

Regional development



WA is Australia's largest state and comprises 10 regions: **Kimberley, Pilbara, Gascoyne, Mid West, Wheatbelt, Peel, South West, Great Southern, Goldfields–Esperance and Perth.** The 9 regions outside Perth are home to 25% of WA's population, generate approximately 40% of the state's gross state product and are an integral part of WA's rich cultural identity.¹



What IWA heard

During consultation on the draft strategy, stakeholders identified strong support for the recommendations, reiterating the need for infrastructure investment to support regional economic diversification and population growth. Stakeholders called for infrastructure gaps to be addressed in more coordinated and timely ways to avoid them becoming barriers to growth. This has been addressed in the chapter and, where relevant, the wider Strategy.

Some stakeholders expressed a view that regional proposals were being disadvantaged over metropolitan proposals, and this has been addressed by identifying the need for the regional development strategic framework to incorporate prioritisation criteria that support more-balanced decision-making.

Amendments have also been made to reflect calls for greater recognition of the infrastructure planning and delivery role of regional local governments, and to consider their resourcing needs if reforms to regional service and infrastructure models require them to play a greater role.

The long-term success of WA relies on generating strong and inclusive growth across the state's regions. The regions are highly reliant on each other and must leverage their collective strengths to realise this Strategy's vision. Considerable flow-on opportunity will come from a stronger, more collaborative approach to regional development that is needed to achieve a step change in outcomes over the next 20 years.

During the last resources investment boom (2007 to 2013), the WA Government focused on activating major mining, oil and gas projects and invested significantly in the liveability of regional communities. The focus for the next 20 years should be on diversifying and growing regional economies and communities. As many of WA's comparative advantages are in the regions, they have a vital role to play in driving the state's next phase of growth.

The Strategy supports an integrated, place-based approach to regional development, as infrastructure is insufficient on its own to realise the desired outcomes.² In addition to infrastructure, there are several measures required to drive sustainable regional development and growth, such as science and innovation, human capital, industry, housing and health policies. Multiple stakeholders are responsible for the different policy areas and these policies must be well coordinated and targeted to be effective. In line with global best practice, regions need to build on their core strengths to diversify their economies, with a focus on export industries that bring in wealth and generate higher-value jobs.

IWA recognises various initiatives that have been taken in recent years to foster greater collaboration between the regions and better align regional development aspirations with the state's wider development objectives. The recommendations in this chapter seek to build on this work to enhance the way infrastructure investment is coordinated and targeted to ensure it complements broader regional development efforts and achieves positive long-term outcomes for the regions and the state.

WA's 10 regions are highly diverse, with a range of social, environmental and economic strengths, and inequalities such as life expectancy, unemployment and digital accessibility (Figure 24).³ The regions are highly interdependent, with social and economic linkages spanning regional boundaries and global markets. These interdependencies can expose regions to greater risks and vulnerability, such as regional reliance on a small number of highly cyclical industries for employment and trade. However, they also provide an opportunity for greater resilience to economic change by leveraging the different strengths of the regions and providing additional redundancy and support in the case of shock events and ongoing stresses.

Perth is WA's most developed region and is the state's primary population, economic and transport hub. It relies on other regions to sustain the city and generate wealth for the state. Other regions rely on Perth to provide a high level of economic and population services to sustain regional communities and industries. Global megatrends will continue to shape WA's diverse pattern of development, impacting on regions differently and creating new opportunities to grow strategic industries and employment and close gaps in regional outcomes.

WA's regional development focuses on the 9 regions outside Perth to drive regional social and economic outcomes, reduce disparity between regions and enhance overall state performance. To position regions for growth, infrastructure investment should build on key regional strengths and support long-term, resilient outcomes for the regions and the state. It should enhance regional productivity by strengthening and developing industries to generate sustainable economic, business and employment growth, and supporting workforce development and reskilling. It should also help address gaps in social services, which are critical to the wellbeing and liveability of regional communities and their ability to attract and retain talented people.

Regional communities, businesses and all tiers of government have important roles to play. Communities and businesses are mindful of global change and are actively seeking new opportunities to do business and improve their livelihoods. A collaborative approach to managing and adapting to change, diversifying economies and building strong communities is required. More coordinated and timely approaches to addressing infrastructure needs before they become a barrier to realising growth opportunities are also required. The recommendations in this chapter seek to improve strategic decision-making and help ensure infrastructure is enabling regions to leverage their key strengths.

Government regional development roles in Western Australia

The Regional Development Portfolio is responsible for leading regional development. It comprises:

- Department of Primary Industries and Regional Development: The department has a lead regional development policy role and provides support to the Regional Development Commissions.
- Regional Development Commissions: Established under the *Regional Development Commissions Act 1993*, the 9 commissions are the lead state agencies responsible for promoting and coordinating the social and economic development of WA's 9 regional areas outside Perth.
- Regional Development Council: Established under the *Regional Development Commissions Act 1993*, the council consists of the chairs of the 9 commissions and is the main advisory body to the WA Government on regional development issues.
- WA Regional Development Trust: An independent statutory advisory body, established under the *Royalties for Regions Act 2009*, that provides advice to the Minister for Regional Development on the operations of the Royalties for Regions (RfR) Fund and any other matters referred to it by the Minister.

This is in addition to state agencies and government trading enterprises with overarching responsibilities (for matters including economic development and planning) and others with statewide responsibilities (such as health, education, water and power). The 9 regional areas include 109 local governments, which provide community leadership and strategic direction and deliver a range of services and infrastructure to enhance local prosperity and wellbeing. Regional local governments often rely on federal and state government grants for major infrastructure delivery.

WA has 9 Regional Development Australia committees (including Perth), which are federally funded entities responsible for providing advice on regional development priorities to the Australian Government.



