

TOWNSVILLE CITY COUNCIL



Date >> 29 April 2021

PO BOX 1268, TOWNSVILLE
QUEENSLAND 4810

13 48 10

Levant Section
Middle East Branch
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
BARTON ACT 0221

enquiries@townsville.qld.gov.au
townsville.qld.gov.au

To whom it may concern,

**Subject >> Feasibility Study on Strengthening Trade and Investment with Israel
Submission from Townsville City Council**

It gives me great pleasure to be able to present a submission on behalf of the Townsville City Council, to the Department of Foreign Affairs and Trade's feasibility study on strengthening trade and investment with Israel.

Townsville, as the largest city in northern Australia, punches well above its weight in its strategic importance to Australia and Australia's place in the world.

Townsville is a hub for defence, manufacturing, energy, minerals processing and agriculture, all serviced by the nation's eleventh-busiest airport, a quality deep water port, as well extensive road and railway network links.

Many of these strengths – existing and emerging – firmly align with Israel's interests as a world leader in these fields.

I trust that this submission will provide DFAT with encouragement to further align and strengthen Australia's relationship with Israel. Doing so will benefit Townsville, North Queensland and Northern Australia.

Yours sincerely,

Cr Jenny Hill

Mayor of Townsville, Queensland

STRATEGIC OVERVIEW

Why is it in the interests of Townsville and Australia to deepen our trade engagement with Israel?

Recent developments in global politics lend themselves to a deepened and diversified relationship between Australia and Israel.

The recent imposition of tariffs and trade barriers on Australian goods and commodities by the People's Republic of China has led many exporters in Townsville, North Queensland, and the whole nation to expedite the diversification of their export markets.

Israel enjoys a significant trade surplus with Australia and is an underexploited market for Australian businesses seeking to expand overseas. Only 0.3% of Israeli imports come from Australia, ranking us 40th, and Israel ranked as the 45th most valuable export market at 0.1% of Australian exports. Israeli investment in Australia was only \$342 million in 2019.¹

Australia's existing export strengths with Israel correspond with the main products exported from Townsville, such as livestock and beef, f.c.f. (fresh, chilled, or frozen). Similarly, the chief products imported to Australia from Israel have commonality with the strengths of Townsville and North Queensland, including mineral manufactures and defence supplies.²

In recent years, the Australian Government has undertaken numerous steps to lay a strong groundwork for Australian exporters to expand their footprint in Israel and to foster greater Israeli investment in Australia. Townsville sees opportunities to grow our links with Israel thanks to various initiatives of the Turnbull and Morrison Governments, such as the 2016 Working Holiday Agreement, the 2017 memorandum of Understanding on defence industry cooperation, the 2019 Double Taxation Agreement and the 2019 opening of the Australian Trade and Defence Office in West Jerusalem.³

Furthermore, the recent rapprochement between Israel and other regional partners such as the United Arab Emirates⁴ and Bahrain⁵, brokered by the previous Trump US Administration is a welcome development and allows for a more stable regional outlook for North Queensland exporters, particularly in the livestock, meat, dairy, and resources industries reliant on the Port of Townsville. Exporters in Townsville and North Queensland would benefit from further ententes between Israel and more powers in the Arab world, and hopes that the Morrison Government will support and encourage the new Biden US Administration in achieving that.

¹ DFAT, *Country fact sheet: Israel*, February 2021

² DFAT, *Country fact sheet: Israel*, February 2021

³ <https://www.dfat.gov.au/geo/israel/Pages/israel-country-brief>

⁴ Financial Times, *Israel and United Arab Emirates strike historic peace accord*, 13 August 2020

⁵ *Joint Statement by President Trump, King Hamad bin Isa Al Khalifa of Bahrain, and Prime Minister Benjamin Netanyahu of Israel*, 19 October 2020

TOWNSVILLE CITY COUNCIL



Townsville and North Queensland stands to grow and diversify with greater access to high-income market economies that are technologically advanced, innovation-focused and manufacturing-oriented. North Queensland's and Israel's strengths are complementary and would benefit from greater trade, people-to-people and defence ties.

