



# Regional Capitals Investment Framework

Regional Capitals Alliance WA

July 2020

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## 1. Abbreviations

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Abbreviation	Title
RDC	Regional Development Commission
IWA	Infrastructure WA (Western Australia)
IA	Infrastructure Australia
State	State of Western Australia
Regional Capitals	The ten Alliance Members of the Regional Capital Alliance, Western Australia
WALGA	Western Australian Local Government Association
LGA	Local Government Association (local councils)

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## 2. Executive Summary and key findings

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Western Australia is one of the world's largest, economically and geographically diverse area. It contributes a significant proportion to the Australian economy relative to other regions in Australia. However, sheer size of its land mass, diversity of its regions and increasingly urbanised population represents challenges in realising and growing the State's social and economic prosperity and potential.

There is a collective acknowledgement across all sections of the Western Australian community of the need to ensure that our regions have sustainable social and economic development, and continue to be an attractive place for business to invest and for people to live and work. This is demonstrated by the many policies and plans with the State Government and the support and focus of the business community.

The COVID-19 pandemic has had a significant impact on regional Western Australia. The Government's response has mitigated the operations impact of the State to a degree, especially in our mining, industrial and agriculture operations that supply the global economy. The recent home grown '#wonderoutyonder' WA tourism campaign has supported Western Australian's holidaying within the State which has been generally positive, but unlikely to fill the gap of inbound tourism. At the time of printing this report the State Government has announced its Recovery Plan and has made significant announcements in regional Western Australia.

As Western Australia continues to seek to grow its role and impact on the world economies continued investment and growth in opportunities for regional Western Australia will be critical. This will assist the regions remain attractive for migrants, capitalise on comparative and competitive advantages, and improve the standard of living for its residents.

Within regional WA the ten major regional centres represent 50% of the regional population and have an infrastructure, business and community network effect on more than 75% of the regional population. The ten largest cities and towns in regional WA, comprising the Regional Capitals Alliance of Western Australia (RCAWA) are:

- City of Albany
- Shire of Broome
- City of Bunbury
- City of Busselton
- Shire of Esperance
- City of Greater Geraldton
- City of Kalgoorlie-Boulder
- City of Karratha
- Shire of Northam
- Town of Port Hedland

Several WA entities are advocating for a more strategic approach to regional investment. They include Infrastructure WA in its current Infrastructure Strategy discussion paper and consultation period. It also includes the Western Australian Local Government Association (WALGA) in its recent 2020-21 State Budget Submission.

Investment in Regional Capitals is likely to have a high impact on State and Federal outcomes as well as a regional multiplier effect. The Regional Capitals also have the critical base line infrastructure, organisation capability, social and economic capacity to provide a vital facilitation function – the capability and capacity. They have the connection with each other, their surrounding smaller communities, Perth, other Australian capital cities and international economies to capitalise on their local and wider regional opportunities. In this manner maintaining, enhancing and investing in these Regional Capitals will act as a fulcrum in allowing the State to leverage potential from outside the region and Western Australia with untapped or under realised local comparative and competitive advantages.

Each Regional Capital has its vision for their town, their connections to their regional communities and how they will help their Regions thrive. They and their respective broader regional locations have their own culture, lifecycle of development, community and industry focus. This means that collectively, the Regional Capitals Alliance economic development approach is an attractive diversification opportunity for State and Federal Governments and a range of industries and businesses.

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The Regional Capitals would like to leverage their collective capacities, comparative advantages and to maximise their impacts on WA and Australian economies collaborate, as regional leaders, on the development and agreement of an Investment Framework that delivers common outcomes to all stakeholders.

Regional Capitals Investment Framework parameters include:

- Resilient and Robust
- Visionary vs Realistic
- Attractive to multiple stakeholders
- Not fixed amount in a fixed time
- Easy to use

Proposed Regional Capital Investment Framework Principles are:

- Outcomes for Western Australia and Australia
- Planned & strategic economic development
- Outcomes focused
- Regional leadership
- Collaborative approach
- Connection
- Business driven
- Non-financial levers

But why now and what is different?

The current global economic headwinds of COVID-19 pandemic, potential trade wars and the uncertainty of China's position in the world requires a Western Australian paradigm shift. Many layers of government and private enterprise, since COVID-19, have presented the requirement for Australia to quickly move from a 'harvest' mindset to an economy that is more reliant on secondary processing of our abundant natural resources.

It is the time to facilitate and fast track economic development opportunities through faster pre-feasibility studies, opportunity approvals and development beyond the WA Government current Recovery Plan. Those actions need to clear a path for private capital investment and create an appropriate regulatory environment for private capital to navigate the complexities and challenges of approvals, which will then give comfort to investors.

An initial review of plans, projects and Forward Capital Works Plans from the ten Regional Capitals amount to approximately \$3.6 billion and number near 880. There are 15 projects that have a value above \$50 million and more than 88 projects across the Regional Capitals that are greater than \$5 million. Economic and community building projects are nearly half of the total projects and include:

- \$1.25 billion of transport projects
- \$150 million of technology projects
- \$125 million of health projects

The Regional Capitals commit to validating and enhancing this list of Regional projects in the next 6 months.

If these visions and projects are pursued they will further enhance the ability of these regional leaders to empower their communities to grow their economies, enable their people, support local businesses and enhance their place and community – consistent with the intent of the WA Government's pre-COVID-19 plan, 'Our Priorities' targets.

This Strategic Investment Framework positions the Regional Capitals to take a key leadership role in collaborating with Governments, industry, the community sector and their local residents to enable and facilitate the social and economic development of regional Western Australia. Focusing on delivering high order outcomes of people, place, business and economy Regional Capitals will collaborate with all sectors to provide a conducive and supportive environment to encourage and attract financial and non-financial investment from all stakeholders.

They recognise that their cities are the gateway to regional Western Australia, and they have the lion's share of the state significant infrastructure. Therefore, they play a key role in connecting metropolitan Perth and their regional

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communities. They take this role seriously and embrace the expectation that they engage with their broader regional communities and represent the collective interests of the region externally.

The role of Regional Capitals will be focused around four critical roles that are to Enable, Act, Lead and Influence. There are activities relating to different stakeholders and the level of authority held by the Regional Capitals as per the Local Government Act. Calibrating and adapting their roles to suit the specific circumstances, builds on the recent efforts of Regional Capitals, and formalises and clarifies the commitment of Regional Capitals to cultivating the environment for regional economic and social development.

There are issues and risks at all stages and related to all stakeholders. The Regional Capitals will work to mitigate all of them through the Regional Capitals commitment and constructive approach to work with State Government, Federal Government and the business community. Acting, or demonstrating leadership by completing these actions, within the authority of the Local Government Act, will show all stakeholders that the Regional Capitals are serious about leading and creating the future opportunity for themselves, their region, the State and Australia.

The Regional Capitals:

- Are committed to developing a vision for their cities and regions and acknowledge the benefit of regional development to the State and Australia.
- Will commit to a set of principles and a standard approach that will be articulated in a charter as to how they will work with all stakeholders.
- Have a clear, feasible and justifiable roadmap to get there.
- Will work with the local community, regional LGAs, State and Federal Government, all business to make it an attractive economic development and social opportunity to invest in our communities.
- Seek endorsement of the Investment Framework from all stakeholders.

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### 3. Scope

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RCAWA requested support in developing a submission to the WA State Government and an accompanying summary document that provide the rationale for a new funding framework that positions the RCAWA councils to plan for strategic growth and investment.

As part of that the Regional Capitals are seeking a compelling case for additional investment in RCAWA localities. The project initially identified the goal to identify a list of the Regional Capital member projects that could be funded. Identifying alternative models for funding the agreed projects was to be considered.

While preparing this paper, consultation with State Government and Regional Capital stakeholders identified the following changes in scope and approach were key to the success of a proposal to State Government:

- A more strategic and outcomes focused approach to the Investment Framework was need, rather than assessing RCAWA localities' forward capital works programs or proposed projects.
- A State and regional outcomes centric premise, rather than just a Regional Capitals investment benefit, was critical to the success of any proposal to State Government.
- Consideration and incorporation of the effects of COVID-19 short and long-term response on this Investment Framework.
- Consideration and incorporation of the Infrastructure WA, A Stronger Tomorrow, State Infrastructure Strategy Discussion Paper and approach.

The initial principles of the draft RCAWA Investment Framework, being capacity and capability of the Regional Capitals positions them more favourably to unlock the State's outcomes, at the commencement of this project remain valid. The arguments of the Regional Capitals' capability and capacity has been used in the investment case of the Regional Capitals.

