control will have an affect on the selling price of the various parcels.
- All assumptions are in present day dollars, Net Present Values have been ignored for the purpose of the business case study.
- Council could decide to repay its loans spasmodically if allowed under the loan agreement this would have an impact on the interest expense, and depending on the timing of sales the loan could take longer than 5 years to repay

Table 7 – Sensitivity Analysis

	Stage 1 Scenario as at 30/6/27 *	1% increase in interest rates	1% decrease in interest rates	5% increase in Selling Price	10% increase in selling price	5% decrease in Selling Price	10% Decrease in Selling price
Payments							
Acquisition Cost	16,006,986.81	16,006,986.81	16,006,986.81	16,006,986.81	16,006,986.81	16,006,986.81	16,006,986.81
Interest Expense	4,986,621.00	6,119,938.68	3,853,303.01	4,986,621.00	4,986,621.00	4,986,621.00	4,986,621.00
Holding Costs	438,682.23	438,682.23	438,682.23	438,682.23	438,682.23	438,682.23	438,682.23
Development Costs	4,979,444.98	4,979,444.98	4,979,444.98	4,979,444.98	4,979,444.98	4,979,444.98	4,979,444.98
Development Costs Stage 1	12,601,649.00	12,601,649.00	12,601,649.00	12,601,649.00	12,601,649.00	12,601,649.00	12,601,649.00
Selling Costs	2,894,000.00	2,894,000.00	2,894,000.00	2,894,000.00	2,894,000.00	2,894,000.00	2,894,000.00
Total Cash Out	41,907,384.02	43,040,701.70	40,774,066.03	41,907,384.02	41,907,384.02	41,907,384.02	41,907,384.02
Receipts							
Land Sales	28,940,000.00	28,940,000.00	28,940,000.00	30,387,000.00	31,834,000.00	27,493,000.00	26,046,000.00
Total Cash In	28,940,000.00	28,940,000.00	28,940,000.00	30,387,000.00	31,834,000.00	27,493,000.00	26,046,000.00
Cash used from or provided to General Fund	-12,967,384.02	-14,100,701.70	-11,834,066.03	-11,520,384.02	-10,073,384.02	-14,414,384.02	-15,861,384.02

*** Assumptions:**

- Stage 1 will be fully sold within 4 years of development with equal sales taking place each year. This assumption will not affect reality
- Interest rates will remain low for the next five years
- Because the TGGP is commercial in nature council will need to go to a commercial bank for funding. Assumed interest rate of 3% for a fixed loan over 5 years with both interest and principal repayments for the Stage 1 Development Costs
- Holding costs from 21/22 onwards have been increased by 2.5% per annum, holding costs prior to this year are based on actuals.
- Intermodal rental income has been excluded from the cash flow; it has been assumed that the rent free period for this facility will be at least 10 years.
- Sales income has been derived using a per m2 rate, this rate has been derived from recent sales for what is believed to be equivalent land parcels in the Tamworth area. Exact sales income, cannot be known until a sales contract is in place. Many factors beyond Council's control will have an affect on the selling price of the various parcels.
- All assumptions are in present day dollars, Net Present Values have been ignored for the purpose of the business case study.
- Council could decide to repay its loans spasmodically if allowed under the loan agreement this would have an impact on the interest expense

3.4 COST-BENEFIT ANALYSIS

To complete stage one of the TGGP council would need to commit \$12.6M, in addition to the current costs which have already been expended, totalling \$19.363M. However, at the completion of stage one, over \$90M in infrastructure will have been spent on the land as a result of TRC contributions, government grants and private enterprise.

Council has the potential to gain approximately \$28.9M in land sales from stage one, which is only approximately 12% of the total site.

At the completion of stage one, Council will still have around 80% of TGGP's total saleable land left to sell, and profit from.

As a result of the investment in Stage 1 Council would also be generating \$195M in additional output for the region with the creation of over 340 new jobs. The breakdown of the job sectors, the impact on output and the impact on total employment has been broken down in the table below.

Table 8 – Stage 1 Economic Impact

	Jobs	Impact on Output \$m	Impact on employment
Business Park			
Retail Trade	20	\$3,500,000	27
Education and training	22	\$4,7000,000	33
Construction	20	\$10,040,000	36
Industrial Park			
Transport and Warehousing	183	\$77,100,000	345
Manufacturing	182	\$147,770,000	514
Total	427	\$243,110,000	955
80% attributed to business case	341.6	\$194,488,000	764

Additional benefits from output would also be seen from the construction undertaken at the site; both in the civil construction as well the construction of the industrial and commercial businesses. Any additional annual output in the construction sector would lead to an increase in indirect demand for intermediate goods and services across related industry sectors. There would also be additional contribution to the Tamworth regional economy through consumption effects, as corresponding wages and salaries are spent in the local economy.