OPPORTUNITIES IN ADVANCED AND INNOVATIVE MANUFACTURING

Townsville Economic Gateway

Across seven productive precincts, the Townsville Economy Gateway is Northern Australia's Gateway to Trade and Investment.

All of the details on investment opportunities can be found at:

<https://townsvillegateway.com/>

Lansdown Eco-Industrial Precinct

The Lansdown Eco-Industrial Precinct is Australia's first environmentally sustainable advanced manufacturing, technology and processing hub.

The Precinct is located approximately 40 km South of Townsville and is zoned for High Impact Industrial Use. The location offers significant strategic advantages including its positioning to essential infrastructure and logistic networks needed to ensure the long-term sustainability of the North Queensland economy.

Advantages of the Precinct include:

- » Direct access available to the Great Northern Railway (connecting the Port of Townsville to Mount Isa)
- » Close proximity to the Port of Townsville via high volume road corridors (Flinders Highway, Bruce Highway and Southern Port Access Road) including B-Triple carriageway capacity on major routes to the Port
- » Immediate adjacency to the Enertrade Gas Pipeline
- » Woodstock Ergon Sub-Station
- » Co-location with low-cost, locally-generated energy from the approved 200-megawatt Majors Creek Solar Farm by Edify Energy (located at 67 Maconachies Road, Majors Creek)
- » Future connection of the Precinct to the Haughton Pipeline which will provide raw water supply for industrial users.

The Precinct is 2,200 hectares and has already attracted substantial private sector interest with over half of the land committed or conditionally-committed to advanced battery manufacturing, clean energy, and battery minerals processing industries. In addition to DriveIT NQ which are under construction, three companies, Queensland Pacific Metals, Edify Energy and Imperium3 Townsville, have signed up to establish themselves at the Precinct.