Building on Western Australia's regional strengths

The same global megatrends driving the need to build a more diverse and resilient economy are also creating new strategic opportunities that WA and many of its regions are well placed to take advantage of.

The 6 strategic opportunities identified in this Strategy align with Diversify WA, the WA Government's economic development framework.⁴ While Diversify WA identifies 8 external-facing sectors the WA Government should prioritise, it does not identify which of these sectors each region should support. This Strategy has gone a step further by identifying the relative strengths of each region to determine which are best placed to realise the strategic economic opportunities and the significant infrastructure required to support this (Table 2).⁵

It should be noted that Table 2 is not intended to be a comprehensive list. It only identifies the top 2 to 3 strengths and infrastructure directions for each region. Regions not showing a particular strength or infrastructure direction in Table 2 should not necessarily be construed as not having any of those strengths or attributes. In addition, the strengths shown in Table 2 are predominantly based on historical data and do not necessarily capture potential future strengths that a region may aspire to build.

Figure 24: Western Australian regional boundaries and key statistics⁶

Estimated resident population at 30 June 2020

Gross regional product 2019–20

Note: This map has been updated to reflect the boundary change resulting from the relocation of the Shire of Wiluna from the Mid West to the Goldfields-Esperance region as of 27 May 2021, but it reflects population and gross regional product data prior to the boundary change.

