

MATTER OF URGENCY – RDA ORANA BIOHUB PROJECT

FILE: D7-4

AOP REFERENCE: 2.1.5

ATTACHMENT: YES

AUTHOR: *Special Projects Officer, Angela Shepherd*

Purpose

To provide background information to support Councillor Yench's Matter of Urgency regarding the proposed Biohub Project being run by RDA Orana.

Background

At the 13 March 2015 Economic Taskforce Meeting, Councillor Yench provided an outline of the RDA Biohub Project, the products that would be produced by the Biohub and the opportunities that may exist for local businesses as part of a discussion on alternative industry options for the Shire.

On 23 April 2015 Mark Glover, the Director of Eco Waste Pty Ltd addressed members of staff and the Economic Taskforce further on the proposal. Mr Glover is an expert in the area of biohubs and has been engaged by RDA Orana to undertake a study looking at the options and feasibility of biohubs in the Orana region for a range of inputs (animal waste products, urban waste and invasive native scrub).

Those attending the presentation were given a background on biohubs and how one would work in Cobar. In short, a biohub for Cobar would collect tree material and burn it to turn it into carbon products. Cobar tree species generally have high carbon content and can be turned into high quality oils and metallurgical charcoals, as a replacement of petroleum based products.

The tree materials (quality trunk material is best) is selectively collected on site, consolidated as much as possible to reduce transport costs and then taken to the biohub for final processing. This may involve several processes to refine it to the highest quality carbon products which generate the highest returns.

Work has already been undertaken to identify the processing steps. Discussions have been had with key markets who are keen to purchase the product. Further work however is required to determine the viability of the project. If viable, landholders would then need to be signed up to guarantee supply (eg through properties with an LLS PVP).

During processing, excess heat for electricity generation is produced. This is a by-product of processing and another income source for the biohub.

Issues

The idea has merit for further investigation as a possible industry for Cobar. RDA Orana has had discussions with a number of large companies in the Dubbo area regarding the viability of a biohub there for different products, such as animal waste and urban waste. These would produce a different end product to the Cobar biohub. RDA Orana has been working with Eco Waste to develop the attached project scope

that aims to include the requirements for a Dubbo biohub as well as the specific Cobar project.

The proposed project would:

- Review and update the latest information in this area – a great deal of work has already been undertaken but the information has been superseded.
- Undertake a detailed review of potential biomass sources including costing, logistics and stakeholder concerns.
- Review the potential bioproduct markets to confirm quality, quantity and pricing.
- Undertake a detailed logistics study of road and rail – needed for costing getting raw materials to the biohub and end products to market.
- Design and layout of plants, including sites and satellites.
- Further community consultations.
- Initial project risk assessment.

The total cost for the proposed project as scoped is \$62,205. This is for the broad RDA Orana feasibility study, which includes the Cobar project. This project will determine if the business case is viable for the region.

The project scope also outlines further work that would be required to refine the proposals in terms of the financials and budgets and therefore viability of the project as a second stage of the project. The cost of this second stage of works is estimated at \$50,000. It will outline what the actual production costs, build costs, manufacturing costs etc are.

Cowra Council is well down the path of developing a biohub generator and associated industrial area near town for relevant intensive animal industries as an integrated business hub – ie intensive animal production is undertaken in the one industrial estate, by product generated is channelled into the biohub in the estate to create a new industry.

Council is being asked to provide \$5,000 to this initial feasibility study. The remainder of the \$62,205 is coming from other councils, private investors and private individuals.

Policy Implications

This project should be considered as investigating alternative industries that may be viable in the Cobar region. This is a priority in the Community Strategic Plan. Cobar is central to the area of invasive native scrub that would fuel a Cobar Biohub.

Financial Implications

RDA Orana is asking for \$5,000 from Council as a contribution to this study. It does not commit Council to future financial outlays, however there is a stage two to this project scope. RDA Orana will seek grant funding for stage 2, however Council may once again be asked for a contribution.

The Australian Government has recently announced new drought funding to establish new industries and job creation in drought affected areas. This project *may* be eligible for funding under this scheme in the future – for the second stage or during implementation.

Risk Implication

Risks are minimal and the initial investment is low. Local stakeholders will be consulted during this project to determine their appetite for such an industry in Cobar. If local landholders are not willing to offer supply of material then the project will not be viable. However, it is a new industry available to landholders.

Options

1. That Council does not commit \$5,000 to this project.
2. That Council commits \$5,000 to the project. The funding could come from the remaining matching grant contributions budget.

RECOMMENDATION

That Council commits \$5,000 to the RDA Orana Biohub Project with funding coming from remaining funds in the 2014/2015 matching grant contributions budget.