

COVID-19 Policy Response

April 2020



Chamber of Commerce
and Industry WA

COVID-19 – Policy Response

COVID-19 has thrown a hammer at the WA economy.

The impact has been brutal. Reduced consumer spending is wiping billions from retail, fewer international visitors is stripping hundreds of millions from tourism, and the slowdown in the Chinese domestic economy is cutting tens of millions from agriculture. At the same time, shocks to global supply chains are denying access to critical business inputs, and restrictions on the movement of people are blocking access to skilled workers from interstate and overseas. On top of all this, the impact on the not-for-profit sector is compromising health and community services.

The response of governments is critical, with a suite of policies required. These policies can be categorised according to three phases.

Survival phase

The immediate focus for policy was to provide ballast to the economy in a time of unprecedented upheaval. The State and Federal Government responses were swift, appropriate, and proportionate to the damage at hand. Policy settings (including payroll tax measures) should continue to be monitored and adjusted as appropriate. Further stimulus measures could include bringing forward roads maintenance, and investment in social and community housing projects.

Adaptation phase

Businesses have already turned their mind to the 'new normal' they will face in the coming months. But they will inevitably face administrative barriers. Government has already made some positive policy moves to help, including amendments to the Local Planning Schemes Regulations. Remaining administrative and process barriers must be addressed immediately.

Recovery phase

In the months ahead, when the health emergency hopefully passes, one of the fundamental requirements for restoring growth will be business confidence. Businesses will not invest or rehire workers, and investors will not leave safe havens, until they are confident the economy is on the road to recovery. To this end, the Government must send strong signals to the business community that it will take decisive action to lay the foundation for recovery.

This document outlines policy reforms for the adaptation and recovery phases. These reforms have been developed by drawing on the most comprehensive survey ever undertaken of Western Australian businesses — the *CCIWA COVID-19 Business Impacts Survey* (over 900 responses so far). Reforms have been categorised along similar lines as CCIWA's 2020-21 pre-budget submission, which presented a positive and comprehensive policy reform agenda. Some of these proposals are repeated here, reflecting the fact that the current crisis is exposing flaws in our economy that CCIWA has been highlighting for some years.

It is also important to clarify that this document serves two immediate purposes. It outlines the key parameters by which we should measure specific policy options and it provides an initial set of proposals that fit within that schema. It is not a finite list. To this end, the *CCIWA COVID-19 Business Impacts Survey* has recently been updated to include new questions on what policy specific measures are required for the recovery phase. As such CCIWA will continue to add to and refine its recommended reforms to aid the recovery phase, and looks forward to continuing to work constructively with the Government through this crisis.



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Keep costs as low as possible

Adaption phase measures - pursue with haste

- Local governments should temporarily waive all application fees for licences and permits.

Recovery phase measures - pursue in the medium term

- The WA Government should communicate the need for fundamental reform of our tax system, in order to make our economy more competitive and resilient.
- The WA Government should seek to simplify the tax system in the following ways.
 - Raise the threshold for which businesses are required to lodge payroll tax returns on a quarterly basis. Businesses should be allowed to lodge quarterly if their liability is between \$20,000 and \$150,000.
 - Explore the extent to which it can issue notices of assessment electronically, develop online portals, and for taxes such as land tax and transfer duty, rationalise the number of brackets and rates.
- In keeping with its commitment under the 1999 GST Agreement, The WA Government should abolish transfer duty on non-land business assets. While the complete abolition of this tax would be preferable, the Government should at least abolish the tax for business restructures.
- Local governments should immediately desist with all non-essential expenditure and pass this lower cost base on to households and businesses in the form of lower rates and charges.
- The WA Government should also accelerate the work of the Local Government Review Panel.
- The WA Government should clarify that requiring 1 per cent of the construction value of a project for public art is not an enforceable requirement under planning schemes.

The logic is simple. If Western Australian businesses have lower costs than their interstate and international peers, they will be more competitive and create more jobs. And for those small businesses that don't compete in markets outside WA, lower costs mean more successful, dynamic businesses that benefit the whole community.