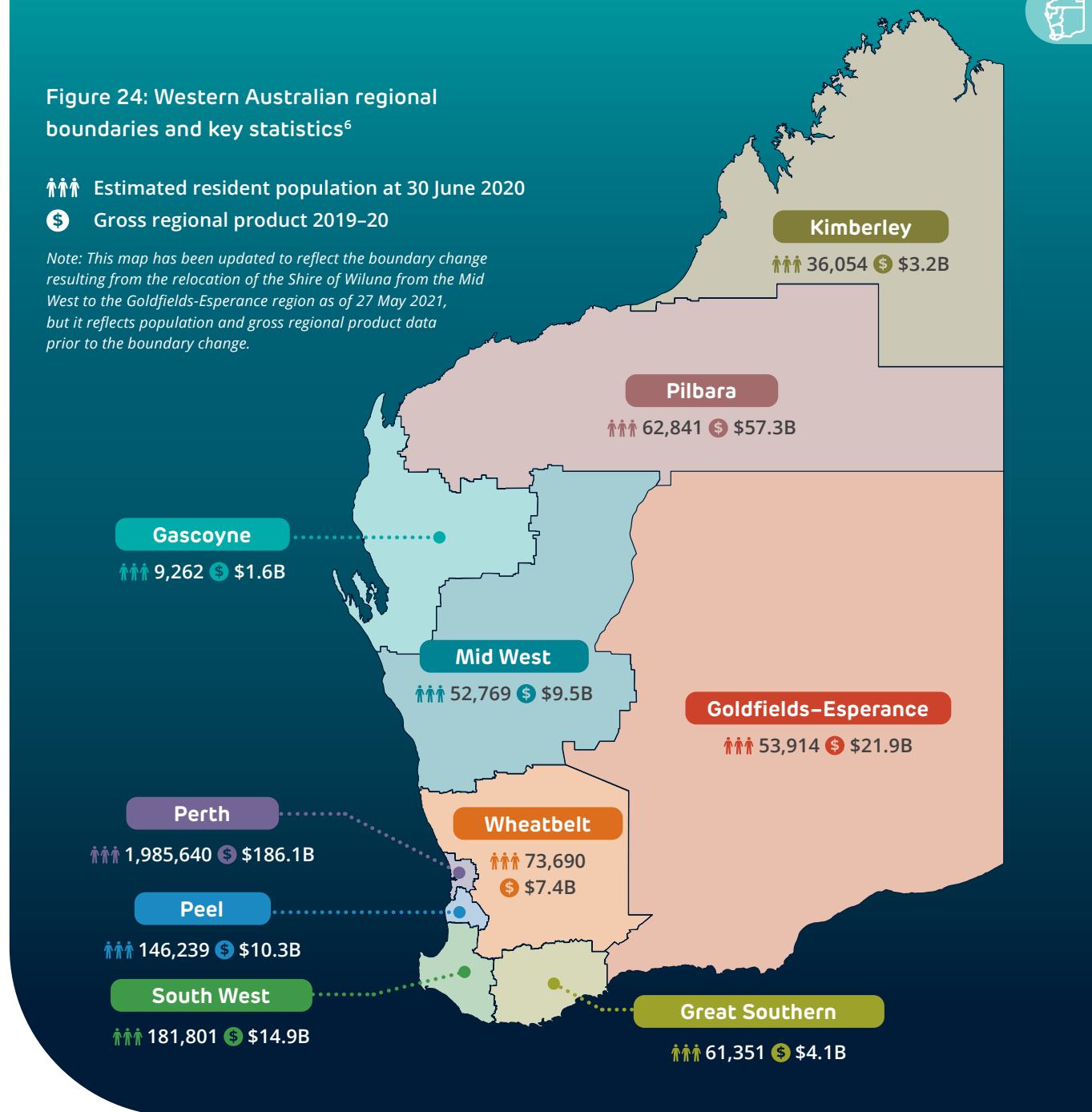


Table 2: Top 2 to 3 strengths and infrastructure directions for each region

Region	Key strengths	Infrastructure directions
Kimberley	<ul style="list-style-type: none"> • Tourism, agriculture and food, and resources • Significant Aboriginal population, culture and heritage • Natural environment (including a World Heritage area) 	<ul style="list-style-type: none"> • Support interstate and international tourism, and the Kimberley (including Broome) as a world-class tourism precinct • Support agriculture and food, including realising the potential of the Ord River Irrigation Area • Support and advance Aboriginal enterprise, and improve the liveability of remote Aboriginal communities and town-based reserves
Pilbara	<ul style="list-style-type: none"> • Globally significant resources sector and largest regional economy • Solar resource • Significant Aboriginal population, culture and heritage 	<ul style="list-style-type: none"> • Support resources value-adding, productivity and innovation • Support renewable energy and hydrogen industry • Support and advance Aboriginal enterprise and improve the liveability of remote Aboriginal communities and town-based reserves
Gascoyne	<ul style="list-style-type: none"> • Agriculture and food, and tourism (including World Heritage areas) • Solar and wind resources • Significant Aboriginal population, culture and heritage 	<ul style="list-style-type: none"> • Support agriculture and food • Support renewable energy and hydrogen industry • Support and capitalise on space science infrastructure
Mid West	<ul style="list-style-type: none"> • Agriculture and food, and resources • Solar and wind resources • Globally significant space science infrastructure – Murchison Radio-astronomy Observatory and radio quiet zone to support Square Kilometre Array 	<ul style="list-style-type: none"> • Support agriculture and food • Support renewable energy and hydrogen industry • Support and capitalise on space science infrastructure
Wheatbelt	<ul style="list-style-type: none"> • Agriculture and food • Integrated road and rail freight network • Proximity to Perth 	<ul style="list-style-type: none"> • Support agriculture and food, value-adding and supply chain efficiency • Plan and adapt service delivery and infrastructure to accommodate population change and structural readjustment
Peel	<ul style="list-style-type: none"> • Resources and value-adding, and agriculture and food • Liveability and proximity to Perth – fastest growing regional population and largest regional centre (Mandurah) • Road, rail and port access, and available commercial and industrial land 	<ul style="list-style-type: none"> • Support resources value-adding, and agriculture and food • Support innovation and advanced manufacturing • Support population growth and address gaps in social services and infrastructure, including health, education, training and housing
South West	<ul style="list-style-type: none"> • Agriculture and food • Integrated road and rail freight network • Proximity to Perth 	<ul style="list-style-type: none"> • Support interstate and international tourism, and the South West as a world-class tourism precinct • Support agriculture and food, value-adding, and innovation and advanced manufacturing • Support population growth, Greater Bunbury as a major population centre, and Bunbury Faster Rail investigations and planning
Great Southern	<ul style="list-style-type: none"> • Agriculture and food • Liveability • Road, rail and port access 	<ul style="list-style-type: none"> • Support agriculture and food, value-adding and supply chain efficiency • Address gaps in social services and infrastructure, including health, education, training and housing • Support increased water and wastewater network capacity to improve water security
Goldfields–Esperance	<ul style="list-style-type: none"> • Resources, and agriculture and food • Road, rail and port access • Significant Aboriginal population, culture and heritage 	<ul style="list-style-type: none"> • Support resources value-adding and supply-chain efficiency • Plan and adapt service delivery and infrastructure to accommodate population change and structural readjustment • Support and advance Aboriginal enterprise and improve the liveability of remote Aboriginal communities and town-based reserves

A range of sources have informed the identification of the strategic direction for infrastructure in each region, including outcomes of stakeholder engagement activities, review of existing government plans, strategies and reports, and economic analysis commissioned by IWA.⁷ This has provided a consistent and evidence-based method of identifying comparative strengths to inform IWA's portfolio management approach to infrastructure prioritisation. The analysis has guided the assessment of where government investment in infrastructure should be targeted to achieve the strongest state and regional outcomes.

Infrastructure responses to cross-regional challenges and opportunities

While distinct in many respects, regions face a range of shared challenges and opportunities in achieving this Strategy's vision. The following section summarises how infrastructure recommendations in other parts of this Strategy address these matters. Further information is available in each cross-cutting theme and sector chapter.

Closing the digital divide

What IWA heard in the regions

Improving regional digital connectivity to underpin social and economic development was a recurring theme and recommendations to close the digital divide in regional areas were strongly supported. Many regions highlighted digital accessibility as a significant issue as they currently receive poor-quality service. This is addressed by the recommendations in the Digital connectivity and technology chapter.

Digital connectivity infrastructure is a critical asset, but many regional, rural and remote areas experience poor-quality mobile and internet coverage, which impacts on social participation, service delivery and economic growth. Federal regulation of telecommunications is aimed at equitable provision of minimum service standards and promoting fair market competition, but the market is not adequately meeting all regional needs.



Infrastructure will be required to improve digital connectivity and support mainstream adoption of digital technology. Recommendations include:

- develop a statewide plan to accelerate digital transformation and improve connectivity in the regions to enhance social and economic benefits and reduce disadvantage
- provide WA Government funding and leverage Australian Government co-investment opportunities to improve connectivity.

Improving Aboriginal outcomes

What IWA heard in the regions

Regional stakeholders strongly supported the recommendations to improve outcomes for Aboriginal people. Stakeholders reinforced the potential for procurement policies and processes to support Aboriginal business development and employment opportunities. Stakeholders also noted that governance arrangements in some remote Aboriginal communities may act as a barrier to improving infrastructure and services. This has been acknowledged and incorporated.

In 2016, approximately 61% of WA's Aboriginal and Torres Strait Islander population lived outside the Perth metropolitan region.⁸ Despite increasing action and investment, many socio-economic inequalities between Aboriginal and non-Aboriginal people persist. Infrastructure will be required to improve the liveability of remote Aboriginal communities and town-based reserves and to support Aboriginal business development and employment. Co-design of services and infrastructure will be essential in supporting the empowerment and self-determination of Aboriginal people. Recommendations include:

- prepare Aboriginal engagement strategies for projects and programs with a capital cost of \$100 million or more, to support place-based and community-led approaches
- strengthen Aboriginal procurement targets

- develop initiatives to build the capacity and capability of Aboriginal businesses
- deliver sustained investments in Aboriginal housing and build the capacity of Aboriginal Community Controlled Organisations in relation to the delivery of housing services
- in relation to remote Aboriginal communities and town-based reserves:
 - establish a sustainable funding model and investment framework to guide infrastructure investment
 - transition the provision of water, wastewater and power services to Water Corporation and Horizon Power, supported by tiered regulated service standards
 - clarify the roles and responsibilities for provision of municipal infrastructure and services, such as roads, waste management and recreation facilities.