For example, based on id.Profile's Economic Impact Model, the direct addition of \$12.6M in heavy and civil engineering construction would lead to an increase in indirect demand for intermediate goods and services across related industry sectors. These indirect industrial impacts (Type 1) are estimated to be an additional \$3.99M in output, representing a Type 1 Output multiplier* of 1.32.

Based on the above, there would also be an additional contribution to the Tamworth economy

through consumption effects, as corresponding wages and salaries are spent in the region. It is estimated that this would result in a further increase in output of \$2.84M.

The combination of all direct, industrial and consumption effects, as a result of the stage one works, would total an estimated rise in output of \$19.43M for the Tamworth regional economy, representing a Type 2 Output multiplier* of 1.54.

Stage one will also create infrastructure assets for council, which will generate future income in the form of development costs and rates.

In addition, there are social benefits to be gained from the jobs growth and increased spending within the region; including business expansion and population growth. An increase in population will bring about an increase in employment for servicing industries, such as health care and education. This will improve the socioeconomic status of residents, ensuring the growth of a stronger community into the future.

*a multiplier measures how dollars interjected into a community are re-spent, thereby leading to additional economic activity. **Type 1 multipliers** capture the indirect effects ie flow on effects into other related intermediate industries **Type 2 multipliers** capture the combination of all direct, industrial and consumption effects.

4 IMPLEMENTATION CASE

4.1 PROGRAM & MILESTONES

The below table represents the key events that will be implemented if council proceeds with Option 3 – Stage One.

Table 9: Key Events

Key Events	Start	Finish
Rail line reactivation	June 2020	September 2021
Construction 5-way round about – Oxley Highway	July 2020	July 2021
Goddard Lane road works	November 2020	February 2021
Goddard Lane lot servicing	November 2020	February 2021
Land marketing to commence	October 2020	ongoing
Trunk stormwater drainage	October 2020	April 2021
Intermodal access road	January 2021	July 2021
Intermodal lot servicing	January 2021	July 2021
Business park lot servicing	April 2021	July 2021
Construction of intermodal terminal	February 2021	August 2021
Operation of intermodal terminal	October 2021	ongoing

4.2 PROPOSED MANAGEMENT ACTIVITIES

4.2.1 GOVERNANCE

Table 10 – Project Management

Name	Position	Responsibility
Paul Bennett	General Manager Tamworth Regional Council	Key decision maker
Peter Resch	Director Regional Services	Project Sponsor
Graeme McKenzie	Manager – Project Management & Engineering Services	Project manager
Sherrill Young	Manager – Financial Services	Financial Services
Callum Fletcher	Project Engineer	Project delivery support
Andrew Spicer	Senior Strategic Planner	Masterplan site
Kate Baker	Coordinator Economic & Destination Development	Marketing & sales strategy
Karina Tyler	Economic Development Officer	Business case coordination

4.2.2 GOVERNANCE REPORTS

Once Council has made a decision with regards to its preferred option for the development of the TGGP, a capital expenditure review will be undertaken in accordance with Council resolution 26/20. This will include updating the long term financial plans. Following a formal resolution by Council on the TGGP, finance will provide a financial summary of the project each quarter in conjunction with the quarterly budget review.

4.2.3 RISK MANAGEMENT

TRC has an Integrated Management System (IMS) which consolidates the Work Health & Safety (WHS), Environmental and Quality management processes within a single management system which is underpinned by a range of State and Commonwealth legislative requirements.

The purpose of this IMS is to achieve TRC's WHS, Environmental and Quality Management

goals and objectives. The IMS provides the framework to protect our workers, the environment in which TRC are operating, and to comply with all relevant WHS, Environment and Quality related legislative requirements and industry best-practice.

TRC employees are trained in project management and have project management software in place to ensure organisational consistency, budget efficiencies and controls, optimisation of resources and a reduced risk of project failure.

During the delivery stage, a site risk assessment will be undertaken before any work is commenced and each time there is a major change to the work activity. The site risk assessment will be completed in consultation with affected workers and identified controls will be implemented prior to work commencing.