## 4. Background and current situation

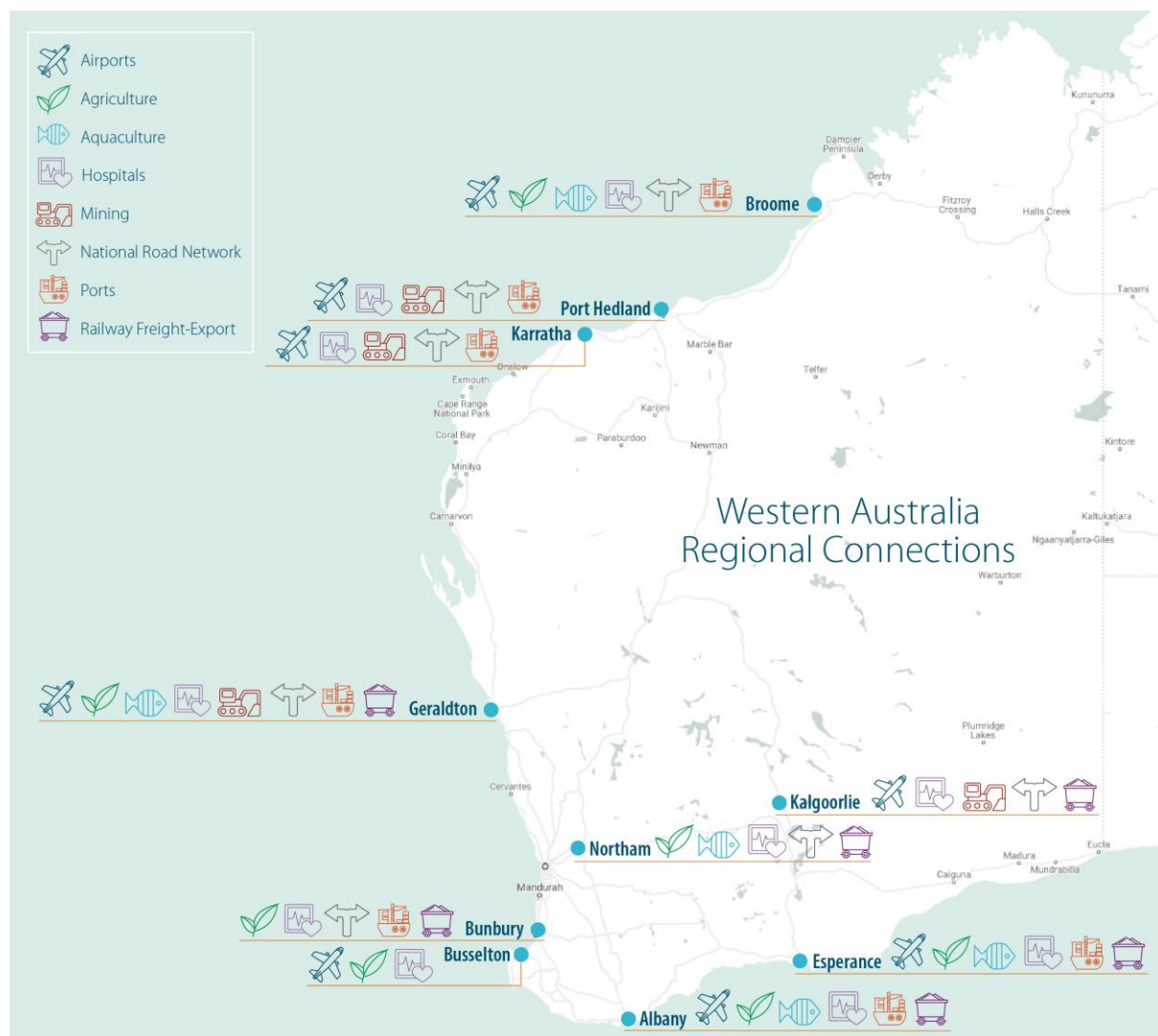
### Overview

The Regional Capitals contribute over \$33bn to Gross Regional Product, comprising 13% of WA's Gross State Product. They also make up over 10% of Western Australia's employment and produces \$71bn of port production (74% of the State's total exports). Combining this with \$4bn (or 14% of WA's economy) of Agricultural produce and \$2bn in Tourism, the Regional Capitals make a significant contribution to the State's economy<sup>1</sup>.

Regional capitals represent 50% of the regional Western Australian population, but as a gateway they represent greater than 75% of the regional population and opportunities.

The connection between the Regional Capitals is illustrated by the figure below that highlights the industry and infrastructure representation in each locality. The connection or commonality when liaising and facilitating industry, business and government departments is significant.

**Figure 1– Regional Capitals - industry and critical infrastructure connection**



<sup>1</sup> RCAWA Annual Report 2018-2019

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## Funding programs – prior and current

Since December 2008, Royalties for Regions has invested \$6.1 billion of the State's mining and onshore petroleum royalties to more than 3,600 projects and programs, including transfers to the Future Fund and other Special Purpose Accounts.<sup>2</sup>

Royalties for Regions promotes and facilitates economic, business and social development in regional Western Australia for the benefit of all Western Australians. Royalties for Regions will invest \$4 billion over four years across regional Western Australia from 2015-16.

Royalties for Regions focuses on delivering benefits to regional WA through six objectives:

- Building capacity in regional communities.
- Retaining benefits in regional communities.
- Improving services to regional communities.
- Attaining sustainability.
- Expanding opportunity.
- Growing prosperity.

Royalties for Regions provides investment for regionally beneficial projects through State Government agencies and the State's nine Regional Development Commissions. Most projects invested to date have been in partnerships with Local Governments, Regional Development Commissions and industry, supporting the economic and social development of regional Western Australia.

There are other programs and schemes that support regional funding such as:

- Current COVID-19 pandemic regional recovery investment – financial and non-financial levers.
- Regional Economic Development Grants.
- Value Add Agribusiness Investment Attraction Fund (part of Royalties for Regions).
- Country Local Government Fund.
- Regional Airports Development Scheme.
- Recreational Boating Facilities Scheme.
- Boarding Away from Home Allowance.
- IFSP.
- Regional Events Program.
- Royal Agricultural Society Concessions – Free Entry for Children.
- Support for Racecourse Infrastructure Grants Program.
- Community Sporting Club Equipment Subsidy.
- Creative Regions.

Specifically, the State Government continues to invest in community-driven projects to create jobs, support tourism and boost economic growth across regional Western Australia, such as the REDs grants with the objectives to:

- Create sustainable jobs.
- Expanding or diversifying industry.
- Developing skills or capabilities.
- Attracting new investment in the region.
- Maximising recovery from the COVID-19 pandemic impacts.

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<sup>2</sup> Department of Primary Industries and Regional Development

## Our regions – a critical role

Many government policies, strategies, recommendations and plans acknowledge the importance of the regions including the following that are pre-COVID-19 pandemic and current:

**Table 1 – Government Policies, Strategies and Plans – Regional Focus**

Government Policies, Strategies and Plans – Regional Focus	
<p><b>Our Priorities<sup>3</sup></b></p> <p>Regional Priority of Government: 30,000 jobs by mid-2024 (note deferred indefinitely while the State Government focus on its response to COVID-19)</p> <p>All of WA's regions make extraordinary contributions to the economy. The spread of natural wealth, coupled with passionate and resourceful residents, means that regional Western Australia punches well above its weight in terms of generating income for the State. Home to around 25 per cent of the State's population, the regions account for nearly 35 per cent of Gross State Product, across an array of industries. While regional Western Australia is already an economic high achiever, the Government is focusing on supporting growth and diversification to realise its vision for the State.</p>	<p><b>State Planning Strategy 2050<sup>4</sup></b></p> <p>The Regional Development Strategy aims to build vibrant regions with strong economies through jobs growth, economic growth and capable people.</p> <p>Regional Development will achieve this through four approaches:</p> <ul style="list-style-type: none"> <li>Investing in major programs that deliver on strategies priorities, maximising value for money and regional development outcomes</li> <li>Supporting locally driven social and economic innovation</li> <li>Continued support to existing commitments that address service access challenges</li> <li>Maintaining the capacity to respond to opportunity and unforeseen priorities</li> </ul>
<p><b>WALGA<sup>5</sup></b></p> <p>Some of the areas where WALGA believes there is scope to improve, and form the basis of our recommendations for this theme include:</p> <ul style="list-style-type: none"> <li>better collaboration and alignment between the myriad of stakeholders involved in economic development.</li> <li>regional economic development that is based off a clear and evidence-based understanding of regional WA's competitive advantages, while also addressing longstanding impediments to regional growth; and</li> <li>a more significant and formalised role for Local Governments to contribute towards economic development in their communities.</li> </ul>	<p><b>Infrastructure WA<sup>6</sup></b></p> <p>Through our top ten objectives, the Strategy will aim to:</p> <ul style="list-style-type: none"> <li>Support a strong, resilient and diversified economy</li> <li>Maximise regional strengths to unlock strategic opportunities for WA</li> <li>Enhance infrastructure delivery &amp; develop future skills</li> <li>Access to social services &amp; improve Aboriginal wellbeing</li> <li>Enhance cross-government coordination and planning</li> <li>Address climate change and increase resilience</li> <li>Support population growth and change</li> <li>Maximise liveability and cultural strategic opportunities for our community</li> <li>Embrace technology, data and digital connectivity</li> <li>Get the most from infrastructure &amp; improve maintenance</li> </ul>
<p><b>Australian Government – Regions 2030 Unlocking Opportunity<sup>7</sup></b></p> <p>As Minister for Regional Development, my goal is clear: in partnership with regional communities, I want to help build the kinds of communities our children and grandchildren either want to stay in or come back to.</p> <p>The Australian economy is largely driven by its regions. Australia's agriculture, forestry, fishing and mining industries, predominantly located in regional Australia, made up 57 per cent of the value of Australia's merchandise exports in 2016. Forty-five cents in every dollar spent in Australia by international or local visitors is spent in regional areas.</p> <p>The Regional Australia Ministerial Taskforce objective is to improve the lives of people living in rural, regional and remote Australia. It will position Australia's regions to unlock economic opportunities and ensure the benefits of our growing economy are felt in all corners of our nation.</p>	<p><b>COVID-19 coronavirus: Western Australian Government response<sup>8</sup></b></p> <p>All the State recovery packages support all Western Australian's. Some of the specific regional packages include:</p> <ul style="list-style-type: none"> <li>A \$116 million Regional Land Booster package will drive investment in regional Western Australia, boost the economy, create regional jobs and assist regional businesses to recover from the impacts of COVID-19.</li> <li>Encourage eastern states-based FIFO workers to relocate permanently to WA. These workers will be offered incentives to make the move, including access to the WA Government's \$20,000 Building Bonus grant, as part of the new initiative.</li> <li>Water Corporation grants for Kimberley NFPs</li> <li>Cheaper airfares to boost Kimberley tourism</li> <li>\$11.6 million investment in Geraldton port infrastructure</li> </ul>

<sup>3</sup> Government of WA, Department of Premier and Cabinet, 'Our Priorities' and Diversify WA, 'Economic Development Framework for WA' July 2019.

<sup>4</sup> Government of WA, WA Planning Commission, 'State Planning Strategy 2050' Executive Summary, Planning for sustained growth and prosperity.

<sup>5</sup> WALGA 'State Budget Submission 2020-21'.

<sup>6</sup> Infrastructure WA, A Stronger Tomorrow, State Infrastructure Strategy Discussion Paper.

<sup>7</sup> Australian Government 'Regions 2030, Unlocking the Opportunity'.

<sup>8</sup> Department of Premier and Cabinet, COVID-19 coronavirus: WA Government response website 22 July 2020.

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Some other examples of the strategic documents which have been developed for WA in recent years include:

- Revitalising Agricultural Region Freight Strategy, 2020.
- WA Aviation Strategy 2020.
- Regional Development Australia Investment Plans.
- Regional Development Commission Regional Blueprints.
- Economic and Employment Lands Strategy.
- Western Australian Regional Freight Transport Network Plan.
- Western Australian Innovation Strategy.
- Skilling WA.
- Tourism Two Year Action Plan.

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## 5. Investment Framework – overview

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The regional jobs targets of 30,000 by 2024 in the State Government's 'Our Priorities' plan remains as relevant today as it did when it was released in 2019. Job creation is a key focus of all governments within their COVID-19 economic stimulus efforts in 2020 and is certainly a focus of the Western Australian Government. Jobs growth is a key metric of the Economic strategic goal that the Regional Capitals presents for discussion, consultation and consideration to the State Government. Focusing on short-term, but more importantly a pipeline of jobs, or a sustainable increase in jobs will support the economy, business, people and the place we live.

As shown in 'Figure 1 – Regional Capitals, Industry and Critical Infrastructure Connections', there is existing fundamental infrastructure in the Regional Capitals, or an existing capacity and capability. This offers the State and Federal Government a more attractive opportunity to deliver their desired outcomes across the portfolio of people, place, business and economy in a number of ways that will be presented in this paper.

A number of challenges for funding investment include.

- There is always a greater need than available capital. Regional Capitals need to be able to demonstrate a more attractive, long-term and resilient option to all funders, whether government or business.
- Funding is often externally driven, is sporadic and often comes after an event rather than before. This generally creates a boom/bust investment profile from all sources of funding.

A more strategic, long-term and resilient Investment Framework toward the Regional Capitals would provide a more sustainable and scalable foundation for regional jobs growth through business investment, population growth and social outcomes. It is also likely to be a marginal cost, because of current capacity and capability, that is fundamental to economic diversification (adaptability/resilience) and sustainable State and Australian economic development.