Mitigating and adapting to climate change

What IWA heard in the regions

Stakeholders strongly supported action on climate change due to the range of impacts it may have on their communities and businesses. Stakeholders in the South West region noted they will be at the forefront of the transition from coal-fired power as WA reduces greenhouse gas emissions. *Collie's Just Transition Plan* to support transition has been recognised in the Energy chapter.

The impacts of climate change will be felt strongly in regional areas – this is already happening to some extent.⁹ Government and industry need to respond to global action to reduce carbon emissions. Industry and investors are increasingly avoiding jurisdictions that are not taking strong action on climate change. Infrastructure will be required to enable regions to mitigate and adapt to climate change and realise economic opportunities in renewable energy. Recommendations include:

- strengthening the net zero emissions by 2050 aspiration to become a firm target and establish interim emissions reduction targets
- develop up-to-date climate change information and modelling that covers all regions of WA
- accelerate preparation of sectoral emissions reduction strategies
- develop climate change adaptation plans to effectively manage risks to existing infrastructure
- develop carbon farming and sequestration markets, which would also create new regional business and employment opportunities
- implement whole of government coordination methods for climate change action, including mechanisms that encourage a consistent, integrated approach across all sectors and regions.

Securing reliable and affordable energy

What IWA heard in the regions

The importance of a reliable and affordable energy supply and the need to enhance adoption of renewable technologies was raised in many regions. Several regions recognised a major role for hydrogen in diversification of the region's economy and identified a number of projects in development to emphasise the need for supporting infrastructure. Stakeholders in the Mid West highlighted the need to augment the Mid West Transmission Line to facilitate more reliable energy supply, renewable energy and hydrogen production, which has been reflected in the Energy chapter. The Wheatbelt requires edge-of-network solutions to meet the needs of many towns throughout the region, which is also reflected in the recommendations.

The energy sector is going through a period of rapid transformation that is affecting regional WA in many ways.¹⁰ The energy system is becoming more decentralised and renewable energy technology will play a greater role as WA transitions to net zero emissions by 2050. Energy infrastructure is required to implement new technologies that provide more sustainable, cost-effective and reliable power sources, and realise opportunities to develop new energy industries. Recommendations include:

- update the Whole of System Plan to address a range of additional factors, including greenhouse gas emissions reduction targets and new industry opportunities
- prepare a North West Interconnected System energy futures report to provide a long-term view on energy generation, demand and network infrastructure requirements, and inform evaluation of key project proposals, including the Burrup Common User Transmission Line and East Pilbara Link.



- undertake a dedicated program to accelerate rollout of energy storage, microgrids, virtual power plants and standalone power systems across WA, particularly for communities currently on the edge of the grid, or reliant on expensive standalone diesel systems
- plan for enabling infrastructure to grow and support the hydrogen industry, including modelling to determine the need for supporting energy infrastructure such as the Mid West Transmission Line.



Improving water security

What IWA heard in the regions

Stakeholders in many regions raised the issue of water security and the need to improve water outcomes for community and industry use. The need for climate-independent solutions (such as desalination) was also raised by stakeholders in various regions, in response to the availability and declining quality of groundwater supplies. Stakeholders highlighted the need to address drought impact and improve the supply of non-potable water resources and improve distribution networks. The recommendation to develop regional water plans provides an opportunity to address these issues.

WA's future economic and population growth is highly reliant on the availability, security and affordability of water supply. Climate change is impacting different regions of WA in different ways, ranging from reduced rainfall in the south-western part of the state to more intense weather events in the north. Water resources are becoming scarce in some parts and more saline in others.¹¹ The state will need to reform water regulation and planning to develop regionally appropriate responses to these challenges and invest in infrastructure and programs that ensure security of drinking water and maximise availability of non-potable water for other uses. Recommendations include:

- modernise legislative, regulatory and planning frameworks for water resources and water services, including prioritising the development of consolidated water resources management legislation
- develop a 20-year state water strategy, as well as 10+ year regional water plans aligned to the state water strategy
- review self-supply arrangements for strategic water resources
- develop a prioritisation framework to guide investment in water infrastructure projects for the agricultural industry.

Improving waste management and resource recovery

What IWA heard in the regions

There was strong feedback and support for the recommendations to improve waste infrastructure across WA. Stakeholders noted further action and investment is required to develop regional facilities and grow regional markets for products with recycled content, which has been addressed in the Waste chapter. However, comments suggested that the Waste Levy should not simply be extended to regional areas without consideration of factors such as the availability of recycling infrastructure to provide an alternative to landfill, which has been noted. A new recommendation has been added to address the potential highlighted by stakeholders for the mining and resources sector to increase waste recovery, noting this sector is often not held to the same standard as communities.

Regions have the potential to improve waste management and recycling to support a circular economy. Further action and infrastructure are needed to achieve targets outlined in the Waste Avoidance and Resource Recovery Strategy 2030.¹² The mining and resources sector in particular has significant opportunity to recycle waste and reuse industrial by-products. Recommendations include:

- undertake statewide waste infrastructure planning to identify the type and location of waste facilities required across regional WA
- expedite waste legislative and regulatory reform, including review of the Waste Levy and application statewide where practical and feasible
- investigate opportunities for the mining and resources sector to increase waste recovery
- investigate opportunities for more local governments in regional WA to participate in collective arrangements to enhance waste management.

