

South Coast Alliance Inc.

Leading sustainable economic development through collaboration.

SUBJECT : **Regional Transition Hub**
AUTHOR(S) : Juliet Grist
DATE : 21st February 2022
NUMBER : 22210201

Context

This proposal was put to the Board at the [November 21](#) meeting, with a draft [“pitch”](#) document provided shortly thereafter.

The proposal is conceptual with estimates of what is needed, and costs, based on discussions with stakeholders.

Various email correspondence observed following the Board meeting suggests that this proposal is not currently broadly supported – however, it has not undertaken a formal vote. The purpose of this Briefing Paper is to provide background and recommendations for consideration and voting at the 4 March meeting.

It is the EO’s recommendation that the Regional Transition Hub **be treated as the principal activity for the SCA for the next two years**, with the EO tasked to seek collaborative funding from the State and Federal Governments (including exploring whether it would be eligible as a Market Led proposal through the Dept. Finance WA).

Many of the areas explored in the Regional Transition Hub are also under exploration by other regions. It is the EOs view that failure to act in this space will likely place the SCA at a competitive disadvantage compared with other regions that are taking industry development action, and industry proponents may choose to develop these opportunities elsewhere, where the environment is more supportive.

If the concept is supported, then a further work up of detail, and securement of partners is recommended to strengthen the proposal prior to any formal submission for funding.

The full recommendation is on page 10.

Summary

In 2021, in recognition of both the vulnerability and opportunities being created by a changing global landscape, the Alliance commissioned an analysis to assist it to understand what might be priority industry focus areas that have the potential to create economic activity

and employment across several member Local Government Areas, that are sustainable, and that align with the values of the local community.

This work identified 57 existing and new economic development opportunities, with a prioritisation matrix utilised to reduce the focus area to 13 opportunities. Other opportunities to resolve industry problems also emerged during this process (such as the conversion of agricultural waste to energy).

Business Cases on the top four focus areas have identified the size of the opportunity, if fully realised, as substantive - with the potential to add around **\$1 billion to Gross Regional Product and approximately 2,700 jobs.**

The EO has proposed a **Regional Transition Hub** that works as a connector and enabler, identifying roadblocks, creating research and industry collaborations to resolve barriers, identifying opportunities, and creating an environment that supports and encourages innovation – to help bring these identified opportunities to life.

The Regional Transition Hub incorporates 5 of the 13 shortlisted opportunities identified by the Blue Green Economic Opportunity Review (Seaweed aquaculture, microgrid Bremer Bay, Manufacturing 4.0, Value-add) in addition to progressing a select number of other aligned opportunities (Waste to Energy, Voluntary Carbon market Support, United Nations Regional Centre of Excellence, and the creation of a Regional Prospectus).

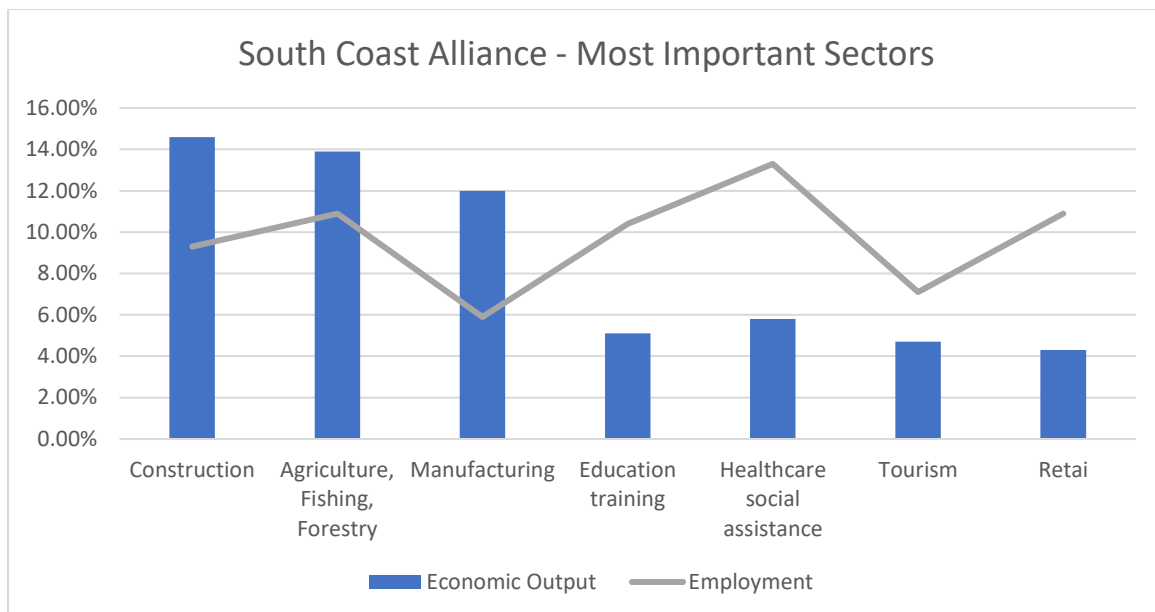
It will support the development of a defined number of clearly articulated opportunities, whilst remaining nimble to support opportunities that may be escalated by industry directly, ultimately culminating in substantive private investment to realise the region's potential. All opportunities have identified industry participants with whom opportunities can be explored.