The Regional Capitals would like to leverage their collective capacities, comparative advantages and to maximise their impacts on WA and Australian economies collaborate, as regional leaders, on the development and agreement of an Investment Framework that delivers common outcomes to all stakeholders and present these parameters.

**Table 2 – Investment Framework Parameters**

Parameters	Description
Resilient and Robust	The strategic thinking and approach needs to be resilient and adapt to changing policy, environmental and business cycle conditions and evolves over time. While the environment may change, the Investment Framework should have consistent themes and vision (5,10, 15 years). This is consistent with the IWA Discussion Paper recently released. The proposals and investment strategy needs to be robust, well considered, feasible and clearly demonstrate the justification for investment (return on investment, deliverable outcomes).
Visionary vs Realistic	The current IWA approach of a 0-10 year bottom up needs approach and a 10-20 year vision and scenario planning infrastructure planning approach balances the need to be practical and visionary. The Regional Capitals support the IWA approach and look forward contributing to its Infrastructure Strategy development in the next 9-12 months.
Attractive to multiple stakeholders	The best opportunities for economic development investments will often be business lead, with government support in financial and non-financial ways. That means that the objectives of all stakeholders would need to be consulted and considered in its development. Federal Government is seeking economic growth, the State Government an increase in jobs and business investment is seeking returns, amongst other things.
Not fixed amount in a fixed time	The Regional Capitals believes the Investment Framework should not be a fixed amount with a fixed timeline. It should be opportunity lead to support State and Federal government desired outcomes as well as attractive to business investment.
Easy to use	The links of the Regional Capitals as a gateway and facilitator to business, infrastructure and regional LGAs is a key part of the Investment Framework's implementation. That said the Investment Framework needs to be accessible and easy to use for all stakeholders from idea generation to financial and non-financial contribution from governments.

**Table 3 - Proposed Regional Capital Investment Framework**

Chapter Heading	Content				Theme
Outcomes	Jobs, Sustainable regions, Economic growth, Thriving communities, Healthy developed people  Return on investment compared to other Australian and global locations through new market opportunities, reduced costs, reduced risk, improved supply chain				Investment Outcomes
Vision	City/Regional Vision and Aspiration  Economy      Business      People      Place (Community)				Compelling Vision  Strategic Goals
Situation Analysis	Current Analysis  Constraints including COVID-19		Emerging Trends/ Future Scenarios  Advantages/ Competitive Strengths      Weaknesses/ Issues      Opportunities		Environmental Scan  Opportunity Assessment
Strategic Initiative Pipeline	Sustainable	Strategic	Fundamental/ Core  Enabling      Productive  5 years      10 years      15 years      20 years		Strategic Investment Priorities    Timing
Purpose and Benefits	Maintain  Local	Enhance  Regional	Invest  State	National	Investment Drivers  Impact/ Benefit
Stakeholders	Government – Local/ State/ Federal	Private Sector – Business operators/ Financial investors	Community – Individuals/ Local leaders/ NFPs		Roles
Investment Action	Financial Investment	Strategic Guidance	Regulatory Change	Advocacy/ Promotion	Levers
Action plan	3, 6 & 12-month actions		RCAWA KSF & Internal Capability needs		To do

## 6. Regional Capitals Investment Framework principles

The principles of the proposed RCAWA Region Investment Framework underpin the logic and the approach of the framework. They were developed in consultation with:

- CEOs, Mayors and Presidents of the Regional Capitals.
- The RCAWA Executive.
- Executives within State Government departments.

The principles represent a shift toward a more outcomes, regional focused and collaborative approach to ensure all stakeholders agree and own the outcomes.

**Table 4 – Investment Framework Principles**

Principles	Summary
Outcomes for Western Australia and Australia	<p>Outcomes should address specific State Government targets but more broadly reflect to the aspiration of their residents, communities and business interests as well as the Federal Government.</p> <p>The State's Government's Our Priorities: Sharing Prosperity – Stronger Economy has a target of an extra 150,000 jobs mid 2024 (including 30,000 regional jobs)<sup>9</sup>. This plan is on hold given COVID-19 pandemic.</p> <p>Diversify WA, the pre-COVID-19, Economic Development Framework for Western Australia 'sets out a vision for a strong and diversified economy delivering secure, quality jobs through increased investment across a broad range of industries.</p> <p>Consistent with the State's Planning Strategy 2050 the Regional Capitals contemplate 'a future in which high standards of living, improved public health and an excellent quality of life are enjoyed by present and future generations of Western Australians. The Strategy proposes that diversity, liveability, connectedness and collaboration must be central to the vision of sustained growth and prosperity'<sup>10</sup>.</p> <p>The Regional Capital's vision is also aligned with The State Infrastructure Strategy Discussion Paper released in June 2020 that 'sets out ten draft objectives that reflect areas of critical importance and influence to Western Australia's society, economy and environment over the next 20 years'<sup>11</sup>.</p>
Planned & strategic economic development	<p>The Regional Capitals are aligned to the premise that the proposed Investment Framework is should provide a basis for, and a consistent approach, to developing and informing long term strategic investment priorities for the economic and social development of regional WA..</p> <p>This is consistent with the approach of stakeholders such as Infrastructure Western Australia, Western Australian Planning Commission, Regional Development Commissions and the Federal Government's 'Regions 2030 Unlocking the Opportunity'.</p> <p>It is also aligned with the recent WALGA 'State Budget Submission 2020-21' theme of 'a strategic approach to economic development in WA'<sup>12</sup> that supports the State's job targets set in 2019, as well as the current COVID-19 stimulus objectives.</p>

<sup>9</sup> Government of Western Australia, Department of Premier and Cabinet, 'Diversify WA Economic Development Framework for Western Australia'

<sup>10</sup> Western Australian Planning Commission, 'State Planning Strategy 2050, Planning for sustained growth and prosperity' Executive Summary

<sup>11</sup> Infrastructure Western Australia, 'A Stronger Tomorrow'. State Infrastructure Strategy Discussion Paper, June 2020.

<sup>12</sup> WALGA 'State Budget Submission 2020-21'.

	<p>This also aligns with business investment that, at this scale, often required a long-term approach to infrastructure planning so that returns are achievable.</p> <p>The Regional Capitals acknowledge the current mechanisms from two shorter term approaches including:</p> <ul style="list-style-type: none"> <li>• COVID-19 State Recovery Advisory Group including the Regional Economic Recovery taskforce – Director General, Department of Finance Western Australia.</li> <li>• Infrastructure WA.</li> </ul>
Outcomes focused	<p>The Regional Capitals recognise and agree that this provides the framework for how all stakeholders can collaborate to achieve its vision for the economic development of the country, State and region.</p> <p>There will always be a competing vision and needs, although this framework proposes an outcomes focused approach to assist all stakeholders.</p>
Regional leadership	<p>The Regional Capitals acknowledge and accept their regional leadership responsibilities as the gateway and connection to its region. This reframes thinking from a city/town perspective to incorporate the relevant surrounding areas. Regional capitals represent 50% of the regional Western Australian population, but as a gateway they represent greater than 75% of the regional population and opportunities.</p> <p>Investment in maintaining, enhancing and investing in the Regional Capitals will act as a fulcrum in allowing the State to leverage untapped potential from outside the region and Western Australia with untapped or under realised local comparative and competitive advantages. If pursued these opportunities will further enhance the ability of the broader regional communities to continue to grow their economies, enable their people, support local businesses and enhance their place and community.</p> <p>Because of the constraints and authority of these LGAs, they are well positioned to take roles to lead, act, enable and influence. They are unlikely to be the primary funder nor the responsible implementation authority for large fundamental or productive infrastructure.</p> <p>The Regional Capitals accept the role to support the creation of the vision and opportunities then advocate for the appropriate levers and actions to achieve the common outcomes.</p>
Collaborative approach	<p>As the State Planning Strategy 2050 states ‘Collaborative action can achieve State strategic goals and objectives more effectively than any single organisation acting alone. Realising the ambitions of the State Planning Strategy 2050 will require organisations and people participating in the planning system to work together, in a mature and integrated way that ensures the sharing of information and ideas, and most importantly pooling of resources.’</p> <p>The Regional Capitals commit to a collaborative approach with all stakeholders to deliver common outcomes for the regions.</p> <p>The Regional Capitals’ aim of this principle is to also demonstrate that this Investment Framework is outcomes focused for the people of Western Australia now and in the future and is therefore longer and more resilient than an appointment to all levels of government and executive roles within government departments.</p>
Connection	<p>Because of their existing capability and capacity of infrastructure and industry, the Regional Capitals also offer a connection and relevance to support State Government, Federal Government and business investors to deliver their outcomes. They are not a disparate group of regional towns, but a coordinated and capable team that share knowledge and experiences to benefit the next investment. Their connection to State Government and local regional governments also positions them strongly to enable outcomes. Given their strong connection to the community, they have a role in the development and maintenance of the State policies and infrastructure lead by Government departments such as policy development and industry engagement, for example across etc Tourism, Energy, Health Networks Education and others.</p>

	<p>The opportunity may exist for the Regional Capitals to be recognised for their State Infrastructure relationships and coordination role and can assist in a coordination role with the smaller adjoining councils to assist State and Federal Government be more coordinated and more efficient in its investment frameworks. Recognising that the Regional Capitals have a unique position, given the nature of relationships and location of infrastructure the Government could be more targeted and then the Regional Capitals could play more of a leadership role with adjoining councils.</p> <p>The Regional Capitals could be recognised collectively for engagement and participation rather than individually and brought together regularly as a regional infrastructure group providing a role from local issues advice, opportunities to prioritisation and coordination to support IWA and the RDCs.</p>
Business driven	<p>Understanding and incorporating business needs into the Regional Capitals plan is a key principle to understand future vision and investment.</p> <p>Businesses of all sizes are critical in this relationship. No business can thrive on its own, without smaller/larger complementary businesses and without government and the community. Much of Western Australia's recent commodity construction cycle was from the business community. Often, it is the business community that are the employers of people and providers of capital for economic growth. It is business responsibility to assess industry value chain then identify, create and leverage competitive advantage to ensure that an opportunity is competitive, and investment is attractive.</p> <p>Regional Capitals recognise their position as local representatives close to current and future business investment and will support, understand and incorporate their needs appropriately into this Investment Framework.</p>
Non-financial levers	<p>The Regional Capitals will work in a collaborative way with all stakeholders to unlock strategic opportunities.</p> <p>Regional Capitals recognise that this approach is not always delivered through the receipt of financial investment from State and Federal Government and will nuance and adapt their role to assist other stakeholders to use a range of lever to realise the opportunities in their regions.</p> <p>The recent WALGA 'State Budget Submission 2020-21' identified four key strategic themes one of which was 'Empowering Local Governments to contribute to the State's priorities. That strategic theme identified five initiatives that would contribute to the Regional Capitals ability to contribute to the State's priorities.</p>

## Assessing scope for regional economic and social development – Productivity Report 2017

The Transitioning Regional Economies Report – December 2017, prepared by the Australian Government Productivity Commission was asked to undertake a study into the geographic impacts of the transition of the Australian economy following the resources investment boom. These lessons were particularly Western Australian and Queensland focused, and the Regional Capitals believe that the lessons remain relevant to this Investment Framework.