We have been making poor progress in recent years. Property rates and charges for example have increased around 6 per cent per year on average since 2000 – much faster than growth in household and SME income.

All levels of government need to do all they can to limit or decrease the levels of fees and charges levied on businesses.

Adaptation phase measures — pursue with haste

Application fees for business licences and permits

The CCIWA COVID-19 Business Impacts Survey identifies that 85 per cent of WA businesses are seeking to adapt their business model in response to the crisis. This includes changing the way that businesses use their property or serve customers.

Some of these changes require permits and navigating approval processes run by local government and state agencies. This can involve high fees to fund council and agency staff assessing plans and requesting information.

The State Government has announced it will waive most fees for business licences and permits. Local government should follow suit.



Recommendation

Application fees

Local governments should temporarily waive all application fees for licences and permits.

Recovery phase measures — pursue in the medium term

Significant tax reform

WA's tax system should encourage local businesses to invest and create jobs. To this end, our tax system should be as competitive as possible with the tax systems of other states and countries.

There are significant reform opportunities.

Transition away from payroll tax. Payroll tax reduces jobs in Western Australia in at least two ways: (1) it makes employing people more expensive; and (2) it increases the cost base for Western Australian businesses, reducing our competitive advantage and stifling

investment. The evidence is also clear that payroll tax reduces wages.

As the WA Treasurer argued at the recent CCIWA Business Breakfast, COVID-19 may be the crisis required to finally be rid of payroll tax, and in so doing bolster wages.

In addition to increasing the demand for workers, reducing payroll tax would also bolster incentives for businesses to invest in their workforces. The productivity and wages of workers in Western Australia would then be underpinned and driven higher by two powerful forces: the increased demand and investment in workers' skills; and an expected increase in investment in automation technology.

At the same time, payroll tax raises between \$3 - 4 billion in revenue for the State Government each year, representing around 24 per cent of total State tax and royalty income. As such, fundamental reform of the tax system is needed to identify replacement revenue sources that do not come at the expense of jobs.

Transition from stamp duties to a broad-based land tax. Transitioning from stamp duty to land tax (in a revenue neutral way) would better enable people to move closer to preferred jobs, family networks and

Supporting residential construction for the long term

There has recently been calls for the immediate removal of stamp duty and land tax to boost residential construction.

Removing these revenue sources is not a feasible policy option. Rather, the best and most sustainable approach to boosting residential construction is to address the fundamental issues confronting the sector: (1) a lack of strong population growth; (2) planning regulations that serve only the most patient capital; and (3) a tax system across all States of Australia that disincentivises property transactions and the movement of workers.

In addition to the boost that would come from transitioning to a broad-based land tax, CCIWA has outlined in this paper options for the State Government to deal with planning regulations (and applaud the immediacy with which it has actioned some elements), as well as opportunities to seize a greater share of the world's skilled workers.

On the latter, there is a significant opportunity to leverage off Western Australia's capable handling of this crisis. We expand on this in the section on reintegrating Western Australia into the global economy below.

significant burden, especially for SMEs. These costs are compounded for businesses required to lodge monthly. Reflecting this, the Payroll Tax Assessment Act allows businesses to lodge annually if their expected annual payroll tax liability is less than \$20,000, and quarterly if their liability is between \$20,000 and \$100,000.

The \$100,000 threshold is reached for a business with payrolls of around \$2,500,000. While this would appear a high bar, given that total wages include employer funded superannuation benefits, fringe benefits and eligible termination payments, this threshold is easily met by many SMEs.

The NSW Government recently adjusted its thresholds for determining how frequently businesses need to lodge returns. Businesses in NSW can now lodge their returns quarterly if their estimated liability is between \$20,000 and \$150,000.

WA businesses should have at least the same arrangements as those in NSW, and as such should be allowed to lodge returns quarterly if their liability is between \$20,000 and \$150,000.