Strengthening regional transport and supply chain connectivity

What IWA heard in the regions

There was strong support for the recommendations to enhance WA's transport linkages. Expanding regional port capacity and direct shipping to the state's north-west were strongly supported. The recommendation to investigate the long-term feasibility of Bunbury Faster Rail also received strong support in the South West region, to improve connectivity and support regional growth.

Regional areas require efficient logistics networks to support supply chains that serve domestic and international markets. People from regional communities often travel long distances between where they live and work, so they require good and safe connectivity. Transport infrastructure is needed to enhance the safety and connectivity of regional industries and communities. Recommendations include:

- update strategic transport planning to address long-term state and regional needs, including development of:
 - a 20-year regional transport plan, which includes a focus on freight supply chains across all modes and consideration of cross-regional issues
 - a 20-year Perth and Peel transport plan
- implement programs to improve road safety treatments and maintain regional roads
- investigate long-term projects such as upgrading the Brand and North West Coastal highways, and the long-term feasibility of Bunbury Faster Rail
- support expansion of direct shipping into northern WA to improve market access and reduce costs
- implement a structured approach to plan and consider public contributions to investment in the freight network across the Wheatbelt, Great Southern, Goldfields–Esperance and Mid West regions to maintain global competitiveness of agriculture exports.



Improving regional planning and coordination

What IWA heard in the regions

Across the regions, stakeholders raised the need for strengthened strategic planning and supported the recommendation to develop integrated regional plans. Stakeholders noted the plans should involve engagement with local governments and communities and consider environmental, landscape and geological (including basic raw materials) values of each region. This has been reflected in the recommendations.

Planning and coordinating development across WA's vast and diverse regional areas is a complex challenge. Continuous improvement in government processes, capacity and culture,

and the broader regulatory environment are required to improve outcomes for communities, business and the environment. A range of reforms that ease the process of doing business and build maturity in the way government operations and infrastructure investment are planned, coordinated and targeted are recommended to support the standing of WA and its regions as a global location of choice. Recommendations include:

- developing 20-year integrated regional plans to establish the land use, infrastructure and environmental needs of each region (aligned to the regional development strategic framework as also recommended in this Strategy)
- establish state priority areas to identify and endorse on a whole of government basis those areas where significant economic or urban growth is intended and to facilitate and coordinate private sector investment
- ensure the protection of strategic industrial land uses, infrastructure and resource inputs
- facilitate and coordinate investment in industrial and technological precincts
- identify and secure strategic sites for infrastructure by establishing a dedicated and recurrent fund for regional land acquisition
- identify the cumulative impacts of large-scale investments on demand for services and infrastructure through place-based assessments, with an initial pilot recommended for the Pilbara region.

Addressing gaps in social infrastructure

What IWA heard in the regions

There was strong support for better social infrastructure to improve regional liveability and quality of life. The need to address housing and land constraints was a very strong theme and there was broad support for regional housing plans to address this recurring issue. Pilbara stakeholders volunteered to pilot a regional housing plan due to the housing issues faced across the region. Supporting the growth of WA's tourism sector was a strong theme and several regions identified tourism growth opportunities, which can be supported through the 10+ year tourism strategy and investment in the 4 tourism 'jewels in the crown' recommended in the Arts, culture, sport and recreation chapter.

Social services and infrastructure, including housing; health; education and training; justice and public safety; and arts, culture, sport and recreation, are critical to the liveability of regional communities and their capacity to attract and retain people, build a future-ready workforce and support economic growth and diversification. Infrastructure is required to enable gaps in services to be addressed and the provision of integrated, accessible and efficient services tailored to local needs. Access to housing is a particular challenge for communities across regional WA, especially in locations subject to highly cyclical economies and housing market failures.

Recommendations include:

Housing

- Prepare place-based regional housing plans to enable strategic, targeted housing outcomes for each region and a consistent evidence base for future investment priorities
- Develop a sustained social and affordable housing investment program to respond to diverse housing circumstance, informed by regional housing plans
- Establish the principles, criteria and models for government housing intervention in regional locations that are demonstrating market failure, informed by regional housing plans
- Review regional officer housing assets and programs across the public sector, including the Government Regional Officer Housing program, to ensure that the housing needs of state agencies, staff and regions are met

Health

- Expedite implementation of the Sustainable Health Review to increase provision of regional community-based and primary care health services
- Expand mental health services and facilities
- Expand application of digital technologies, such as telehealth and remote monitoring, to deliver virtual services to regional areas
- Provide health facilities in Aboriginal communities that are fit for purpose with high-quality digital connectivity, and support

primary care and allied health facilities that are designed and operated in partnership with Aboriginal communities

Education and training

- Ensure individual school planning and delivery methods plan for and use transportable buildings as a temporary solution only, and not where enrolment growth is expected to continue
- Implement collocation and shared use of schools with childcare, health and community support services to provide better access to services, particularly in disadvantaged areas
- Plan for future skills and training, fund relevant TAFE training equipment and software (facilitating industry co-contributions where appropriate) and encourage apprenticeships and traineeships on public infrastructure projects

Arts, culture, sport and recreation

- Develop and publish a 10+ year state arts and culture strategy to guide priorities, including infrastructure and investment needs
- In collaboration with Aboriginal communities across WA, invest in a flagship Aboriginal cultural centre to provide Western Australians and visitors with a gateway to Aboriginal cultural journeys across the state, connecting approximately 50 existing Aboriginal cultural centres
- Develop and publish a 10+ year regional-level sporting facilities plan to identify infrastructure needs in major centres

- Develop a 10+ year tourism strategy to guide tourism precinct development and investment across WA
- Until such time as the 10+ year tourism strategy is available to guide further investment, focus tourism infrastructure destination planning and activation on the 4 'jewels in the crown' of WA's tourism offering to drive international and domestic visitation for the Perth region (including Rottnest Island), the South West region, Ningaloo Coast (including Exmouth) and the Kimberley region (including Broome)