Key findings of the Transitioning Regional Economies Report reinforce the principles of this Investment Framework are shown below in Table 5.

**Table 5 - Transitioning Regional Economies Report – Applicable Findings**

Transitioning Regional Economies Report – Applicable Findings	
<ul style="list-style-type: none"> <li>Overall, the Australian economy has shown considerable flexibility and resilience over the past 30 years, with a large majority of regions (77 per cent) experiencing positive employment growth over the past five years</li> </ul>	

- Governments should avoid providing ad hoc financial assistance to regions because it is rarely effective. It does little to facilitate transition and long-term development. Governments should also better coordinate and evaluate their activities that affect Australia's regions.
- There is unnecessary overlap in the regional development roles of all three tiers of government, contributing to concerns about the effectiveness and value for money from the large outlays on regional development programs.
- Central responsibility for regional development resides with State and Territory governments, supported by local governments. They should:
  - remove unnecessary planning and zoning regulations that are obstacles to regional development.
  - adopt more rigorous and transparent assessment and implementation of their regional development planning strategies to improve the effectiveness and value for money from the large expenditures on regional development. This requires strong and effective local leadership direct discretionary funding to priorities identified in regional strategic plans.

The Productivity Commission's Transitioning Regional Economies Report also identifies three points to be borne in mind in assessing the scope for economic and social development in regions:

- First, a regional community does not collectively 'decide' to develop or transition but does so organically. Most people in communities make decisions in their best interests, given the circumstances and opportunities they face, both in the region and elsewhere.
- Second, regional economies are continually transitioning and adapting to pressures for change and new opportunities, not just those arising from large disruptions. Intervening to shift development from one region to another risks depriving one, as it favours the other.
- Finally, governments have a finite capacity to facilitate local growth, and must balance this with promoting conditions for transition and development among all regions. It is expensive and generally futile for governments to try to artificially create and maintain an advantage for a regional community where such an advantage does not inherently exist. Time and again, grand scale interventions, or even less grand but persistent favouring of perennial candidates for support, have not delivered measurable benefits. In addition, government support always comes at a cost to people in Australia, as taxpayers must find the money.

**Table 6 – Principles for assessing the scope for economic and social development in regions.**

Principles for assessing the scope for economic and social development in regions <sup>13</sup>
<p>Assessing the scope for development in regions should involve:</p> <ul style="list-style-type: none"> <li>• incorporating the views and knowledge of regional communities</li> <li>• identifying and supporting a region's relative strengths (comparative advantage)</li> <li>• identifying any unnecessary regulatory impediments to people or businesses taking up economic opportunities, or relocating (either within, or to other regions)</li> <li>• considering the capabilities of people in regional communities and the region's connections with other regions and markets</li> <li>• evaluating whether existing programs and strategies aimed at regional development (or adjustment) are effective and provide value for money</li> <li>• embedding robust evaluation and transparent processes for policy/project proposals, which include clear objectives, identification and assessment of options, and monitoring and evaluation of outcomes</li> <li>• considering the scope for private economic activity that is not dependent on ongoing government financial support (other than payments made under general taxation, social security and welfare policies).</li> </ul>

<sup>13</sup> Transitioning Regional Economies, Productivity Commission Study Report, Australian Government, December 2017

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## 7. Outcomes – Investment Framework focus

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Outcomes should address specific State Government targets but more broadly reflect the aspirations of their residents, communities and business interests, as well as the Federal Government.

All levels of government including State, Local and Federal have a vested interest in achieving common outcomes. Many outcome statements exist across all levels of government with a comprehensive, long-term and strategic view. The current COVID-19 pandemic has resulted in many objective statements and strategies reprioritised because of the need to focus on protecting our community's health and providing an economic recovery response.

While individual governments will form their own policy priorities, state and regional development strategies, it would be prudent and wise for Regional Capitals to have a long term strategic framework for developing and identifying their regional and local investment priorities - consistent with government strategies and priorities. With its focus on a long term vision for the strategic development of WA regions, the Investment Framework should assist Regional Capitals to adapt their investment focus and priorities in a manner that capitalises on emerging project and investment opportunities that speak the varying Government policy agendas over time. In this manner the framework will be resilient and adaptive to local, national and global forces as well as mega trends and priorities.

In order to provide structure and adaptability to the strategic framework for the long term, it is recommended that rather than align specifically to the current targets of the Government policy, Regional Capitals should align their strategic outcomes and objectives to higher order economic, social and human development outcomes. Rather than being inconsistent and incongruent with the targets of the current Government articulated through its "Our Priorities" objectives, RCA members will be able demonstrate that their higher order outcomes not only address the specific Government targets but more broadly reflect the aspiration of their residents, communities, the not for profit and private sectors, as well as the State and Federal Government.

Each of these strategic outcome areas aligns with the currently disclosed priorities of the State Government through Our Priorities, DiversifyWA and the recently released Infrastructure WA Discussion paper along with the Federal Government's Regions 2030 Strategy and its commitment to the United Nations Development Goals.

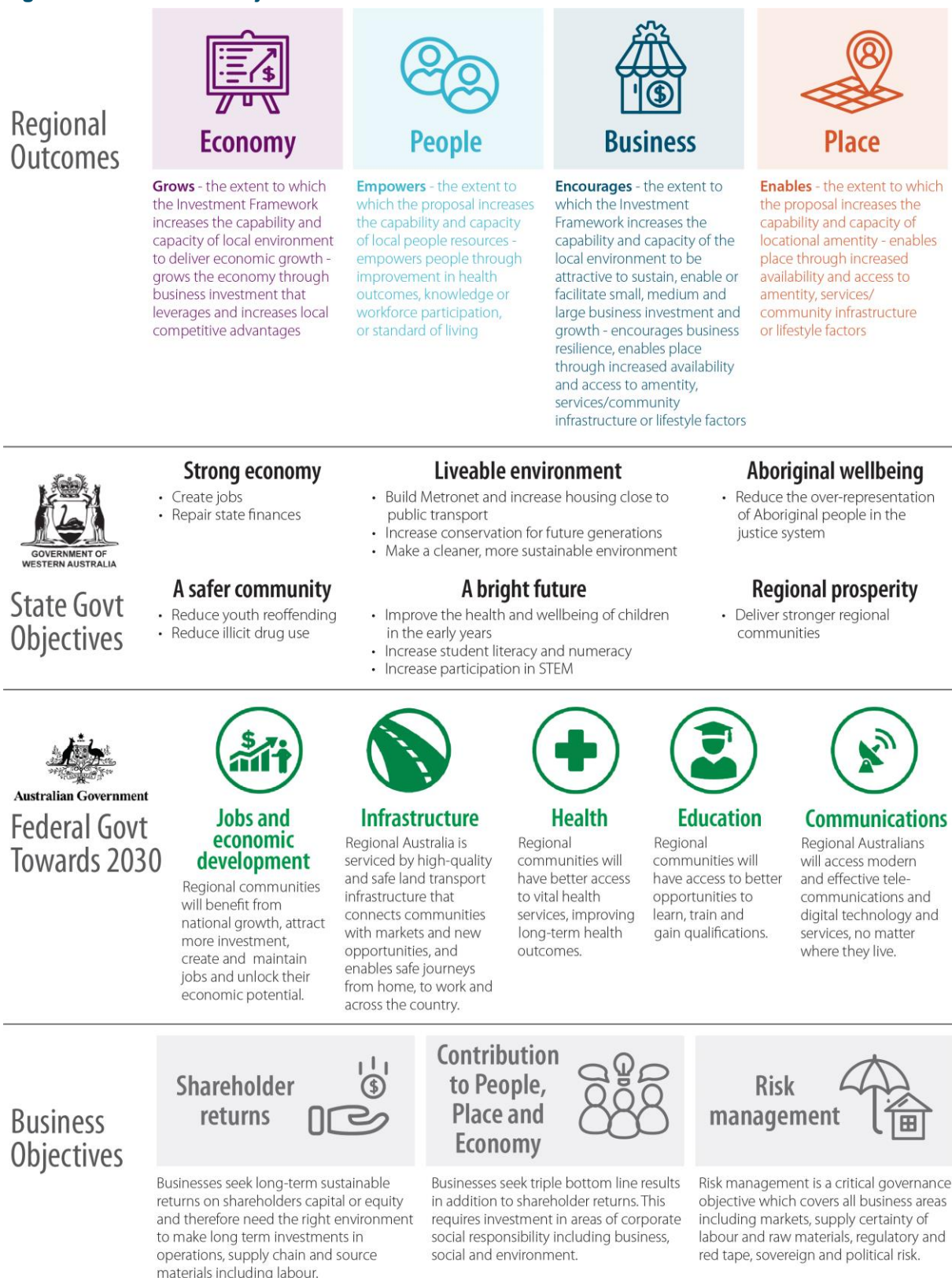
Many State Government departments, trading entities such as the Regional Development Commissions, WA Planning Commission and WALGA share a common vision for regional economic development and investment through recognition of the region's importance.

Infrastructure WA, as a specific example, on behalf of the WA State Government has also commenced a 'more strategic approach to Western Australia's infrastructure development'. This has commenced via its discussion paper 'A Stronger Tomorrow – State Infrastructure Strategy Discussion Paper' which provides a foundation for the development of the State Infrastructure Strategy. The Regional Capital's vision is also aligned with 'ten draft objectives that reflect areas of critical importance and influence on Western Australia's society, economy and environment over the next 20 years' that aim to:

- Support a strong, resilient and diversified economy.
- Maximise regional strengths to unlock strategic opportunities for Western Australia.
- Enhance infrastructure delivery and develop skills for the future.
- Support access to social services and improve Aboriginal wellbeing.
- Enhance cross-government coordination and planning.
- Address climate change and increase resilience.
- Support population growth and change.
- Maximise liveability and cultural strategic opportunities for our community.
- Embrace technology, data and digital connectivity.
- Get the most from our infrastructure and improve maintenance.

The Regional Capitals acknowledge and support the need to focus on all stakeholder outcomes that contribute to the economic, social and human development of local and regional communities, of which some are captured in Figure 2 below.