Table 11 – Risk Management Tables

Table 11a - Consequence (most credible consequence)

Descriptor	WHS	Environment	Quality – Production	Quality – Financial
Extreme	Multiple fatalities or permanent injuries.	Extensive physical or environmental impact extending off site; managed by external services; long term remediation required.	Work stopped for an extended period of time.	Extensive financial loss (\$1M+); loss of program or business operation.
Critical	Single fatality or permanent injury.	Major physical or environmental impact; hazard extending off-site; external services required to manage.	Work stopped.	Major financial loss (\$500,000 – \$1M); severe impact on program or business operations.
Major	Medical treatment or lost time injury or hospitalisation.	Significant physical or environmental impact; hazards contained with assistance of external resources.	Major effect on schedule.	Significant financial loss (\$50,000 – \$500,000) considerable impact on program or business operations.
Minor	First aid treatment.	Minor physical or environmental impact; hazards immediately controlled with local resources.	Significant effect on schedule.	Minor financial loss (\$10,000 – \$50,000) minimal impact on program or business operations.
Insignificant	Incident or near-miss – no treatment.	Minimal physical or environmental impact; isolated hazards only; dealt with through normal operations.	Minor schedule adjustment.	Negligible financial loss (<\$10,000); no impact on program or business operations.

Table 11b - Likelihood (with current controls in place)

Rating	Description
Almost Certain	Event expected to occur most times during normal operations
Likely	Will probably occur at some stage based on evidence of previous incidents
Possible	Not generally expected to occur but may under specific circumstances
Unlikely	Conceivable but not likely to occur under normal operations; no evidence of previous incidents
Rare	Only ever occurs under exceptional circumstances

Table 11c - Risk Matrix (Consequence x Likelihood)

Likelihood	Consequence				
	Insignificant	Minor	Major	Critical	Extreme
Almost Certain	Medium	Serious	Serious	High	High
Likely	Medium	Medium	Serious	Serious	High
Possible	Low	Medium	Medium	Serious	Serious
Unlikely	Low	Medium	Medium	Medium	Serious
Rare	Low	Low	Low	Medium	Serious

4.2.4 KEY RISKS

Table 12: Key project risks

Risk	Proposed mitigation	Risk rating after mitigation		
		Consequence	Likelihood	Rating
Additional repayments for new infrastructure a liability for council	Detailed planning is required, including stringent timeline to ensure limited downtime between infrastructure spend and land sales.	Extreme	Possible	Serious
Lack of sales/ attraction of quality owners/tenants	Complete an Expression of Interest process identify the most qualified agent which can offer links to national organisations, a detailed marketing plan and will actively pursue large national organisations.	Extreme	Possible	Serious
Covid- 19 pandemic	A coordinated approach between Council, Government and private entities to ensure all plans, options and risks are considered in the planning, development and selling of the TGGP.	Critical	Possible	Serious
Raw water supply	Strategies to be implemented that reduce waste of water and consumption of water at the TGGP, including smarter ways to conserve, treat, re-use and discharge water.	Extreme	Possible	Serious
Estimated construction costs are insufficient	Carry out a cost estimate before the design has commenced. Apply a reasonable contingency to cover unforeseen costs. Undertake a more thorough cost estimate at the 90% stage to confirm the funding is adequate. Identify scope changes during design and assess its financial impact on the project before accepting	Critical	Possible	Serious
Contracting issues	Contractors and raw material suppliers are handled by TRC Plant & Fleet using the TRC procurement process which conforms to our purchasing policy and procedures.	Minor	Unlikely	Medium
Safety	The safety of TRC staff, sub-contractors, students, staff and site visitors is of the upmost importance. TRC Civil Construction has gained external accreditation against AS4801:2001 and implement IMS systems to check and maintain safety systems.	Major	Unlikely	Medium
Quality	TRC Civil construction shall provide the appropriate resources to undertake site surveillance and QA checks throughout building upgrades. The construction team. (TRC Civil Construction) has gained external accreditation against ISO9001:2008 and implements quality control and assurance procedures through IMS systems. TRC has an exemplary reputation for project delivery.	Major	Unlikely	Medium

4.3 LEGISLATIVE, REGULATORY ISSUES & APPROVALS

Approvals expected to be required for this project include:

- Development Application for the operation of the intermodal facility
- Part 5 Assessment for the construction of the intermodal rail line on the TGGP
- Fisheries permit (DPI Water) – Murroon Creek works
- Essential energy and other utility provider approvals
- Construction in accordance with TRC construction specifications
- TfNSW/JHCRN approvals
- Registrations with the NSW Lands Registry