Background

The South Coast Alliance Gross Regional Product for the last financial year amounted to \$3.88 Billion.

The industry sectors which are the key drivers of the South Coast Alliance's economy in terms of regional exports, employment, value-added and local expenditure on goods and services (backward linkages) have been identified as:

- Construction – Largest by Output, 4th largest by employment
- Agriculture, Forestry & Fishing – 2nd largest by Output, equal 2nd largest by employment
- Manufacturing – 3rd Largest by Output, 7th largest by employment
- Health Care and Social Assistance - 4th largest by output, largest by Employment



Disruptive technologies are transforming all end-to-end steps in production and business models in most sectors of the economy. The products that consumers demand, factory processes and footprints, and the management of global supply chains are being re-shaped to an unprecedented degree and at unprecedented pace.

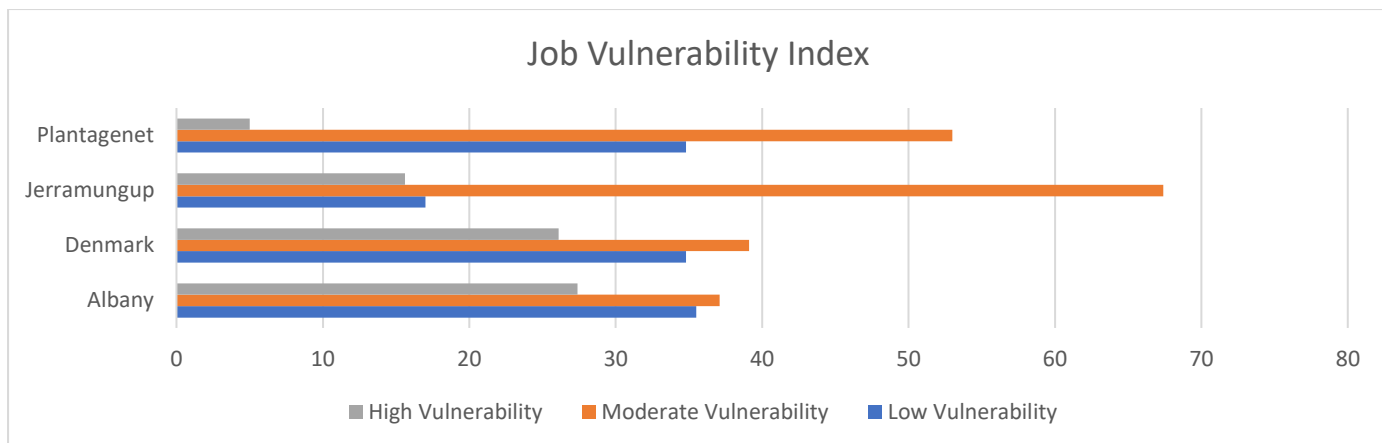
The digital revolution poses great challenges and opportunities for South Coast businesses. The World Economic Forum’s Future of Jobs report estimates that automation may displace 85 million jobs in only five years. While some jobs are threatened by redundancy and others grow rapidly, existing jobs are also going through a change in the skill sets required to do them.