Justice and public safety

- Set targets to reduce demand for police, courts and corrective services, and associated infrastructure by focusing on measures related to prevention, early intervention, rehabilitation and recidivism, and address over-representation of Aboriginal people in the justice system
- Improve justice and public safety infrastructure planning, focused on the interdependencies of police, courts and correctional facilities, and management of shared assets, including ageing regional facilities
- Pursue collocation opportunities with government and non-government providers to establish precincts to support provision of complementary services to local communities
- Progress a business case for the replacement of Broome Regional Prison and further investigate the phased rollout of the Government Radio Network

Regional cities and towns

WA's regions are supported by a highly dispersed network of settlements. These cities and towns are an important infrastructure focus as they accommodate most of regional WA's population and are major concentrations of services and infrastructure. To improve infrastructure coordination, the WA Government should review the strategic roles of cities and towns across the settlement network and prioritise those with potential to support the strongest economic and population growth opportunities to ensure their development needs are properly managed.

The *State Planning Strategy 2050* designates the main hubs in the settlement network as regional centres, and sets out a settlement hierarchy (based on role and size) which has 4 tiers:

- Capital city (Perth)
- Regional centre (11 centres)
- Sub-regional centre (16 centres)
- Other centre (13 centres).¹³

Regional centres are the main population, business and transport hubs, often acting as gateways to their regions. These cities and towns have important roles in servicing regional communities and economies, underpinning their region's productivity and liveability. Larger regional centres can become engines of innovation and growth, as the economic forces that drive growth also drive the generation of new ideas and products for domestic and international markets.

The WA Government will need to consider the long-term prospects of regional cities and towns and identify the impacts of economic, technological and environmental factors that will drive change over the next 20 years. Regions will rely on their designated regional centres to support increasing commercial activity and nurture, attract and retain skilled people. However, locations impacted by changing climate, or new technologies that improve productivity but involve fewer local jobs, may experience population decline. Some towns in regional areas have

already experienced population decline due to structural changes in the economy, as has been the case throughout WA's history.

The settlement hierarchy was last updated in 2012, at the height of the last resources boom. However, given the changing economic outlook, it potentially does not reflect the strategic roles that key regional cities and towns will need to play to support WA's next phase of growth. It should be reviewed in light of updated economic and population drivers, identifying the strategic value of each centre and elevating those likely to experience the fastest economic and population growth. IWA will align its advice on infrastructure investment with the strategic importance of a regional centre to support strong industry and population growth to avoid infrastructure constraints becoming a barrier to growth.

Drivers of regional growth and change should be closely monitored to enable a proactive approach to managing growth and change pressures, such as those experienced in the Pilbara during the last resources boom. Government agencies should find better ways to manage and respond to these pressures, as they continue to occur. For example, housing shortfalls continue to emerge in many regional locations, such as the Pilbara. The Housing chapter recommends the preparation of regional housing plans to support well-functioning regional housing markets, but markets will need to be monitored on a regular basis so that early action can be taken to ensure adequate housing supply.

To support regional centre growth and maximise value from infrastructure investment, WA should also consider adopting approaches to promote migration to regional centres that offer the greatest business and career growth opportunities. This Strategy supports growing regional populations to build the critical mass of regional communities. For example, the Transport chapter recommends an investigation into the viability, benefits and costs of a Bunbury Faster Rail link. However improving liveability and connectivity is not in itself enough to promote sustainable population growth. The availability of meaningful employment is a critical factor as people are unlikely to want to move to a regional centre and could find themselves in a more vulnerable economic situation without adequate employment options.



Remote Aboriginal communities and town-based reserves

Aboriginal people across WA have a strong connection to the land. Remote Aboriginal communities provide a deep connection to country and cultural security, uphold customs, cultures and traditions, and provide traditional authority structures.

There are 274 remote Aboriginal communities and 37 town-based reserves located across the state. Governance of these communities and reserves is complex, and infrastructure and service provision are often ad hoc or of a poor standard. This often contributes to poor living conditions, which impact on health and wellbeing. Improvements to infrastructure and the way it is managed will be critical to improve the liveability of remote Aboriginal communities and town-based reserves and to close the gap on Aboriginal disadvantage. Co-design of infrastructure and services will support self-determination and empowerment of Traditional Owners, Custodians and their communities.

The Aboriginal cultural heritage, wellbeing and enterprise chapter provides a range of recommendations that support remote Aboriginal communities and town-based reserves.



Northern Western Australia

The Kimberley, Pilbara and Gascoyne regions present opportunities to realise the Australian Government's Northern Australia agenda.¹⁴

Northern WA has a strategic opportunity to become a major global exporter of renewable energy, notably renewable hydrogen, to complement the Pilbara's globally significant resources sector. Maximising the Pilbara's global competitiveness should be a priority, as Brazil and Africa potentially open new supplies of iron ore over the next 10 years. The Gascoyne and Kimberley regions have opportunities to serve growing international tourism and food markets. Creating world-class tourism experiences in the Kimberley (including Broome) and the Ningaloo Coast (including Exmouth) should be a priority to unlock opportunities.

Enhancing the liveability of the regional centres and remote Aboriginal communities in this area is a priority for attracting and retaining a workforce to support growing industries. Karratha is the largest regional centre, with the potential to become the main innovation hub in the north-west.