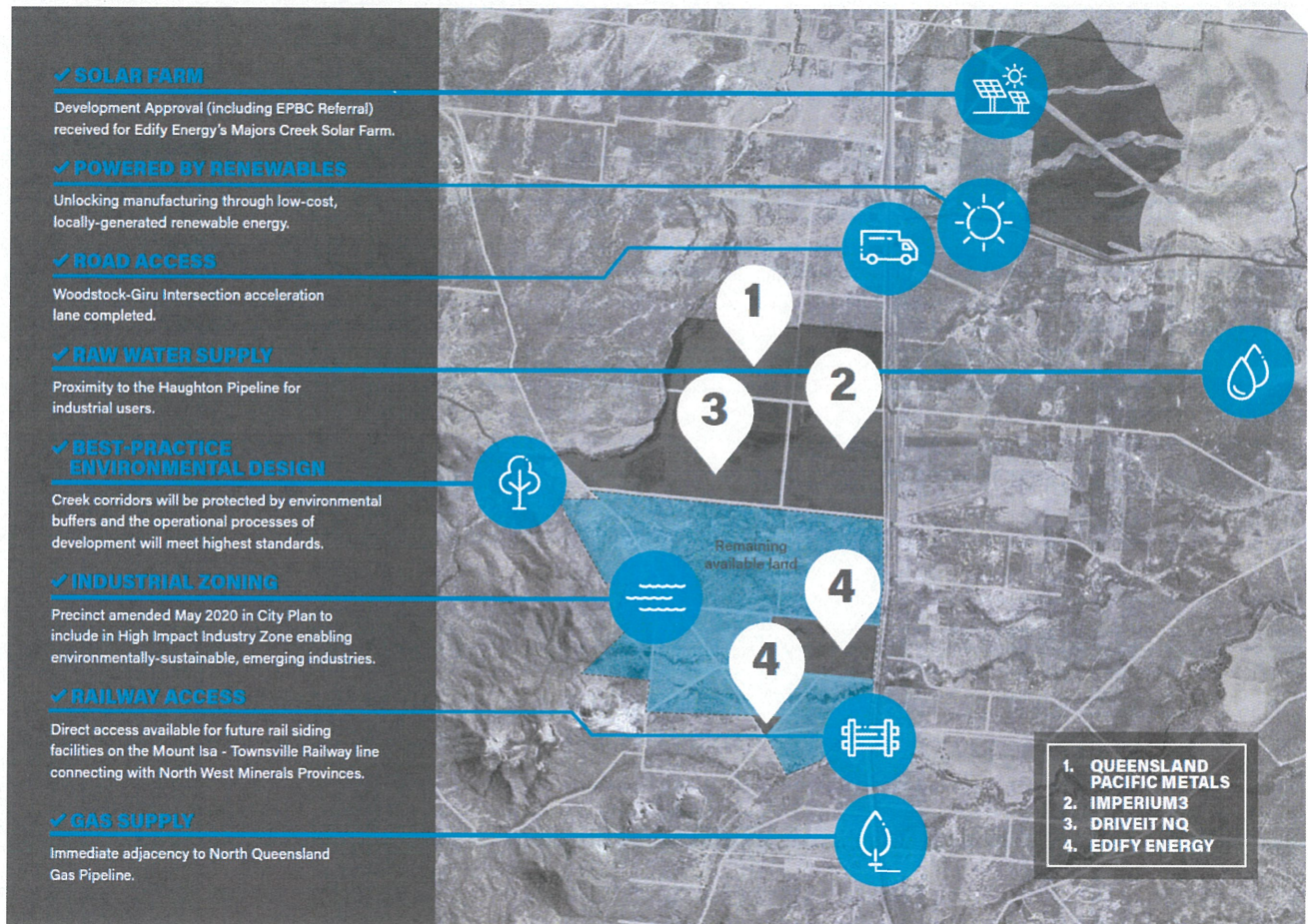


Figure 1 - Plan of the Lansdown Eco-Industrial Precinct

Proponents currently committed or conditionally committed to the Precinct:

QUEENSLAND PACIFIC METALS

Queensland Pacific Metals (QPM) have been conditionally-committed 289 hectares for development of a battery feedstocks refinery complex. The development utilises a step-change, sustainable technology which results in zero water discharge and potentially, zero solids discharge.

The refinery will utilise the Direct Nickel Process (DNi Process™), which employs nitric acid leaching at atmospheric

pressure, to produce intermediate products. These products will then be further refined to produce high-purity battery feedstocks. The DNi Process™ has many advantages including:

- » The ability to recover all valuable metals from the ore including nickel, cobalt, aluminium, iron and magnesium

- » Shorter project development and construction time frame
- » Lower capital cost
- » >98% nitric acid recycled
- » Lower environmental footprint – the leaching residue is a benign silicate which can be dry stacked, eliminating
- » the need for a tailings dam.

QPM are well advanced with project planning. Offtake Memoranda of Understanding have been signed with

major potential customers Samsung SDI and LG Energy Solution. Planning and design work is underway with construction expected to commence in 2022. Production from the refinery is anticipated in 2023.

More information:

Visit: www.qpmetals.com.au

Email: info@qpmetals.com.au

IMPERIUM3 LITHIUM-ION BATTERY MANUFACTURING FACILITY

186 hectares have been conditionally committed to international consortium Imperium3 (iM3), to build an 18 GWh lithium-ion battery cell manufacturing facility. iM3Townsville (iM3TSV) is currently optimising its proprietary electrochemistry, cell design and production line competitiveness, via a 1.2 GWh precursor project in New York (iM3NY) due in production this year. The Townsville facility will incorporate the latest advances in large scale, precision battery cell production, to ensure highly competitive supply chain yields and plant line efficiencies immediately upon scaled-up marketplace entry. Brisbane-based engineering specialists Ausenco, along with other local li-ion sector experts, will draw on the heavyweight battery line experience and expertise behind iM3's New York project, shaping individual vendor packages into a world-class, fully integrated advanced manufacturing enterprise.