Recent research suggests that part of the slowdown in aggregate productivity growth in Australia reflects slower diffusion of cutting edge-technologies and processes, and firm-level improvements, as in other advanced economies. It is suggested that policies that facilitate more widespread adoption of emerging digital technologies can play a role in improving productivity performance.

DPIRD have a digital manufacturing education and implementation program under development and believe that the acquisition of digital manufacturing capabilities is likely to help address major challenges faced by WA SMEs such as high input and operating costs, constrained labour and skills supply and the rapid digitisation of value chains including local, national and export food service and supermarkets.

With Manufacturing one of the largest industry sectors for the SCA region, this is of critical importance. The manufacturing elements suggested in the Regional Transition Hub leverage this DPIRD program, looking to provide resources to improve the outcome for SCA and other regional areas.

The **Job Vulnerability Data Tool** developed by the Regional Australia Institute estimates job vulnerability in the South Coast Alliance geography as:



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Supporting the acquisition of digital technology whilst providing opportunities for new employment will be critical to the ongoing economic health of our community.

70% of Australia’s two-way trade is signed to net zero emission. The past 18 months has witnessed an explosion of global corporates committing to reduce their emissions to net zero before 2050 (Apple, Microsoft, Google, Facebook, Amazon, BP, Shell, Unilever, Coca-Cola, Nestle, BHP, Telstra, Qantas and Australian Super). This has implications for Australia with Scope 3 measuring emissions from the supply chain, and for the South Coast Alliance geography where Agriculture is a significant industry.

The strength of the South Coast Alliance economy moving forward will depend upon its ability to remain competitive, and develop new opportunities, in this environment of changing technology and global and consumer requirements.

Timelines

The elements included within the Regional Transition Hub (RTH) proposal are at differing stages and have differing stakeholders. The RTH reflects a belief in [Collective Impact](#) and seeks to engage to support others in rapidly activating these opportunities, many of which are aligned (e.g., development of the Cross Laminated timber industry could support and be supported by a carbon market, development of seaweed aquaculture could support value add food industry etc, and waste to energy and manufacturing 4.0 can support virtually all).

The Regional Transition Hub is envisaged to work in a similar way to a [Backbone Organisation](#) – a centralised hub that provides support and enabling resources to the various stakeholders doing the work, to ensure collective progress towards and agreed outcome (with outcome measurement and accountability to stakeholders).

By seeking ‘group’ funding for the progression of a range of connected strategies, many of these initiatives can be brought forward,

The timeframe depends upon the securement of capital to progress this initiative.

Budget/Financial Implications

The following table includes the costs of implementing those recommendations provided (and calculated) by the Consultants for the Blue Green Economic Opportunity Review that the EO considers vital to achieving the aims (and excludes other items/overheads the EO deems non-critical), and an estimate for other items.

These estimated amounts have placed into the Regional Transition Hub proposal, with the intention of seeking State/Federal funding support.

For a proposed budget of \$7.35m over three years the following areas of engagement are intended:

Program Element	Activities	Key "lead" Stakeholder
Innovation Program - \$980,000	<ol style="list-style-type: none"> 1. Website repository of research materials on what is happening in industry globally and in Australia. 2. Active connection with incubation and education hubs (Meshpoints, For Blue, Agristart Connect, FutureMap et al) 3. Industry Impact Labs to explore innovations and collaborations. 4. Celebration of local case studies via podcast/storytelling 5. Connect business with innovation grants and programs. 6. Active connection with State and Federal initiatives, private investment and opportunities for collaboration. 7. Project management of the Transition Hub projects 8. First point of contact for proponents of new industry development for the region – concierge service. 9. Acquittals, communication, reporting 	Albany Chamber of Commerce & Industry Denmark Chamber of Commerce
Seaweed Aquaculture - \$360,000	<ol style="list-style-type: none"> 10. Short list of priority species and recommendations for how to maximise the value from them, with priorities for further research. 11. Facilitated CRC-P application at the next round with a collaboration of industry partners (from 8 above). 12. Identification of local market opportunities for seaweed products where they may complement or protect existing industries. 13. Provision of industry forums, support for funding applications, R&D connections, assistance with licence applications to commence trials in this region. 14. Business case for infrastructure, advocacy or investment based on priority sites, species, markets and proponents. 	For Blue
Microgrid Bremer Bay (Aquaculture and Tourism development) - \$200,000	<ol style="list-style-type: none"> 15. Map industry growth prospects and anticipated power needs over the next 5-10 years with critical investment decision pathway (888 Abalone et al) 16. Work with Western Power and private industry to develop a microgrid solution that allows for future growth 17. Assist with business case and funding applications to ARENA or others. 	Shire of Jerramungup
Manufacturing 4.0 - \$2,150,000	<ol style="list-style-type: none"> 18. Digital Manufacturing Mobile Demonstration Unit - \$2 million estimate (mobile demonstration unit for use in regional areas – supported by the 	DPIRD Food Industry Innovation