**Figure 2 - Stakeholder objectives**



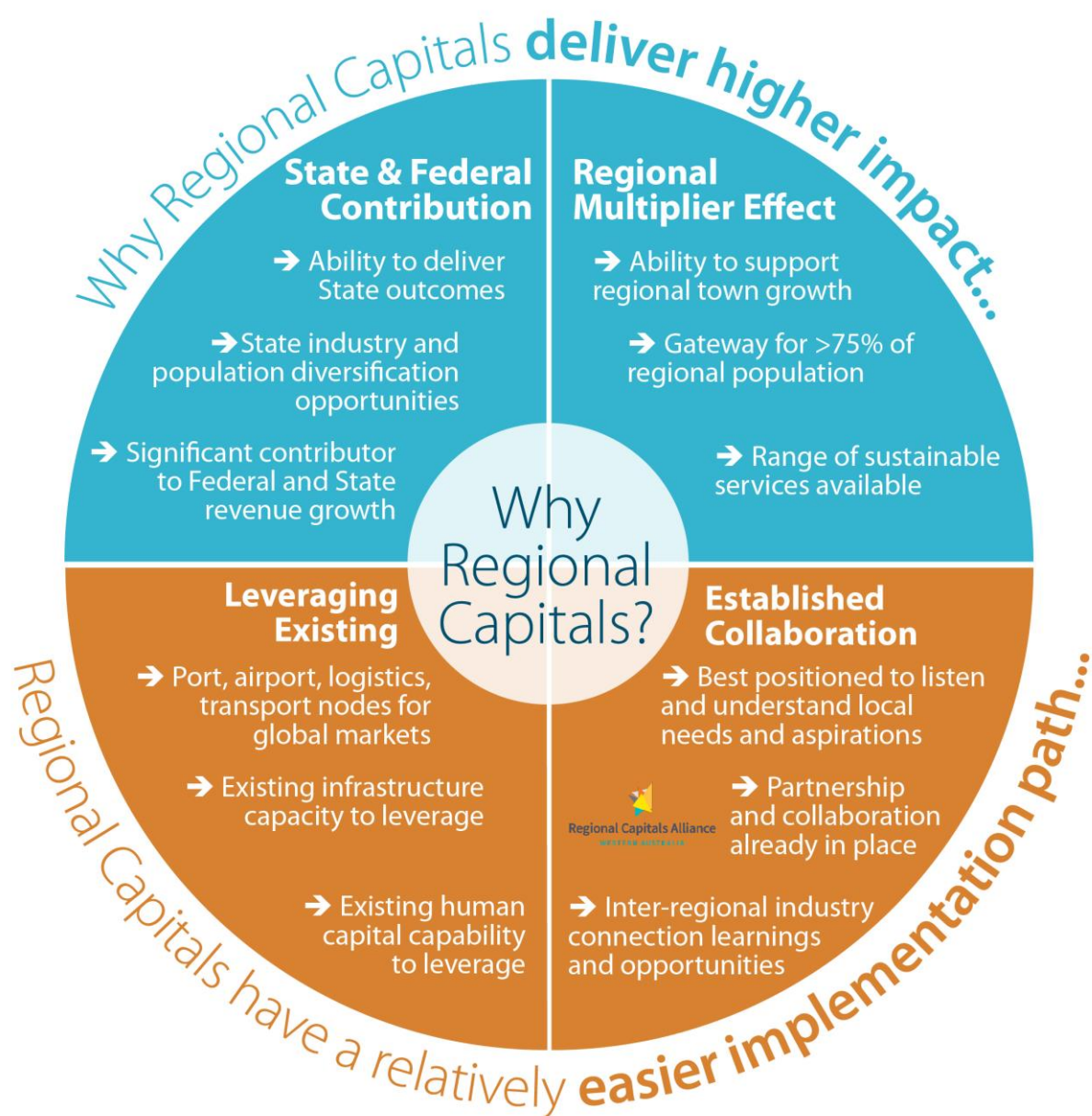
## 8. Regional Capitals – the investment case

All stakeholders, whether government or business have limited capital to invest across its portfolio and all are looking for returns across different objectives and measures. The regions and Regional Capitals provide a compelling case, relative to other funding opportunities to support short-term COVID-19 related stimulus and longer-term delivery of outcomes.

Regional Capitals have approximately \$3.6bn of investment opportunities at different stages of maturity that could be leveraged to meet the needs of State and Federal government.

These Regional Capital investment opportunities are realisable and are likely to deliver sustainable outcomes across people, place, business and economic objectives of government and business relative to other opportunities. The relative ease of implementation and marginal cost, relative to other investments, is supported by current capacity and capability in the ten Western Australian Regional Capitals.

Figure 3 - Regional Capital Investment Logic



**Table 7 – Regional Capital Investment Logic – Description**

Regional Capitals offer the advantage to provide a higher impact of social, place, business and economic return to State & Federal Governments, as well as private enterprise. The Regional also offer a relatively easier implementation path to other remote and green field options in the regions.

Logic	Investment case	Summary
Contribution to State and Federal Government	Ability to deliver outcomes for the State of Western Australia	<p>The State Government acknowledges through many of its plans that the regional growth and diversification is key to the vision of the State. The Regional Capitals are the cornerstone to delivering that outcome.</p> <p>‘While regional Western Australia is already an economic high achiever, the Government is focusing on supporting growth and diversification to realise its vision for the State.’ It was the pre-COVID19 Regional priority of Government to generate 30,000 jobs by mid-2024<sup>14</sup>.</p> <p>The capacity and capability of the Regional Capitals representing 50% of the regional population and has direct influence over 80% of the regional population. That delivers a compelling investment opportunity for the State and Federal Government COVID-19 economic recovery to retain and create long-term jobs and economic recovery.</p>
	State industry diversification and population growth opportunities	<p>The connections figure shown earlier in this paper highlights the Regional Capitals industry and infrastructure currently in place. The opportunity for the State and Federal Government to apply incremental investment in these ten areas is a high impact investment that would deliver outcomes across people, place, business and economy.</p> <p>The largest Regional Capitals within Western Australia also represent an opportunity for the Federal and State Government to reduce risk through diversification. The unique nature of each Regional Capital and the gateway that each represents is a critical diversification strategy for the State Government.</p> <p>This is also acknowledged through the State’s ‘Diversify WA’ plan from July 2019 that ‘is an Economic Development Framework that matches global trends with our State’s unique strengths and identifies six priority sectors for development’<sup>15</sup>. identifies the priority sectors of:</p> <ul style="list-style-type: none"> <li>• Energy</li> <li>• Tourism, Events and Creative Industries</li> <li>• International Education</li> <li>• Mining and Mining Engineering and Technical Services (METS)</li> <li>• Technology and Advanced Manufacturing</li> <li>• Primary Industries</li> </ul> <p>Regional Capital investment delivers a high impact and attractive return across all aspects of governments’ portfolio.</p>
	Contributor to Federal and State revenue growth	<p>The scale and critical nature of current and future export and government (Federal and State) revenue opportunities lies within Regional Capitals as a gateway to the regional economic powerhouses.</p> <p>Delivery of fundamental infrastructure and strategic enabling infrastructure will deliver short-term risk management and longer-term revenue growth for Federal and State governments.</p>
Regional Multiplier effect	Ability to support of regional town growth	<p>The Regional Capitals are best placed to understand the regional opportunities from the regional capitals position. They are also the critical connectors and collaborators of the economic and social development of Regional WA.</p> <p>By virtue of their role in supporting, utilising and guiding the maintenance and investment in the State Significant economic infrastructure they are the critical</p>

<sup>14</sup> State Government, ‘Diversify WA – Strong Economy, Creating Jobs, Diverse Industries’ July 2019, p52

<sup>15</sup> State Government, ‘Diversify WA – Strong Economy, Creating Jobs, Diverse Industries’ July 2019, p2

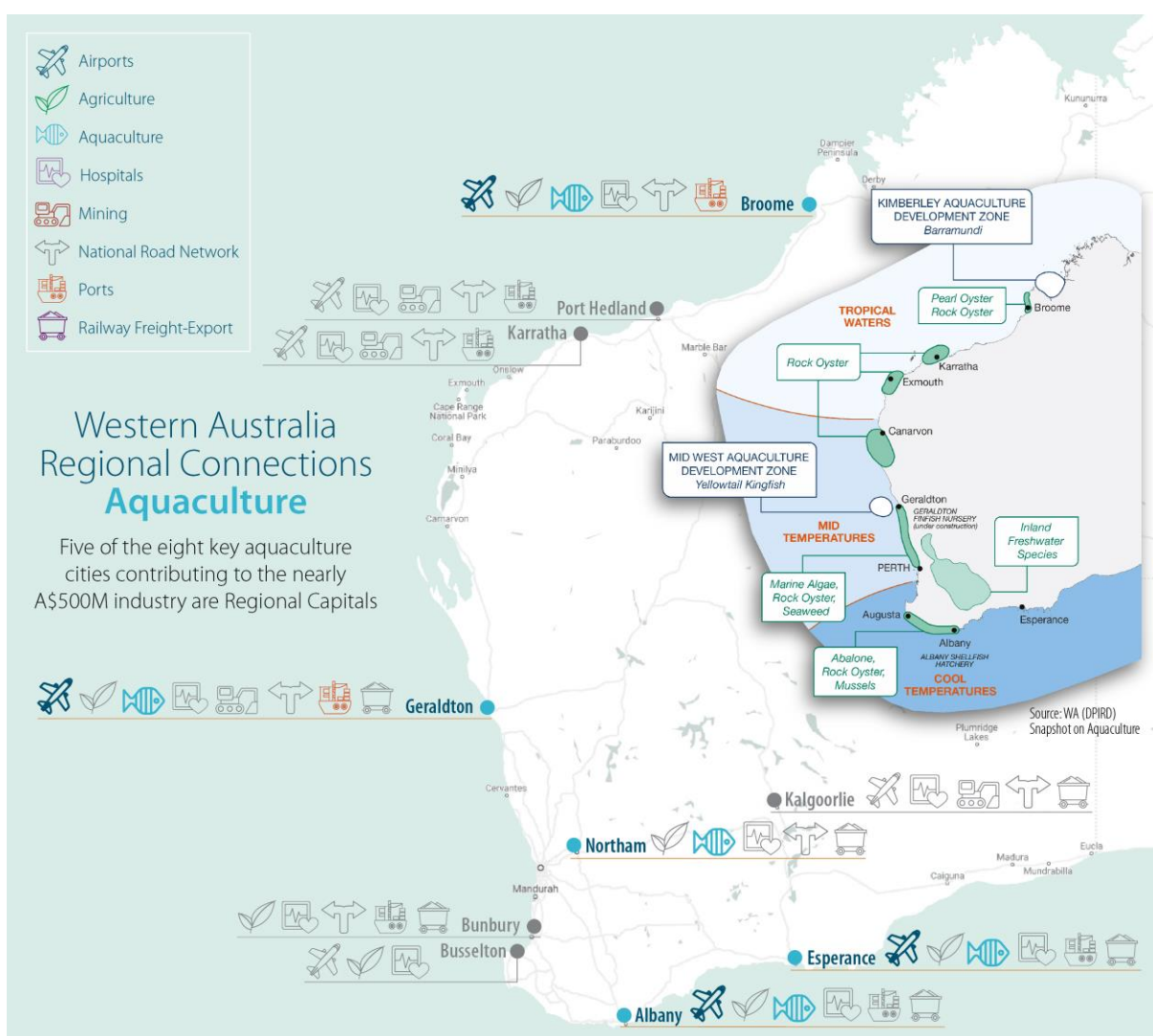
		<p>leaders in connecting/collaborating with all other players/actors in the development of Regional WA.</p> <p>Their role in consulting, understanding and working with LGAs, or smaller councils in their social, infrastructure and economic network is key in this strategic approach to economic development in the regions to promote, facilitate regional development and common benefits.</p>
	Gateway for ~75% of regional population	<p>Fundamental infrastructure, services, population, economy and business in the outlying area and towns of the regions often relies on Regional Capitals as a hub and network effect.</p> <p>Investment in the Regional Capitals has a flow on effect to support those surrounding and network towns that each have advantages, social and business attractions.</p>
	Range of sustainable services available	<p>There is a current scale of fundamental services in the Regional Capitals, that are reliant on each other for sustainability. Early investment in Regional Capitals, or the hubs, will maintain and grow this status of fundamental infrastructure, as Infrastructure WA calls it.</p> <p>The impact on investment in increasing scale of these already sustainable services has a multiplier effect compare to green fields investment in one core service in a smaller regional town. The ability then of a larger sustainable central service then allows the network towns to access that better and scalable services in innovative and cost-effective ways.</p>
Leverage Existing	Ports, airports, logistics and transport nodes for global markets	<p>As shown in Figure 1– Regional Capitals - industry and critical infrastructure connection, the Regional Capitals have current infrastructure that links their population and regional economy to global markets. This includes primary and secondary industries as well as tourism, amongst others.</p> <p>As shown in the State's Recovery Plan announced in recent weeks, this critical economic infrastructure is acknowledged through programs such as the upgrade investment in the Broome and Geraldton port and jetties.</p> <p>The infrastructure, that the Regional Capitals manage and fund operations, are also acknowledged in the nine DPIRD 'Industry snapshots'<sup>16</sup> that highlight the Regional Capitals infrastructure as an attractive reason for growth in trade.</p>
	Existing human capital capability to leverage	<p>The Regional Capitals have the capability to plan and deliver the outcomes for the State, regions, Federal Government and business objectives.</p> <p>There is an efficiency and effectiveness multiplier in investment in the Regional Capitals because of existing organisation structure, people, experience and knowledge.</p>
	Existing infrastructure capacity to leverage	<p>Existing fundamental infrastructure provides a capacity to deliver a better return on funding because of the marginal cost of expansion to fundamental infrastructure. Current infrastructure needs improvement and expansion rather than greenfield development compared to investment in smaller centres across health, education, water, electricity and other key services.</p>
Established Collaboration	Best positioned to listen and understand local needs & aspirations	<p>The teams within the Regional Capitals live in the regional capitals. They are part of its DNA and share a common vision with the community and business.</p> <p>The Regional Capitals are the best placed stakeholder to listen and understand local needs. They can then either act, lead, enable or influence State and Federal Government departments to achieve outcomes for all stakeholders.</p>
	RCAWA - Alignment and cross collaboration in place	<p>The maturity and development of the Regional Capital Alliance in Western Australia has positioned the Regional Capitals as a credible network of regional gateways that share knowledge. While Regional Capitals may have diverse local contexts, they also share much common ground. Regional Capitals partner and collaborate on opportunities to innovate and develop new ways of working to accelerate the growth of regional communities.</p>