A feasibility study completed in 2020, recommending three separate 6 GWh stages, demonstrated sound financial viability on a project basis with Net Present Value (NPV) of \$2.55 billion and 21% Internal Rate of Return (IRR). iM3TVS are currently developing a delivery pathway that will incorporate a locally assembled prototype battery unit developed in strategic partnership with a long-term 'anchoring' end user, negotiating with potential equity partners, and finalising the development application.

More information:

Visit: www.im3.com.au or www.magnis.com.au

DRIVEIT NQ DRIVER EDUCATION AND MOTORSPORT FACILITY

DriveIT NQ is a not for profit association, which incorporates local organisations, clubs, and individuals devoted to the

establishment of Townsville's permanent driver education and motor sport precinct. The DriveIT NQ precinct is the only regional-owned motor sport facility within Australia and aims to be the prime multiple-purpose complex for organisational training, education and motor sport events.

DriveIT NQ lease 305.5 hectares and are constructing a purpose-built facility which will provide a safe environment for an array of motor sports including an international-standard speedway and drag track, a national standard circuit, and an off-road area. Stage 1 of the development is complete with Stage 2 commencement of construction expected mid-2021.

More information:

Visit: www.driveitnq.com.au

EDIFY ENERGY

Two land parcels totalling 119 hectares are conditionally-committed to Edify Energy.

The land parcels consist of:

- » - 9.7 hectares for a future sub-station
- » - 108.9 hectares for a hydrogen facility

Edify Energy plans to provide affordable and sustainable electricity to Precinct users and into the electricity market. The Majors Creek Solar Power Station in Townsville is approved to generate 200 MW of power from solar (supported by battery storage) with direct access planned into the Ross-Strathmore (East) 275kv high voltage transmission lines. Located just 3.5km from the Lansdown Eco-Industrial Precinct, the solar power station is ideally placed to provide low-cost, locally generated, behind-the-meter renewable energy to industrial users. Edify Energy plans to also build an initial 10 MW hydrogen electrolyser pilot plant before scaling up development into commercial production with a 50 – 200 MW electrolyser facility.

Edify Energy is currently preparing its development application.

More information:

Visit: www.edifyenergy.com.au

TOWNSVILLE AS A KEY STRATEGIC DEFENCE REGION

North Queensland is one of Australia's prime strategic Defence regions. It has significant Australian Defence Force representation, an extensive industry network, an established ready workforce and a demonstrated capacity for growth and innovation.

Townsville is at the forefront of large-scale simulation training, and the development of cutting-edge supporting technology. The region has been recognised in successive studies, including the regional Defence and Health and Knowledge strategies, as ideally positioned to leverage local, world-class expertise to deliver investment and highly skilled jobs supporting simulation enabled training, and human performance research and technology development.

A local project will establish the North Queensland Simulation Park (NQ SPARK) to consolidate and exploit the unique confluence of regional defence, health and knowledge and simulation expertise to construct a multi-user Advanced Environmental Simulation Training Facility (A-ESTF) as the foundation infrastructure for a collaborative industry precinct. The facility will have flexible, multipurpose applications as an advanced training facility, as an instrumented Operational, Test and Evaluation (OT&E) space and as a human performance research centre. Several leading national universities and multinational industry partners with expertise in simulation and defence technology have expressed interest in the project.

NQ SPARK and the proposed industry precinct will support the Australian Government's 2020 Strategic Update to develop a robust, resilient and internationally competitive defence industrial base as a fundamental input to defence capability. NQ SPARK will support national Strategic Industry Capability Priorities including Operational Test and Evaluation capabilities.

The project is aligned with Defence Force Structure Review 2020 requirements directing investment in training and simulation to prepare Defence for future operations and develop cutting-edge technology needed to maintain competitive advantage. The NQ SPARK will directly support live, virtual and constructive defence training and enable research and test and evaluation of simulation software and advanced military technology.

A unique opportunity presents to establish a broader collaboration hub housing a cluster of defence, industry, health, research, and education on a shared geographic location. It is proposed that NQ SPARK will be positioned on a common boundary between Lavarack Barracks, the Townsville University Hospital and James Cook University and close by two world-class, instrumented, military training areas (Townsville and Greenvale): a location unrivalled in Australia.