Beyond this, the State Government is encouraged to examine further ways to simplify the state tax system. The NSW Government recently enacted several small changes, such as updating materials to support a greater focus on early engagement and education, and improvements to audit processes. The Government should consider reforms of this nature, including by exploring the option to issue notices of assessment electronically, develop online portals, and for taxes such as land tax and transfer duty, rationalise the number of brackets and rates.

schools. Insofar as people with lower incomes are more likely to live in an area with fewer work opportunities, such reform would make for a more equitable society. Reducing the costs of moving would also remove a barrier to many older Western Australians downsizing, and bolster the residential construction sector (see box). And a greater reliance on land tax would provide for a more stable revenue base.

But the transitional challenges are significant, and as such this reform will only be achieved with bipartisan support across an extended period so as to reduce negative impacts on a section of property owners.

CCIWA understands how difficult this change would be. Reform will take hard work and rely on securing community support.

The most important thing that Government can do now is to signal to the community the need for significant tax reform to help our State through and beyond the recovery phase.



Recommendation

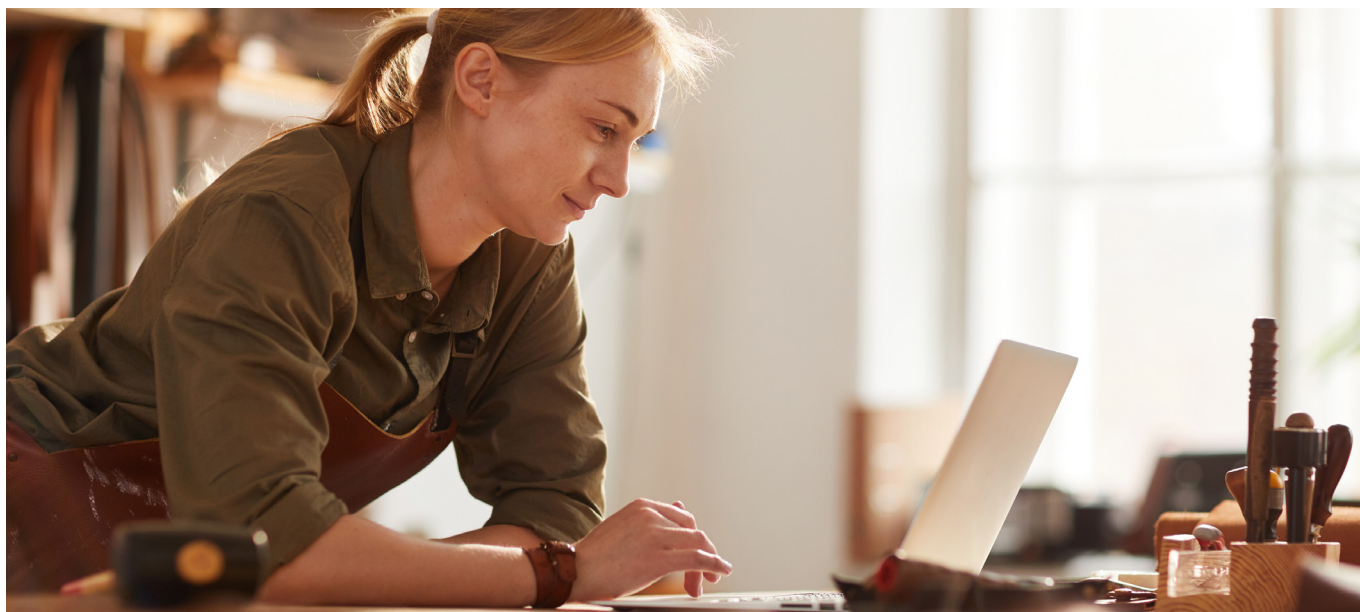
Significant tax reform

The WA Government should communicate the need for fundamental reform of our tax system, in order to make our economy more competitive and resilient.

Simplify the tax system

As businesses recover from the COVID-19 pandemic, it is important that they are free to spend as much of their time as possible on identifying investment opportunities and creating jobs.

One way to free up more time for businesses is to reduce the frequency with which they need to lodge payroll tax returns. The process of lodging returns is a



Recommendation

Reduce the burden of tax compliance

The WA Government should seek to simplify the tax system in the following ways.

