

28 September 2012

Tasmania's Place in the Asian Century Issues Paper
Policy Division
Department of Premier and Cabinet
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asiancentury@dpac.tas.gov.au

Dear Sir / Madam

Re: Draft Issues Paper into Tasmania's Place in the Asian Century

Thank you for the opportunity to comment on the Premier of Tasmania's Draft Issues Paper (the Paper) on Tasmania's Place in the Asian Century. Hydro Tasmania supports the Government's commitment to addressing the potential economic opportunities created from the Asian Century.

Hydro Tasmania was glad to be given the opportunity to discuss directly with representatives of the Australian National University and the Department of Premier and Cabinet (DPAC) on the key topics of the Asian Century.

With almost 100 years of experience in energy and water projects, Hydro Tasmania has been actively engaged internationally in renewable energy projects, including in the Asian region. We have a strong strategic relationship with leading Chinese renewable energy business Guohua Energy Investment Co and Shenhua Group Co. Furthermore, our well established consulting business Entura is active in the region, as a leading energy, water, and sustainability services provider. Sustaining 'high productivity' jobs locally and exporting services is a strong theme in the Paper which can be further built on to ensure the economic sustainability of Tasmania's future.

Hydro Tasmania's key comments on the themes outlined in the paper are:

1. The Paper identifies trade relationships as an opportunity to advance engagement with businesses in Asia. Hydro Tasmania acknowledges that Tasmania's exports to Asia of commodities, tourism, education and services are significant to the state's economy. We strongly believe that providing services in the area of sustainability and renewable energy expertise is a key export opportunity that can be further utilised. Entura¹ offers a full range of consulting services covering the planning, design, construction, operation and maintenance of all kinds of major energy and water projects, and where required training in these areas. Furthermore, Entura is currently expanding its operations in the region.
2. The Paper states that "Tasmania has the capacity to provide scientific and engineering services in areas of climate science, renewable electricity and sustainable forestry." Hydro Tasmania has performed a key role in the development of renewable energy in Tasmania and has actively exported this expertise internationally. In addition, we have successfully exported water management and hydro power expertise to countries within Asia including India, China and Malaysia. Hydro Tasmania acknowledges the Tasmanian Government's ongoing support for renewable energy investment and the development and export of associated skills and expertise to

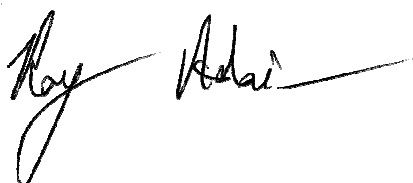
¹ Entura, 2012, <http://www.entura.com.au/>

the region from Tasmania. The Paper could more strongly highlight the opportunities for Tasmanian businesses to contribute to service and capacity building in the region, and the productivity benefits for Tasmania in building upon existing capabilities in the State. For example, there may be a role for the State Government in facilitating collaboration between Tasmanian businesses and foreign Governments, multinational organisations or businesses. Promotion of such initiatives could have secondary benefits for existing sectors in Tasmania (such as export service industries and education) and should be further explored.

3. The Paper highlights the importance of drawing more investment to the State. Hydro Tasmania has built strong relationships with businesses in Asia, such as China's Shenhua Energy Company. This engagement has provided the ability to develop the Musselroe wind farm, adding to the share of renewable energy generation in Tasmania. Opportunities such as this can provide an example of potential partnering and investment attraction prospects from the region. Hydro Tasmania would be delighted to continue to work with the Tasmanian Government to further develop these opportunities.
4. The Paper states that mineral processing in: *"Tasmania is unlikely to have substantial capacity to expand these sectors given the current natural constraints on energy supply"*. Hydro Tasmania disagrees with this statement as currently worded, or without more extensive elaboration. Hydro Tasmania proposes that alternative wording might be:
 - *"Tasmania will be entering a period of small over supply with the commissioning of Musselroe. In fact, AEMO² indicates no new capacity will be needed in Tasmania until after 2021. If substantial new load were to appear, the current supply side options can accommodate them until new generation is developed. The gas plant and Basslink provide significant drought mitigation and the ability to meet new mining loads relatively easily. The abundant supply of renewable resources in Tasmania of wind, wave and tidal need additional load in Tasmania to make them more viable commercially. So minerals development would also significantly assist the state in meeting its renewable generation aspirations.*
5. Hydro Tasmania supports the acknowledgement of infrastructure issues as a barrier to further economic development as highlighted by the paper's recognition of the need to resolve port infrastructure issues.

We welcome the opportunity to provide the Department of Premier and Cabinet with further information about the contents of this submission or any other issues. Should you have any queries or require further information, please contact Mr Alex Beckitt (email: alex.beckitt@hydro.com.au or telephone: 03 6230 5249)

Yours faithfully



Roy Adair
CEO Hydro Tasmania

² AEMO, Electricity Statement of Opportunities, 2012