<sup>16</sup> DPIRD website, [Agribusiness Food & Trade](#) » [Investment](#) » [Western Australian Industry Snapshots](#)

	<p>Inter-regional strategic connection – industry and infrastructure</p> <p>Infrastructure, industry and projects across the Regional Capitals have common themes and learnings and the Regional Capitals share knowledge of project assessments, viability, funding, development and operations.</p> <p>Focused investment in the Regions would deliver greater benefits for the State and Federal government to deliver its outcomes more effectively and efficiently. Regional Capitals could support the State departments given their relationships and knowledge of future business opportunities in each regional gateway.</p> <p>See the Figure below for aquaculture, as an example of regional locations and connectivity of the Regional Capitals.</p>
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**Figure 4 - Regional Capital Connections – Aquaculture**

An example of the Regional Capital connections and knowledge sharing in one industry. The strategic and collaborative relationship of the Regional Capital Alliance positions it as a group that can share best practice, learnings to unlock future opportunities with State Government departments.



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## 9. Why now, what is different?

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A common issue with business investment is the right environment and conditions for investment. The complexities and multi-department regulatory requirements to complete and operate a project are often significant. In many cases opportunities or assets often become stranded because the proponent is unable to navigate the regulatory requirements across many State Government departments. The willingness of an operator and investors to continue with project assessment, pre-feasibility and funding often tires when bureaucracy becomes too much of a constraint.

Infrastructure WA also identifies the role of government to set up conditions for large scale private investment. The government to private sector mining investment boom ratio was a 90/10 split and is now 80/20 which has significant increased cost implications to the State Government. It is in the State Government's interest to create attractive conditions to business and investors to create or 'scale-up' industries. Those businesses will then sell to local and global markets resulting in a benefit to all stakeholders including people, cities, businesses and the economy. The industries and broader opportunities are already identified in the Regional Development Commission's visions, plans and industry blueprints as well as the Regional Capital's plans.

The current global economic headwinds of COVID-19 pandemic, potential trade wars and the uncertainty of China's position in the world requires a Western Australian paradigm shift. Many layers of government and private enterprise, since COVID-19, have presented the requirement for Australia to quickly move from a 'harvest' mindset to an economy that is more reliant on secondary processing of our abundant natural resources.

Regional Capitals acknowledge the opportunity they offer to complement the effort of government, and wherever possible will partner with government, to align effort of all stakeholders so that the environment is attractive for business investment. Effort of all levels of government may be through financial and non-financial support.

*It is the time to facilitate and fast track economic development opportunities through faster pre-feasibility studies, opportunity approvals and development. Those actions need to clear a path for private capital investment and create an appropriate regulatory environment for private capital to navigate the complexities and challenges of approvals, which will then give comfort to investors and then deliver benefits to outcomes of People, Place, Business and Economy to all stakeholders.*

## 10. Build investment and non-build levers

### Government options

The range of levers, or currently termed build or non-build investment (or financial and non-financial) options for the State Government, as listed by the current Infrastructure WA, State Infrastructure Strategy Discussion Paper, 'A Stronger Tomorrow' could be described using the framework below.

**Table 8 – Tools available to Government<sup>17</sup>**

Aim	Levers			
	Nodality (Information)	Authority (Legal Powers)	Treasure (Economic)	Organisation (Delivery)
<b>Deliver objectives of people, place, business and economy</b>	<ul style="list-style-type: none"> <li>Advice</li> <li>Information</li> <li>Advertising</li> <li>Promotion</li> <li>Education</li> </ul>	<ul style="list-style-type: none"> <li>Legislation</li> <li>Regulation</li> <li>Licenses</li> <li>User Charges</li> <li>Property rights</li> </ul>	<ul style="list-style-type: none"> <li>Grants</li> <li>Funding</li> <li>Taxation</li> <li>Concessions</li> <li>Subsidies</li> <li>Incentives</li> <li>Pricing</li> <li>Research funding</li> </ul>	<ul style="list-style-type: none"> <li>Policy</li> <li>Government Agency Delivery</li> <li>Administration and Governance</li> <li>Public Enterprises</li> <li>Contracting</li> <li>Institutional Reform</li> <li>Judicial Review</li> </ul>
<b>Example of Current Regional Development Opportunity</b>	Current WA Tourism Campaign 'WonderoutYonder' to grow awareness to holidaying in regional WA	Regulatory change to facilitate broader third-party access to privately owned infrastructure (railway or port facilities)	The current FIFO relocation incentives Grant funding for regional initiatives	Delivery of projects and services by Government (local, State and Federal) Fisheries Project etc

Infrastructure WA states that the 'strategy will focus not only on new infrastructure projects and programs, but also non-build solutions and issues regarding all of the levers'<sup>18</sup>, of which some are listed above.

The use of these options have recently been reinforced by part of the State Government's recent COVID-19 pandemic 'WA Recovery Plan' titled 'Reducing red tape' that 'unlocks barriers to private investment' via 'investing \$2.3 million that will help 20 local governments identify opportunities to reform approval processes, and new laws will simplify approvals for mining, tourism and other developments'.<sup>19</sup>

WALGA's 'Local Economic Development' Research findings and future directions paper, May 2019 also prevents ways to remove barriers for Local Government (pages 34-44) including specific recommendations amongst others including:

- 'The (proposed) review of the Local Government Act 1995 provides an ideal opportunity to clarify the sector's responsibilities by formally recognising in legislation Local Government's role in economic development'.<sup>20</sup>
- The importance that Local Governments' have access to appropriate funding through various methods such as broadening the rates base, removing restrictions on fees and charges, and removing restrictions on borrowings.
- Flexible and innovative service delivery methods including 'the ability to form Beneficial Enterprises, amongst other things, would be particularly useful to allow Local Governments to leverage their existing land and property assets. The Western Australia sector currently holds land and fixed assets totalling more than \$43billion in 2016-17, which is a significant resource that can be accessed for economic development activities if appropriate structures are made available'.<sup>21</sup>

<sup>17</sup> Adapted from: Howlett, Michael. (2005). What is a policy instrument? Tools, mixes, and implementation styles. Designing Government: From Instruments to Governance. 31-50.

<sup>18</sup> Infrastructure WA, A Stronger Tomorrow, State Infrastructure Strategy Discussion Paper

<sup>19</sup> Western Australia Government, Department of Premier and Cabinet, 'WA Recovery Plan', 'Reducing red tape'

<sup>20</sup> WALGA's 'Local Economic Development' Research findings and future directions paper, May 2019

<sup>21</sup> WALGA's 'Local Economic Development' Research findings and future directions paper, May 2019

## 11. Regional Capitals opportunities

The Regional Capitals have a good portfolio of current projects at varying stages of maturity for investment consideration. These are also substantiated through many economic development opportunities identified and costed to varying degrees in the last 10 years. Projects varied from 'shovel ready' core local government projects to 10-year infrastructure that drives economic development.

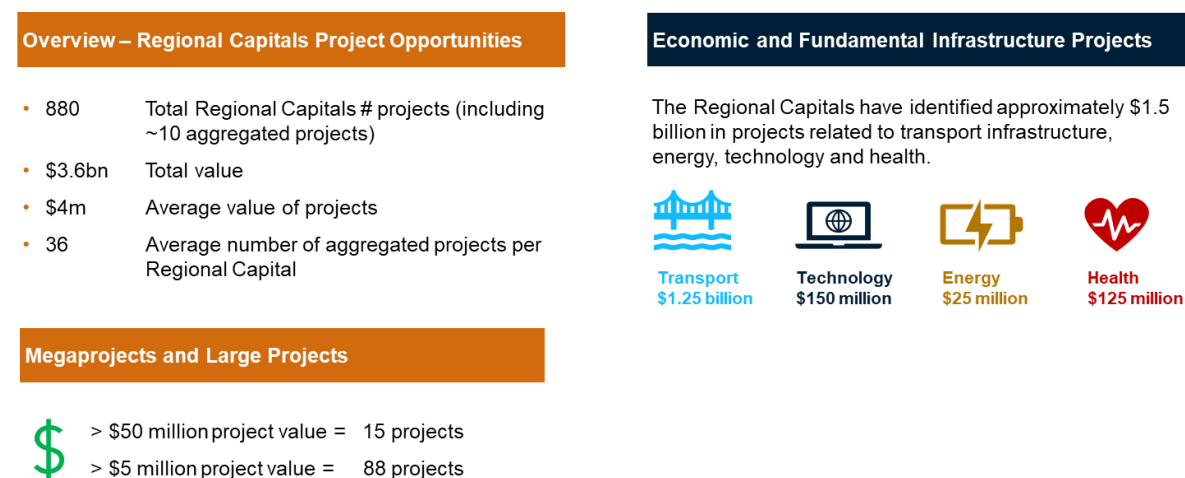
These include Regional Development Commission regional economic development blueprints, State Government department strategies and policies (as mentioned before) and Regional Capital plans. Many of these reports are related and linked. They are often industry and business lead to generate an 'at scale' sustainable investment opportunity that is larger than any one proponent or investor yet should be attractive to all stakeholders.