- *Raise the threshold for which businesses are required to lodge payroll tax returns on a quarterly basis. Businesses should be allowed to lodge quarterly if their liability is between \$20,000 and \$150,000.*
- *Explore the extent to which it can issue notices of assessment electronically, develop online portals, and for taxes such as land tax and transfer duty, rationalise the number of brackets and rates.*

Transfer duty on non-land business assets

Around 25 per cent of respondents to the CCIWA COVID-19 Business

Impacts Survey identified that they will undertake capital investment to adapt and recover from the current pandemic. This will require finance.

Yet businesses were finding it difficult to attract finance before the COVID-19 pandemic. According to the most recent *WA Super – CCIWA Business Confidence Survey*, close to 60 per cent of businesses found it more difficult to access finance from banks over the past 12 months. While the Federal Government has introduced a loan guarantee, the funding environment for businesses more generally is not expected to improve.

The sale of non-land business assets such as goodwill, licences and intellectual property are subject to transfer duty in WA. This creates a barrier to the purchase or restructuring of a business, for example from a trust to a company. Such restructures are important, to more easily allow SMEs to attract equity funding. In an environment where small businesses are already finding it difficult to secure finance, any measure that makes this harder reduces the competitiveness of the WA economy and will hamper the recovery from the COVID-19 pandemic.

Transfer duty on non-real business assets is the only State tax identified in the 1999 GST Agreement between the Commonwealth and the States that has yet to be abolished in WA. Most other states have abolished the tax.

CCIWA has long called for the abolition of this inefficient tax. As argued in our 2006 submission to the State Government's 2007 State Tax Review:

*CCI welcomed the WA Government's commitment to abolish the GST Agreement Taxes. It was, however, disappointing that the Government did not take the lead and abolish these taxes immediately, given its financial capacity to deliver such reform, and the relatively low overall revenue cost of the abolition of these taxes. CCI believes that the WA Government should commit to the immediate abolition of mortgage duty, hiring duty and **stamp duty on non-real business conveyances** as part of Stage 2 of the Review. (emphasis added)*

Given that the duty is likely to be preventing company restructures from occurring, it is expected that abolishing this duty would have little impact on revenue.



Recommendation

Abolish transfer duty on non-land business assets

In keeping with its commitment under the 1999 GST Agreement, The WA Government should abolish transfer duty on non-land business assets. While the complete abolition of this tax would be preferable, the Government should at least abolish the tax for business restructures.



Local government expenditure and public art provisions

Local governments must immediately undertake a line item review of their expenditure. Any area of spending that does not fill an important need, needs to be cut.

This decreased expenditure needs to be directly passed on in the form of lower rates.

Looking forward, local governments need to avoid unnecessary spending on council buildings and ineffective energy and environmental programs. These programs cost millions of dollars, directly increasing ratepayer costs and operating costs for business.

In the wake of COVID-19, it will be unacceptable for local governments to push these unnecessary costs on households and businesses.

The State Government has the capacity to bolster this effort by accelerating the Local Government Review Panel's work on developing a new Local Government Act. The Panel has been considering issues such as the long-term sustainability of Local Government

finances and the regulation of rates, fees and charges.

In addition, councils should identify ways to remove unnecessary cost imposts on businesses and developers.

For example, some council planners require businesses starting projects valued at \$2 million or greater to pay at least 1 per cent of the construction value to public art, as a condition of approval. This provision even applies to the cost of starting new businesses on industrial land. In addition to the obvious cost impost this places on developers, it causes additional planning delays of four to ten weeks. It has been found that this requirement has no proper planning purpose, but council planning schemes still require planning applicants to submit to this requirement.

In the wake of COVID-19, it will be unacceptable for local governments to push these unnecessary costs on households and businesses



Recommendations

Local government expenditure

Local governments should immediately desist with all non-essential expenditure and pass this lower cost base on to households and businesses in the form of lower rates and charges.

The WA Government should also accelerate the work of the Local Government Review Panel.

Public art provisions

The WA Government should clarify that requiring 1 per cent of the construction value of a project for public art is not an enforceable requirement under planning schemes.