There is a range of different funding sources for regional infrastructure. One of these is **RfR**, overseen by the WA Regional Development Trust, which was established in 2008 to allocate an amount of government funding specifically for regional WA.¹⁵ It is funded by allocating the equivalent of 25% of the state's forecast revenue from mining and onshore petroleum royalties into a fund that is separate from the Consolidated Account.¹⁶ The balance of the fund cannot exceed \$1 billion.¹⁷

Recommendations

Regional development strategic framework

As the state's economy diversifies and adapts to change, clear regional development strategic priorities will be required to guide government action and investment in a structured way and in collaboration with industry and regional stakeholders. IWA is pleased to note that the Regional Development Portfolio has commenced identification of regional development priorities as a basis for further consultation with regional stakeholders. IWA calls for further progress of this work in line with this Strategy's recommendations.

To align infrastructure with regional development priorities, a range of national, state, regional and local policies, strategies and plans, such as the Regional Development Commissions' regional investment blueprints and corporate strategies, growth plans and regional planning and infrastructure frameworks, were reviewed by IWA. However, it was found that they did not provide an adequately coherent strategic framework within which to align infrastructure priorities. There were a range of gaps, as well as issues such as documents being out of date or inconsistent, overly aspirational, not aligning adequately with key regional relative strengths or being region-centric and not addressing cross-regional or statewide implications.

The Productivity Commission's *Transitioning regional economies study report* and the WA Government's *Special inquiry into government programs and projects* both noted that the effectiveness of RfR was hampered by a lack of a strategic framework setting out regional priorities and outcomes to guide investment decisions.¹⁸ The *Special inquiry into government programs and projects* noted that RfR had a very broad, but clear, objective to enhance regional areas; however, its greatest weakness was that 'it has struggled in establishing how to go about the task. Since its inception, it has had no comprehensive or coherent strategy.'¹⁹



The *Special inquiry into government programs and projects* found that ‘there was a significant deficit in the rigour applied to project selection and poor targeting of funding towards projects that would deliver lasting economic and social outcomes to regional Western Australia’.²⁰ It was also noted that without effective outcomes measurement, it was difficult to determine the level of economic or social progress since the introduction of RfR.²¹

The impetus for RfR largely arose from a perceived lack of investment in regional areas. It is currently not possible to identify a detailed account of government capital or recurrent investment in regional areas because the State Budget often does not identify how much of each line item in the budget is allocated to the regions. To provide greater transparency, and to be able to measure the impact of government regional investment, better data on service delivery activity and capital investment program spend through the regions is required so that future decisions are better informed. Regional infrastructure is funded from a range of different sources and RfR is just one. For example, one of regional WA’s largest public infrastructure projects – the \$852 million Bunbury Outer Ring Road – is funded almost exclusively from non-RfR sources.

While the various approaches taken in recent years to achieve greater collaboration between the regions and better align regional development aspirations with the state’s wider development objectives are welcomed, this

Strategy recommends this now be taken a step further through the development and implementation of a regional development strategic framework. The framework would signal the WA Government’s objectives and priorities for regional development, while retaining a level of flexibility necessary to enable industry to present new and innovative proposals to government.

Importantly, the framework should not present a centralised control or top-down approach. It would need to be developed in close

collaboration with industry, regional stakeholders and relevant state agencies to build trust and provide confidence in its robustness to inform government investment decisions. It should be periodically updated to ensure it remains contemporary. Similar initiatives in other jurisdictions could provide potential models, such as South Australia’s Regional Development Strategy and *A 20-year economic vision for regional NSW* (2018).²²



A regional development strategic framework will provide a basis for integrated whole of government action and investment in the regions, not just that of the Regional Development Portfolio. IWA has undertaken some initial work through its own regional analysis but a more comprehensive framework that builds on this work will be required to better align infrastructure and regional development priorities in the future.²³ The framework should target complex and strategic regional challenges and opportunities, provide a consolidated set of regional and cross-regional priorities, and identify how regional communities, government and business can collaborate to drive a step change in regional outcomes.

The framework should incorporate the following elements:

- a short, strategic document that includes an integrated set of regional development objectives, outcomes and priorities at both state and region scales, that aligns with integrated regional land-use plans (see the Planning and coordination chapter) and is robust, consistent and evidence-based
- a regularly updated implementation plan to guide activities that stakeholders need to work on together to achieve objectives, priorities and outcomes
- a performance framework, which embeds specific, measurable, outcomes-based key performance indicators for regional WA, and a process for regular monitoring, evaluation and publicly reporting on whether action and investment is achieving outcomes
- a portfolio management approach linking the strategic document, proposals, prioritisation and funding sources, including the annual State Budget process. It should incorporate a methodology for appraising and prioritising regional proposals, which includes criteria that consider factors that might otherwise disadvantage regional proposals over metropolitan proposals, such as:
 - remoteness
 - relative impact on a region's development trajectory and outcomes

- population fluctuations due to economic cycles
- managing assets through fluctuations in demand
- social, environmental and economic benefits
- modelling and simulation software tools that enable proposals from within or across multiple regions to be appraised and compared on a like-for-like basis to determine which proposals would make the greatest regional impact, and assess cumulative impacts of proposals
- a governance structure to drive development and implementation of the regional development strategic framework, with oversight including government representatives from outside the Regional Development Portfolio, such as the departments of Treasury, and Jobs, Tourism, Science and Innovation
- an ongoing capability-building program to improve the knowledge and skills of the Regional Development Portfolio and other regional development stakeholders in economic and social development, and strategic planning and business development.

To facilitate collective action, the framework should address the following regional development matters and align, where relevant, to sectoral strategies and plans, to provide whole of government strategic direction and priorities on:

- regional role and development approaches supporting economic diversification and workforce development
- managing the long-term development and growth of regional centres
- promoting regional migration and population attraction and retention.

Given anticipated long-term change, it is recommended that regional economic scenario modelling be completed and that updated population projections be prepared to inform the regional development strategic framework and long-term planning of services and infrastructure, and, where new service models are required, to respond to long-term structural change.