If the opportunities are strategic and planned then they should deliver an array of outcomes across People, Place, Business and Economy for government and returns to investors and private enterprise.

As an example of public investment that attracted business investment and economic growth by the Western Australian Government is the Australian Marine Complex is located on Cockburn Sound and is considered one of the largest ship building precincts in Australia. It contains dry dock facilities and Australia's second largest ship-lift (nominal lifting capacity of 8065 tonnes). Some of the private companies that have located in the complex include ASC Pty Ltd, Austal Ships, BAE Systems Australia and Strategic Marine.

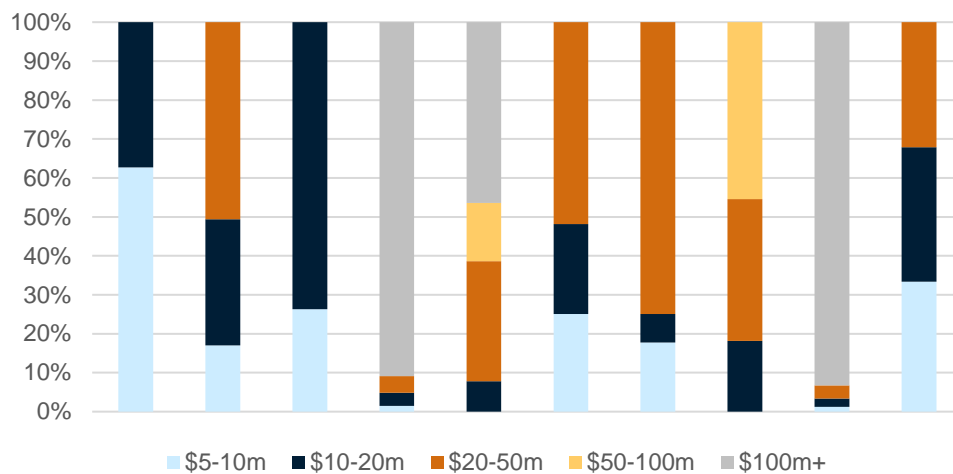
The following overview of the Regional Capital forward capital works plans highlights investment opportunities that could generate economic and community growth for their region and the State.

**Figure 5 – Regional Capitals - Investment Opportunity Overview**

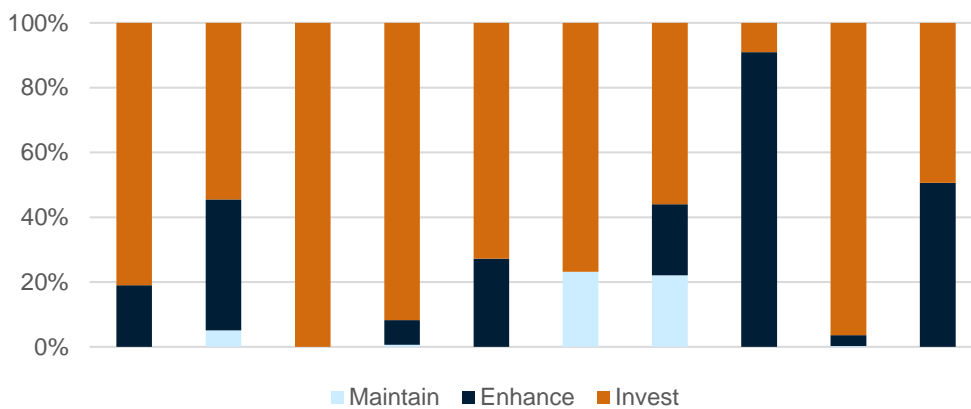


Source: Regional Capitals (RCAWA Forward Capital Work Plan Analysis June 2020)

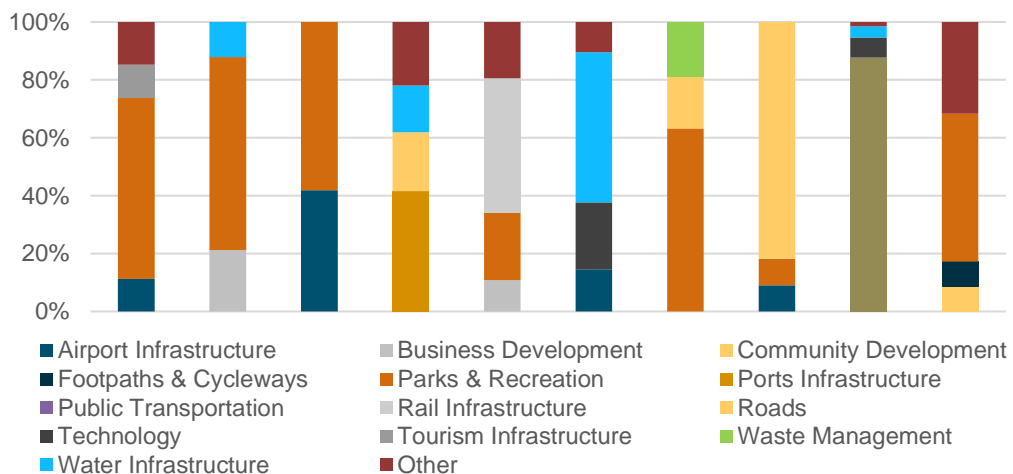
**Figure 6 - Project Size Mix (+\$5M projects) across Regional Capitals**



**Figure 7 - Project Objective Mix (+\$5M) across Regional Capitals**



**Figure 8 - Project Mix (+\$5M) across Regional Capitals**



## 12. Stakeholders and their roles

Regional Capitals recognise that they are uniquely placed to play a highly nuanced role in facilitating the social and economic development of regional Western Australia. Rather than seeking to duplicate or undermine the activities of others or overreach beyond their obligations and functions as Local Government Authorities, Regional Capitals recognise that the emphasis of their efforts is focus to on creating the circumstances and environment to enable economic and social development to flow from other stakeholders' choices and investment activities. The Regional Capitals, as stated by many in the consultation period of this paper, are the closest organisation to local community and business stakeholders in the regions and are networked to all major government and private sector strategic investors, influencers and stakeholders. Regional Capitals can play a critical role in maximising the engagement, coordination and alignment of all stakeholders to achieving the outcomes across people, place, business and economy.

Bounded by the overarching principle of collaboration, the knowledge and insights gained through their broad and ongoing engagement allows Regional Capitals to understand the needs of stakeholders, be socially and business lead, such that they are nuancing their efforts and the efforts of others to facilitate the desired outcomes. Knowing what is required and calibrating their efforts at the right time to allow the local and regional environment to unlock economic and social development. The Regional Capitals accept that their role will adapt to complement and assist the role of others to unlock the social and economic opportunities from all stakeholders currently in or interested in their community.

### Roles of Regional Capitals

The role of Regional Capitals will be focused around four critical roles that are to Enable, Act, Lead and Influence. There are activities relating to different stakeholders and the level of authority held by the Regional Capitals as per the Local Government Act. Calibrating and adapting their roles to suit the specific circumstances, builds on the recent efforts of Regional Capitals, and formalises and clarifies the commitment of Regional Capitals to cultivating the environment for regional economic and social development.

**Figure 9 – Roles of the Regional Capitals**



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## **Lead**

Regional Capitals will provide local and regional leadership to work collaboratively with other Stakeholders to identify opportunities, constraints and priorities for regional investment. This will see Regional Capitals, actively engaging with all stakeholders, representing their regional priorities, helping their communities to envision their regional future and planning the strategic approach and actions to get there.

## **Influence**

Building off their leadership role Regional Capitals will utilise their relationships, networks and capacities to shape and influence the priority given to regional opportunities, constraints and priorities within the region, within the State and nationally. This will see Regional Capitals advocate, sponsor and support proposals, ideas, projects and causes that further the social and economic development of their region.

## **Enable**

Recognising the unique position of the Regional Capitals as a gateway connector for a multitude of stakeholders, competing interests and a broader network, Regional Capitals will be best placed at times to play the critical enabling role allowing other stakeholders or investors to take action. Working to free up blockages, this will see Regional Capitals collaborate and partner with all stakeholders to facilitate, connect and coordinate the intent and efforts of others to unlock potential and enable their regions to benefit from investment opportunities.

## **Act**

Noting their respective powers and functions, and with a predisposition to allow the most appropriate stakeholders to take responsibility for their own roles and functionality, Regional Capitals recognise that there are times and instances where they will be required to Act in order to achieve the social and economic development outcomes sought. Where necessary and in order to create momentum, this will see Regional Capitals commence initiatives, deliver projects or programs, and operate services or activities required to promote the achievement of outcomes consistent with the regional vision for people, place, business and economy.

## **Role and functions of Government Agencies**

Regional Capitals acknowledge and welcome the roles and functions undertaken by State and Federal Government agencies. Regional Capitals recognise that their cities are the gateway to regional WA and they have the lion's share of the state significant infrastructure therefore, they play a key role in connecting metropolitan Perth and their regional communities. They take this role seriously and embrace the expectation that they engage with their broader regional communities and represent the collective interests of the region externally. Acknowledging their unique positioning, Regional Capitals are keen to collaborate and partner with State and Federal Governments to provide a more connected and coordinated engagement with Government infrastructure and service agencies to maximise the success of Government investment in regional WA.

Building on the excellent work undertaken by Regional Development Commissions and Regional Development Australia, Regional Capitals see opportunities complement and contrast the efforts of State and Federal Government agencies to further investment in regional social and economic development. Through this strategic investment framework, Regional Capitals will seek to apply the variety of roles outlined above to complement and leverage off the efforts and work undertaken by Regional Development Commissions and Regional Development Australia in regional planning, data analysis and coordination to improve the timing, alignment and impact of regional investments.

Regional Capitals will also use their local knowledge and networks to tap into greater diversity of stakeholder representation and networks. This engagement with diverse voices on regional weaknesses, opportunities and constraints is likely to be more easily conducted and available to Regional Capitals than to State and Federal Government agencies.