Ensure regulation helps, not hinders, innovation

Adaption phase measures - pursue with haste

- The WA Government should direct key regulatory agencies and local governments to only enforce regulation where doing so protects the health and safety of the community or prevents significant environmental damage. The message should be sent to agencies and local governments that they should err on the side of promoting economic activity.
- The WA Government should direct key regulatory agencies to develop and publish simple to understand guidance on what regulatory requirements or conditions will apply to permit applications, written in plain English. The Government should proactively push this information out to the business community.
- The WA Government should instruct key regulatory agencies, including the Department of Water and Environmental Regulation, the Department of Mines, Industry Regulation and Safety, and the Department of Planning, Lands and Heritage, to implement temporary arrangements for the 2020-21 financial year to reduce assessment timeframes. To this end, agencies should also be provided with the resources to shift their application processes online.
- The WA Government should:
 - establish a simple framework for small business employees and their employer to alter when ordinary hours of work are performed, to promote workplace safety or the need of employees; and
 - replicate the JobKeeper amendments to the Fair Work Act within the WA Industrial Relations Act or via a General Order.

Recovery phase measures - pursue in the medium term

- The WA Government should fundamentally recalibrate Streamline WA to ensure it can deliver quick and meaningful regulatory reform.
- The WA Government should push to have the National Cabinet permanently replace COAG, in order to secure collaboration on key areas of policy.
- The WA Government should implement retail trading reform as per CCIWA's pre-budget submission.
- The following recommendations are made with respect to change of use provisions.
 - The State Government's initiative to abolish the need for small businesses to apply for change of use should be fast-tracked and implemented as soon as possible to assist WA's economic recovery. The WA Government should broaden reforms to change of use provisions to all commercial and industrial properties.
 - If a business has been previously operating a commercial business and has an established reputation, it should be able to identify and agree to meet a checklist of performance-based regulatory requirements (not an approval process that takes months or years).
 - Local governments should ensure that if a new use is a permitted use under council zoning, then it should be dealt with quickly or exempted entirely.
- The WA Government should work with industry to design a regulatory sandbox pilot project and develop a regulatory sandbox framework to be adopted across government.
- The WA Government should devolve responsibility for determining the need for a Regulatory Impact Statement to the relevant agency.
- The WA Government should make it easier to access government services for people and businesses across WA by providing a digital one-stop-shop for licence and permit application processes.

Around 84 per cent of respondents to CCIWA's *COVID-19 Business Impacts Survey* indicated they would seek to adapt their operations in the face of the COVID-19 pandemic. The responses from businesses include changing their mode of product delivery (28 per cent), providing more services online (34 per cent), and making different products or delivering new services (23 per cent). Significantly, 26 per cent of businesses indicated that their efforts to adapt and recover would require some form of capital investment.

More businesses will be able to successfully adapt in response to COVID-19 if business owners can make changes to their operations with ease. This might include taking actions that reduce overheads (such as moving to another premises) or adapting the business model to comply with social distancing restrictions (such as restaurants only being able to deliver).

Businesses trying to innovate often face problems in approval processes that unnecessarily increase the cost, risk and uncertainty of investing in new business models. In fact, the *CCIWA COVID-19 Business Impacts Survey* shows that two out of three (67 per cent) businesses that intend to change or adapt operations to respond to COVID-19 expect to face regulatory barriers, including issues attaining local or state government approvals, permits and licenses.

While in many cases regulation plays an important role such as promoting human health and safety, regulation and approval processes often go beyond what is required to meet these objectives. Any additional regulatory burden not required to meet an important policy objective can hinder innovation and overall business competitiveness. In the context of the COVID-19 crisis, onerous regulation will prevent businesses from adapting and making it through to the other side.



Around 84 per cent of respondents indicated they would seek to adapt their operations

CCIWA has identified several areas where governments can make it easier for businesses to adapt.

Adaptation phase measures — pursue with haste

Leniency in the enforcement of regulation

Businesses need to comply with a multitude of requirements that have nothing to do with protecting the health and safety of the community or preventing significant environmental damage. As one example, CCIWA has been alerted to a case in which an enforcement officer interrupted a personal trainer conducting a one-on-one training session in an empty park, asking the trainer to stop training and to book a timeslot to use the park for a business purpose.