	<p>proposed manufacturing 4.0 demonstration site at Neerabup (Robotics and Automation Precinct), that allows businesses to see, touch and review digital technologies).</p> <p>19. Industry engagement and concierge.</p>	
<p>Enhancing Value Add Capacity in Agribusiness - \$390,000</p>	<p>20. Industry engagement and concierge – growth champion</p> <p>21. Identification of collaboration opportunities for shared production or logistics infrastructure</p>	<p>Albany Chamber of Commerce & Industry</p> <p>Denmark Chamber of Commerce</p>
<p>Cross Laminated Timber/Value Add Timber - \$200,000</p>	<p>22. Feasibility Study on manufacturing plant (preliminary investigations included)</p> <p>23. Industry Stakeholder management and engagement</p>	<p>Forest Products Commission</p>
<p>Waste to Energy - \$650,000</p>	<p>24. Feasibility Study on a Co-digestion Plant (capital cost estimate \$10-20M) – Fabiana Tessele and others (inc. GSDC) are working towards a <i>Bio-Resource Recovery Centre of Excellence</i>.</p> <p>25. Stakeholder management, collaboration development, business case and MOU development</p> <p>26. Application support to ARENA or others</p>	<p>Teselle and GSDC and City of Albany</p>
<p>Voluntary Carbon Market Support - \$1,150,000</p>	<p>27. Development of tools and mechanisms to support the voluntary carbon market between local business, the Aboriginal community, agribusinesses, and local industry groups. \$1,000,000</p> <p>28. Training and education on measurement, acquittals and reporting for industry participants.</p>	<p>Gondwana Link</p>
<p>UNRCE – United Nations Regional Centre of Excellence - \$1,150,000</p>	<p>29. Contribution to ongoing case study preparation and local awareness/education</p> <p>30. Mapping regional activity against the Sustainable Development Goals</p> <p>31. Impact fund to support the expansion of range of community projects \$1,000,000</p>	<p>UWA Albany - UNRCE</p>
<p>Regional Prospectus - \$120,000</p>	<p>32. Preparation of a Regional Prospectus showcasing industry development opportunities to activate commercial investment.</p>	<p>South Coast Alliance</p>
<p>TOTAL \$7,350,000</p>		

Future Budget Financial Implications

The SCA budget is currently insufficient to progress this initiative but ***is sufficient to progress the concept to garner stakeholder buy in, co-contributions, and make an approach for funding.***

The funding pathway is recommended to be the development of partnerships, with the support of ideally both the State and Federal Governments.

There is currently no forward commitment to any implementation actions and thus no forward budget implications at this time.

Strategic & Corporate Plan Implications

The Regional Transition Hub supports the goals articulated through the various themes of the [SCA Strategic Plan](#) and a range of Implementation Strategies as **highlighted** in Annexure A.

Risks

An initial risk analysis has been undertaken by the EO.

There is also potential reputational risk if the SCA does carry any economic development action forward.