## **Business and Industry**

Regional Capitals acknowledge the crucial role that small, medium and large businesses play in driving, creating and supporting the social and economic development opportunities in their cities and their regions. The impacts of the COVID-19 pandemic on regional communities has reinforced the reliance on both large and small businesses in underpinning the success of Regional WA and its contribution to State and National economic

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performance. While much attention is given to the activities of multinational resource companies in regional WA, for many regional communities including the Regional Capitals, their economies rest heavily on the success of small to medium businesses. As one respondent commented, “in our towns, small businesses are family businesses, and therefore they are the community (that is, the people)”. Accordingly, Regional Capitals recognise that enhanced investment of private sector capital in regional communities will be reliant on small and medium business being prepared to take the risk to invest in their regions with confidence of a strong likelihood of sustained success. As such, they are committed to actively engaging with local businesses and working collaboratively with business and industry, directly or through representative bodies such as the Chambers of Commerce and Industry, to understand what is required to provide an environment conducive to business growth and investment.

A key driver to economic growth in regional communities is harnessing the entrepreneurial spirit and supporting emerging or “disruptive” industries and businesses. This by its nature requires a willingness to consider diverse views and to challenge current thinking. Regional Capitals recognise that a willingness to embrace and champion potentially disruptive opportunities will be critical in realising their regions full potential.

Like their local government representatives (Regional Capitals), local businesses have a unique and direct understanding of the opportunities, comparative and competitive advantages and untapped potential available in Regional Western Australia. By flagging a willingness to embrace a variety of roles, Regional Capitals are signalling to the business community that they are prepared to collaborate with the private sector to invest strategic effort, political capital and local government resources to create business friendly conditions and processes in order to prioritise and encourage local business success.

In doing this, Regional Capitals will facilitate and seek the assistance of the business community to bring forward ideas, issues and opportunities and to be the innovators, the investors and the drivers of investment proposals. This would help maximise regional competitiveness, increase the attractiveness for further investment and deliver greater outcomes for Governments, the community and other businesses. As presented in this paper both financial and non-financial ideas to remove constraints will also be canvassed.

Through working together with the business community, Regional Capitals are confident that they can better understand the roles and actions they can and should take to enable and support the business community to take advantage of investment opportunities. Building off existing strong relationships with the local business sector, Regional Capitals will use their position to help industry work more effectively with all sectors to enhance regional investment.

## **Aboriginal Communities**

The Aboriginal communities across Western Australia are a key stakeholder and contributor to improve regional outcomes including People, Place, Business and Economy.

## **Community**

As first and foremost local representatives of their local communities, Regional Capitals are committed to ensuring they actively engage with their communities to understand local issues; to identify local challenges and opportunities; and to inform their view on local aspiration. In building and implementing a long-term vision for the regional communities that responds to the community’s aspiration and is pragmatic and achievable, Regional Capitals will rely heavily on the social capital that exists in their communities. Engaging and empowering this social capital, embedded in local residents; sporting, not for profit and community groups; and informal local leaders, will not only help to inform and shape local and regional investment priorities but more importantly will leverage local community capacity to extract maximum social benefit from continued investment in Regional WA.





Regional Capitals will actively work to connect, engage and empower local community leaders to collaborate and partner with other stakeholders to support investment in Regional WA. By continuing to promote and facilitate high standards of public participation in their local communities Regional Capitals will be well positioned to represent the interests, priorities and aspiration of their communities to all stakeholders. It will also help to create a shared ownership and commitment to the local and regional visions that will be used to inform and underpin strategic investment priorities for their regions. A shared commitment to active participation in these community engagement processes will be critical to shaping the future social and economic development of these communities.

## 13. Issues and risks

The following themes of issues and risks were identified in the discussions with the Regional Capitals representatives. They are ordered, with the first being the issue or risk mentioned the most.

Adopting the principles of the Investment Framework indicates that many of the risks could be mitigated. The Regional Capitals will work to mitigate all of them through the Regional Capitals commitment and constructive approach to work with State Government, Federal Government and the business community. Acting, or demonstrating leadership by completing these actions, within the authority of the Local Government Act, will show all stakeholders that the Regional Capitals are serious about leading and creating the future opportunity for themselves, their region, the State and Australia. The mitigation steps address all issues and risks to a certain degree, but more importantly show the commitment and leadership of the Regional Capitals.

**Table 9 – Issues and Risks**

Issues & Risks	Mitigation	Role			
		Enable	Act	Lead	Influence
Poor stakeholder collaboration	<ul style="list-style-type: none"> <li>Facilitate, coordinate and connect with businesses of all sizes and community groups to identify key projects for the Regional Capital and region.</li> <li>Identify all relevant stakeholders for each project.</li> <li>Workshop 'best-path' options with other Regional Capitals to use experience of RCAWA.</li> <li>Consult locally with community, regional local governments, business and relevant State and Federal Government authorities to develop project rationale and 'why'.</li> <li>Develop clear Regional Capitals economic development and social plan linked to the region.</li> <li>Projects are attractive for all funding options available from State Government, Federal Government, business and investment groups.</li> <li>Identify non-financial levers that will accelerate achievement of the vision and projects.</li> <li>Support and/or prepare strategic coherent and comprehensive business cases for each project with stakeholders.</li> </ul>				
Poor regional and Regional City vision					
Single lens, non-strategic view of opportunities that do not consider all stakeholders needs and aspirations					
Industry opportunities are not business lead					
Business and industry constraints and opportunities are not captured					
Attractive State investment opportunity missed					
Underinvestment in fundamental infrastructure					
Inaction from all stakeholders					
All stakeholders including Ministers and State Government Departments do not own the Investment Framework					
Politically lead decision making, not long-term strategic decisions					
Non-build levers are not addressed					

## 14. Implementation

The Regional Capitals commit to act, lead, enable and influence with all stakeholders to advance the prospects of the regions, to the benefit of the State, Federal, regional and Regional Capital outcomes.



**Table 10 – 6 Month Implementation Actions**

Action	Summary	Timing
<b>COVID-19 response</b>	Contribute to the State Government's WA Recovery Plan. (Act, Lead and Influence)	August 2020
<b>Charter commitment</b>	The Regional Capitals will commit to a set of principles and a standard approach, articulated in a charter, as to how they will work with all stakeholders. (Act and Lead)	August 2020
<b>IWA – State Infrastructure Strategy Discussion Paper</b>	Submit this report to the Infrastructure WA consultation request before 21 August 2020. (Act, Lead and Influence)	August 2020
<b>Prioritise regional economic development</b>	Prioritise the responsibility and strategic focus of economic development to an executive.  Commence 'listening' sessions with community, including Aboriginal communities, and business (small, medium and large) to capture all possible business, economic and community opportunities. This would benefit the Regional City in any circumstances, demonstrate leadership and support Infrastructure WA pipeline development. (Lead, Act and Enable)	September/ October 2020
<b>Investment Framework consultation</b>	Regional Capitals consult and seek feedback from stakeholders: <ul style="list-style-type: none"> <li>• Small business including local CCIs</li> <li>• Medium and large local business – current and potential</li> <li>• LGAs in each Regional Capital's region</li> <li>• Regional Development Commissions</li> <li>• Department of Industries and Regional Development</li> <li>• Department of Finance</li> <li>• WALGA</li> <li>• Infrastructure WA</li> <li>• Federal Government Agencies</li> </ul> Consult and seek feedback from Government as to the best mechanism of implementation to achieve success. (Act and Enable)	September 2020
<b>Review and amend Investment Framework</b>	Review feedback and amend Investment Framework after feedback from consultation period. (Lead)	October 2020
<b>Agreement</b>	Submit Regional Capitals Investment Framework to stakeholders for agreement as suggested by State and Federal Government.	November 2020

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## Appendix A – Documents referenced

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The following literature was reviewed to inform the RCAWA Investment Framework.

- Plans and Forward Capital Works Plans from all ten Regional Capitals
- Closing the loop: Waste reforms for a circular economy, February 2020
- City of Perth, 'Four-year Corporate Business Plan', 2020/21 – 2023/24
- 'Delivering economic stimulus through the conservation and land management sector', July 2020, Ernst & Young report
- DPIRD Industry Snapshot – WA Aquaculture Industry Snapshot
- DPIRD Industry Snapshot – WA Beverages Industry Snapshot
- DPIRD Industry Snapshot – WA Dairy Industry Snapshot
- DPIRD Industry Snapshot – WA Edible Oils Industry Snapshot
- DPIRD Industry Snapshot – WA Horticulture Industry Snapshot
- DPIRD Industry Snapshot – WA Processed Foods Industry Snapshot
- DPIRD Industry Snapshot – WA Wild Catch Seafood Industry Snapshot
- DPIRD Industry Snapshot – WA Meat Industry Snapshot
- DPIRD Industry Snapshot – WA Arable Crops Industry Snapshot
- Energy Transformation Strategy, 2019 Government of Western Australia
- Esperance Region, 'Economic Development Strategy'
- 'Diversify WA Economic Development Framework for Western Australia' July 2019, Government of Western Australia, Department of Premier and Cabinet
- 'State Planning Strategy 2050' Executive Summary, Planning for sustained growth and prosperity, Government of Western Australia, Western Australia Planning Commission
- Infrastructure Western Australia, 'A Look at the Regions. A complementary resource to: A Stronger Tomorrow, State Infrastructure Strategy Discussion Paper, June 2020
- Infrastructure Western Australia, 'A Stronger Tomorrow'. State Infrastructure Strategy Discussion Paper, June 2020
- 'Regions 2030, Unlocking the Opportunity' Australian Government
- Revitalising Agricultural Region Freight Strategy, 2020, Government of Western Australia
- RCAWA Annual Report 2018-2019
- RCAWA 2017/18-2021/22 Strategic Plan
- WA Aviation Strategy 2020, WA Department of Transport
- WA Local Government Grants Commission Annual Report 2019
- WALGA 'State Budget Submission 2020-21'
- Waste Avoidance and Resource Recovery Strategy 2030 (WARRS)
- Western Australia Government, Department of Premier and Cabinet, 'WA Recovery Plan', 'Reducing red tape'

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## Appendix B – Interviews conducted

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- Chris Adams, CEO City of Karratha
- Jason Whiteaker, CEO Shire of Northam
- James Watt, Acting CEO Shire of Broome
- Jasmine Heath, Economic Development Coordinator, Shire of Broome
- Gary Brennan, Mayor, City of Bunbury
- John Walker, CEO City of Kalgoorlie-Boulder
- John Bowler, Mayor, City of Kalgoorlie-Boulder
- Andrew Sharpe, CEO, City of Albany
- Dennis Wellington, Mayor, City of Albany
- Mike Archer, CEO, City of Busselton
- Shane Van Styn, Mayor, City of Greater Geraldton
- Ross McKim, CEO, City of Greater Geraldton
- Carl Askew, CEO Town of Port Hedland
- Shane Burge, Acting CEO, Shire of Esperance
- Paul Rosair, Executive Director, RCAWA
- John Longoulant, Chair, Infrastructure WA
- Nicole Lockwood, Deputy Chair, Infrastructure WA
- Lance Glare, Acting CEO, Infrastructure WA
- Jodi Cant, Director General, Department of Finance,
- Ralph Addis, Director General, Department of Primary Industries and Regional Development

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