Recommendation 19

Drive better alignment of infrastructure provision and regional development needs by implementing a regional development strategic framework that identifies state and regional priorities and guides whole of government action and investment.

The framework should:

- align to other government strategic documents, such as this Strategy and Diversify WA, and be developed in collaboration with government, business and regional stakeholders
- prioritise regional centres based on their strategic importance to the state's economic and population growth
- consistent with Recommendation 28 in the Planning and coordination chapter, inform integrated regional plans, which include a baseline assessment of the region's infrastructure, and identify infrastructure and staging required to support the region's development and growth underpinned by a credible evidence base
- incorporate clear linkages to funding sources and processes, including the annual State Budget process
- be reflected in state agency and government trading enterprise strategic asset plans and business cases.

Recommendation 20

Improve the transparency of government regional investment by reporting all regional expenditures (recurrent and capital) and geographic distribution in the State Budget.

Regional social service and infrastructure models

It is important that effective and sustainable social services and infrastructure are available to regional communities across WA to maximise regional outcomes. WA faces significant challenges in keeping pace with the needs of the many diverse regional communities that will experience demographic change, including population growth and decline, over the next 20 years. Government agencies must find new ways to coordinate, plan and deliver social services and infrastructure to ensure they are delivered in the most efficient and collaborative way to communities across WA's vast geographic area. More integrated, place-based models are required to enable state agencies to work together to tailor the mix of services and infrastructure to the varying needs of each community. These models should also be responsive to population growth and decline to ensure they do not over or under cater to local demand, as regional communities are highly exposed to the global economic cycles and structural changes that drive migration and WA's diverse pattern of development.



The need to reform regional social service and infrastructure models has been building for some time. The WA Government's 2017 Service Priority Review final report, *Working together, one public sector delivering for WA (Service priority review)*, found that a lack of effective coordination and integration between the WA and Australian governments, local government and non-government organisations contributed to poor outcomes and recommended improving coordination of services in the regions.²⁴ The *Service priority review* also observed that 'the need for services designed to break cycles of disadvantage is higher in many regional and remote areas. Such services can often be uncoordinated, expensive and difficult to

deliver and do little to support individual or family success.'²⁵ Integrated social services focused on prevention and early intervention can improve outcomes while reducing demand for downstream services and infrastructure.

The *Service priority review* also noted that, historically, services have been developed in response to the needs of individual state agencies rather than from the perspectives of communities and clients.²⁶ Public sector fragmentation has resulted in misalignment of services and planning regions between state agencies.²⁷ Agencies must now work together to apply co-design and community-centric approaches to better respond to local needs and facilitate service integration and collocation.

Population decline and demographic change in some areas of regions such as the Wheatbelt and Goldfields–Esperance has resulted in overprovision of social services and infrastructure in some cases, which diverts funding from other areas. There are also many ageing facilities across regional WA, such as police stations and courthouses that are no longer required or fit for purpose. These facilities are still being used, but decisions are required about their future.

By definition, place-based approaches require a common geographic frame of reference to target areas and align state agency social service planning regions. WA's settlement network could provide a basis for this and applying a hub-and-spoke approach could provide a way of coordinating social services across all regional centres in the network. The WA Country Health Service already applies a hub-and-spoke approach, which could potentially be applied to other services.³² Digital technology should play an enabling role, facilitating communication, integration and access to services across the settlement network.

It will be important to pilot regional social service and infrastructure models in different regional settings to determine their efficacy, including in a remote Aboriginal community, a small town and a regional centre. Local governments may be well positioned to facilitate integrated, place-based approaches, but resourcing may need to be considered.

New South Wales hub-and-spoke model

New South Wales is moving to a hub-and-spoke model that focuses major investment in regional centres that can support the communities that surround them.²⁸ The model is defined as a 'service delivery model that provides connections (spokes) to and from key centres (hubs).²⁹ The spokes link to different hubs across an area, rather than focusing on one key hub.'

The hub-and-spoke model recognises the importance of strategic regional centres in the provision of essential services and jobs and aims to ensure equitable access of services for regional communities. To align regional communities, services and infrastructure, such as health, education, transport and aviation, the model builds on New South Wales's network of regional centres, providing a geographic basis for 'optimal and productive land use, economic and infrastructure planning'.³⁰ Strategic regional centres and cities form the hubs and surrounding towns and communities form the spokes.³¹

A social services and infrastructure needs assessment will be required to inform the design and implementation of new regional service and infrastructure models. The needs assessment will have to consider how social, economic and environmental factors will potentially drive population growth, decline and change across the settlement network to adapt social services and infrastructure to changing community needs over the next 20 years.

Recommendation 21

Improve the effectiveness and efficiency of regional social services and infrastructure by developing regional social services and infrastructure models that are more responsive to the changing needs of communities across regional WA, including those caused by population growth and decline, by:

- a. applying integrated, place-based approaches that allow social service state agencies such as health, education, justice, policing, housing and emergency services to better coordinate and co-locate services and infrastructure and ensure the service mix is tailored to changing community needs
- b. investigating the application of a hub-and-spoke approach aligned to WA's settlement network to coordinate social services and infrastructure
- c. piloting potential regional social service and infrastructure models in a remote Aboriginal community, a small town and a regional centre
- d. undertaking a social services and infrastructure needs assessment to understand how needs will change in response to long-term population growth and decline and demographic change.



Service Priority Review

The WA Government's 2017 Service Priority Review considered ways to improve regional service delivery, noting that many of the challenges arising from providing services over large distances are 'inadvertently magnified by a fragmented, insular public sector culture and an inability to coordinate services'.³³ The report, prepared by the Local Service Delivery Working Group to inform the review, made 13 recommendations to improve service delivery and identify possible efficiencies and cost reductions.³⁴ This Strategy supports and aligns with these recommendations.