The top three risks identified for the Regional Transition Hub relate to stakeholder buy-in and access to funding:

Risk	Detail	Probability	Consequence	Management
Regional Transition Hub				
Competition for funding	Successful application for public funding of this size will be competitive within the region, and across state and nation	Almost certain	Major	<ul style="list-style-type: none"> Project to be priority project for SCA and articulated as such. Comprehensive partnership development to leverage the existing ecosystem Project alignment to partners generates co-contributions. Seek funding through market led approaches. Support to existing players (add value, not replace) Invest in writing quality applications to ensure they are competitive
Competition for projects within the Hub.	SCA LGA members have varying priorities within the program mix, leading to disagreement and lack of SCA support.	Possible	Moderate	<ul style="list-style-type: none"> Project outcomes to be focussed on "hub" rather than individual elements. Hub to be priority project for SCA and articulated as such. Across the breadth of projects within the Hub, various opportunities exist for each LGA.
Uncooperative stakeholders	Stakeholders may Not agree that SCA should play this	Possible	Major	<ul style="list-style-type: none"> Engage with stakeholders to build trusted relationships Work with those who are cooperative and focused on whole industry development

	'backbone' role			<ul style="list-style-type: none"> • SCA not to 'duplicate' work being done by others, but to act in support of the ecosystem. • Staff education on the role of Backbones, and Collective Impact to ensure this philosophy is reflected in stakeholder communications.
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[EO Recommendation](#)

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Various email correspondence observed following the Board meeting suggests that this proposal is not currently broadly supported – however, it has not undertaken a formal vote.

The purpose of this Briefing Paper is to provide background and recommendations for consideration and voting at the 4 March meeting.

It is the EO's recommendation that the Regional Transition Hub **be treated as the principal activity for the SCA for the next two years**, with the EO tasked to seek collaborative funding from the State and Federal Governments (including exploring whether it would be eligible as a Market Led proposal through the Dept. Finance WA).

Many of the areas explored in the RTH are also under exploration by other regions. It is the EOs view that failure to act in this space will likely place the SCA at a competitive disadvantage compared with other regions that are taking industry development action, and industry proponents may choose to develop these opportunities elsewhere, where the environment is more supportive.

The [Pitch](#) document has been provided, confidentially, to the GSDC, to facilitate an internal discussion. Natasha Monks (CEO) has advised that her initial quick review suggests that many of the suggested items are also on their radar, with some project work occurring (for example, in waste to energy). Natasha has requested that it be provided on a confidential basis, acknowledging that it has not been adopted by the SCA Board and is still the subject of discussion, so that the GSDC Board can have a discussion around how they may be able to collaborate. The full Business Cases for the Blue Green Economic Opportunity review have also been provided to the GSDC with detailed discussions yet to occur.

In addition, it may be useful to explore whether the RTH might qualify under a Market Led proposal through the Department of Finance (the [Sustainability Waste Alliance](#) has taken this approach).

Further, if the proposal receives Board support, a formal approach to both State and Federal members of Parliament may help identify suitable innovation/economic development funding pathways (noting WA's [\\$100m Investment Attraction and New Industries Fund](#) and various alignments Federally).

If the RTH is not supported, it is recommended that the Board consider the Blue Green Economic Opportunity Review so that there is some identifiable economic development action arising from the research work undertaken to date.

Business Cases on the top four opportunities identified through the Blue Green Economic Opportunity Review suggest the size of the potential impact for those options alone, as substantive, with the potential to add around \$1 Billion to Gross Regional Product and approximately 2,700 jobs.

The SCA budget is currently insufficient to progress the Regional Transitions Hub but ***is sufficient to progress the concept to garner stakeholder buy in, co-contributions, and to make an approach for funding.***

EO recommends that the Board:

- a. Support the concept of a Regional Transitions Hub as the priority project for the SCA for the forthcoming year.
- b. Instruct the EO to:
 - a. Develop the concept further through a more detailed exploration with key stakeholders to ensure that the RTH is focussed on accelerating industry development beyond what is already planned by other stakeholders.
 - b. Establish the activities and appropriate costings of the RTH over a three-to-five-year period as a collaborative project.
 - c. Establish the level of co-contributions available from key stakeholders to progress the initiative.
 - d. Following the above, complete the self-assessment checklist for a Market Led Proposal to test eligibility and advise the Committee (and if appropriate as agreed by the Chair, seek the mandatory pre-submission meeting).
 - e. Liaise with GSDC to brief Local State members.
 - f. In conjunction with the Chair, brief Local Federal Member and known election candidates on the proposal and request support.
 - g. Progress reports to be provided to the Committee at each Monthly EO report and at the next Ordinary Meeting.