Israel is a world leader in simulation and defence technology. Investing in NQ SPARK will provide Israeli industry an opportunity to join a simulation precinct with potential to be a leading destination for a wide range of simulation enabled training, innovation and research for Australia and the Indo-Pacific.

OPPORTUNITIES IN AGRICULTURAL INNOVATION

North Queensland Regional Plan

The plan provides a 25-year framework to guide growth and support future jobs in North Queensland. The regional plan enables the Burdekin, Charters Towers, Hinchinbrook, Palm Island and Townsville councils to work together to drive a leading economy in regional Australia. It also highlights opportunities for prosperity and liveability.

The North Queensland Regional Plan focuses on:

- » supporting expanded land-based aquaculture developments to supply domestic and international markets
- » supporting the development of agriculture-based energy production, diversifying agriculture and secondary cropping for bioenergy and biopharmaceutical opportunities
- » opportunities for agricultural expansion in upper catchments (balanced with protection of the Great Barrier Reef)

Details available at:

<https://planning.dsdmip.qld.gov.au/planning/better-planning/state-planning/regional-plans/north-queensland-regional-plan>

TOWNSVILLE AS A START-UP HUB

Like Israel, Townsville's diversified economy, world-class research capability and long-standing entrepreneurship provide strong footing to extend the already strong start-up ecosystem.

As the birthplace of Australia's only regionally-founded technology unicorn, Safety Culture, Townsville stands apart as Australia's leading regional City for high growth business creation.

Townsville start-ups are increasingly targeting national and international markets and exploiting unique, global niches with significant addressable markets. Critical focus points for our ecosystem include building more active and diverse regional and international partnerships and accelerating medical, defence, IOT & Agriculture - tech commercialisation.

Townsville's competitive advantages for high growth businesses include:

- » two internationally-recognised universities
- » Australia's largest Army base including the Combat Training Centre
- » the nation's only dedicated health and tropical medicine research institute
- » northern Australia's most significant tertiary referral hospital
- » world-class marine research institutions.

Key to the development of the local med-tech sector are the co-location of James Cook University and Townsville University Hospital and a range of other health, education, research and innovation enterprises such as CSIRO, Tec-NQ, Australian Institute for Tropical Health and Medicine and ARC Centre of Excellence for Coral Reef Studies.

The co-location of these sizable institutions sees a significant advantage for Townsville in leveraging their cumulative offerings to attract new talent, new innovations and a new knowledge-based economy to Townsville.

The institutions already contribute heavily to the North Queensland economy with a combined \$3.5 billion in economic output and support nearly 16,000 jobs in Townsville.

This critical mass in advanced remote health and telemedicine will attract additional investment in world-leading innovation, research and entrepreneurship.

Key elements present in Townsville to support start-ups

Access to Talent: Townsville has an active entrepreneur community with over 100 connected start-ups at various stages of growth. As the largest city in northern Australia, Townsville has a highly skilled workforce with experience in mining, defence, medical, agriculture and energy.

Access to Capital: Capital is available to embrace each stage of development, from seed-to-early-to-growth stages of business. We have a healthy "angel investor" network and an increasingly sophisticated growth stage investment capability.

TOWNSVILLE CITY COUNCIL



Access to Customers: Widely acknowledged as the most critical element to a successful start-up ecosystem, Townsville utilises “small” as a strategic advantage. A connected community allows tight partnerships between entrepreneurs with early stage solutions with later stage companies to procure those services. Large local industry players are positively inclined to provide opportunities to the local start-up community.

Government: Townsville City Council is openly pro-industry and pro start-up. Townsville City Council founded the leading innovation centre Smart Precinct NQ to provide space, advisory services, investment connections and industry innovation support. Smart Precinct NQ can provide a Townsville “landing pad” for Israeli start-ups looking to enter the Australian market with warm introductions to key investors, clients, and talent.