Annexure A

Strategic & Corporate Plan Implications

The Regional Transition Hub supports the goals articulated through the various themes of the [SCA Strategic Plan](#) and supports a range of Implementation Strategies as **highlighted**:

Vision			
The South Coast Alliance, leading sustainable development through collaboration.			
Strategic Theme – Advocacy			
Goals			
To proactively connect industry and the community with opportunities and resources to progress their ideas.		To support multi-stakeholder partnerships working for the benefit of the community in the South Coast Alliance geography.	
Strategic Initiatives			
Workforce Development initiative		Support an innovation culture	
Strategic Theme - Economic Development			
Goals			
To lead the communication of regional sustainable development thinking, activating opportunities for our community.		To proactively measure and communicate population level social outcomes, activating partnerships to address issues of concern.	
Strategic Initiatives			
Support an innovation culture across all sectors.		Innovation Program	
Strategic Theme – Efficiency & Consistency			
Goals			
To share knowledge, opportunity, research and resources across the South Coast Alliance to maximise efficiency and collective action opportunities.	To provide a forum for individual members to bring forward ideas for exploration that impact more than one LGA.	To provide a forum for regional stakeholders to engage on issues that cover more than one LGA.	
Strategic Initiatives			
Develop a mechanism to encourage the surfacing of ideas across the network.	Allocate a pool of funds each year for exploration of ideas.	Communication Strategy to include engagement with key regional stakeholders.	SCA identified as a key regional development actor.

Implementation Strategies:

- Targeted engagement of a diversified and broadened stakeholder base, with a focus on industry and business networks, to gather opinion on key priority issues for the SCA.
- Develop a collaborative engagement model.
- Host regular “industry topic” Impact Labs to create momentum and encourage partnerships.
- Create information flows with research organisations and commentators and disperse knowledge throughout the community.
- Engage with CSIRO for FutureFeed or other aquaculture/agriculture synergies.

Local Government Planning References:

Shire	Policy alignment	Strategic alignment
City of Albany	Strategic Community Plan – Albany 2032	<p>Strategic Community Plan – Albany 2032</p> <p>Pillar: Prosperity Outcome: A strong, diverse and resilient economy with work opportunities for everyone.</p> <p>Pillar: Leadership Outcomes: Proactive, visionary leaders who are aligned with community needs and values. A well informed and engaged community.</p>
Shire of Denmark	<p>Sustainability Strategy 2021 - 2023</p> <p>Strategic Community Plan Denmark 2027</p>	<p>Sustainability Strategy 2021 - 2023</p> <p>2.3 Advocate and support attracting businesses with a shared vision in sustainable transformation to Denmark, including eco-tourism.</p> <p>6.2 Support businesses seeking to develop food production facilities.</p> <p>6.4 Support programs for local sustainable food innovations.</p> <p>Strategic Community Plan Denmark 2027</p> <p>E1.1 To have a stable and locally supported business community that embraces innovation, creativity, resourcefulness and originality</p> <p>E1.3 To have diverse education and employment opportunities</p> <p>E1.4 To recognise the importance of agriculture in our local economy and protect prime agricultural land</p>

Shire of Jerramungup	Shire of Jerramungup Community Plan 2016-2026	<p>Economy: Work with the business community to attract investment, create jobs and support small business growth.</p> <p>Governance & Leadership: Work cohesively with groups from across the community to improve engagement and to promote community participation.</p>
Shire of Plantagenet	Plantagenet 2026 Strategic Community Plan	<p>3.1.3 Develop and implement policies and initiatives to support local business, employment opportunities and agricultural prosperity</p> <p>3.1.4 Promote the long term growth of the District</p> <p>3.2.1 Identify and attract value adding and compatible new industries to the region</p> <p>3.2.2 Promote and support local industry development initiatives, including export in partnership with the State Government and regional organisations</p> <p>3.2.3 Develop and review policy to facilitate and support business development and economic growth</p> <p>3.2.4 Advocate for downstream processing in established industries</p> <p>3.2.5 Identify and advocate for the establishment of new industry in the District</p> <p>3.3.1 Develop, maintain and strengthen relationships with local businesses</p>

ⁱ Data sourced from economic modelling software REMPlan 2020 data.

ⁱⁱ Data sourced from Regional Australia institute Job Vulnerability Tool