The State Government should direct regulatory agencies and local governments to stop forcing businesses to comply

with these sorts of ridiculous requirements. Doing so would reduce costs for businesses and facilitate their adaption to the crisis. It would also free up resources within government.

This would not require changes to regulations or legislation — just a common-sense change to how existing regulations and legislation is administered.



Recommendations

Regulatory leniency

The WA Government should direct key regulatory agencies and local governments to only enforce regulation where doing so protects the health and safety of the community or prevents significant environmental damage. The message should be sent to agencies and local governments that they should err on the side of promoting economic activity.

Timely applications and clear regulations

CCIWA considers the focus during the adaptation phase should be on ensuring regulations are clear, and that applications are dealt with quickly.

- **Clear regulations.** Businesses often report that regulatory rules and processes are unclear. In the current environment, it is more important than ever that businesses can easily understand the requirements agencies and councils will apply.
 - The State Government should ensure that key areas of regulation are clear and written in plain English, for example, in areas such as food requirements and change of use. This would help businesses to understand and budget for the requirements while ensuring greater regulatory consistency. The Government needs to actively push this information out to businesses.
- **Timely applications.** Applications for approvals should be dealt with as quickly as possible. For example, improving the speed of application processes with building permits would assist the housing market. Another area where this is particularly important is in the resources sector. WA needs a pipeline of resources projects to lead the State's economic recovery. Timely approvals for exploration, new projects and changes to existing mining and oil and gas operations will provide a pathway to recovery.
 - A common frustration of WA businesses prior to the COVID-19 pandemic, was the time taken for council and agency regulatory approvals. It could take six weeks before businesses received a response to a planning permit application, at which time the response was that more information is required.
 - It is vital that the public sector reduces approvals timeframes in the adaptation and recovery phases. This can be done using existing resources by refocusing priorities and modifying key performance indicators. It does not mean compromising regulatory obligations and standards.



Recommendation

Plain English guidance

The WA Government should direct key regulatory agencies to develop and publish simple to understand guidance on what regulatory requirements or conditions will apply to permit applications, written in plain English. The Government should proactively push this information out to the business community.

Approval timeframes

The WA Government should instruct key regulatory agencies, including the Department of Water and Environmental Regulation, the Department of Mines, Industry Regulation and Safety, and the Department of Planning, Lands and Heritage, to implement temporary arrangements for the 2020-21 financial year to reduce assessment timeframes. To this end, agencies should also be provided with the resources to shift their application processes online.



Allowing employees to work flexibly

It is important to ensure that as many employees as possible can maintain their jobs over this period and as we transition into recovery. This will require employees to have the option of working flexibly to balance work and the Governments' changing responses to managing COVID-19.

With parents caring for students at home from school and staff seeking to stagger working hours to avoid peak congestion times, employees need to be able to enter into arrangements with their employer to work flexibly.

Another area where there is significant scope for economic, community and health-related gains is introducing more user choice in the delivery of human services

Our current system of awards limit when employees can work, making it unviable for employers to agree to employees' requests for more flexible working arrangements. Unless this changes, many more workers will unnecessarily join the growing number of employees who have had their jobs affected by COVID-19 and be less able to transition back into employment when the economy starts to recover. For example, the *Aboriginal Communities and Organisations Award* provides that ordinary hours may only be performed between 7.00am – 6.00pm Monday to Friday in a single block of up to 8 hours. This would prevent an employer granting an employee's request to work from home in the morning and evening in order to care for their school aged children.

The need to facilitate flexible systems of work is recognised in the Federal Government's JobKeeper legislation, which makes temporary amendments to the Fair Work Act to allow employers to vary working arrangements which, in conjunction with the JobKeeper payment, will help keep staff employed and working. For small WA employers covered by the State industrial relations system, they will miss out on the flexibility component of the JobKeeper package unless the WA Government replicates the Fair Work amendments into the WA legislation or via a General Order. This will negatively impact on the number of employees able to maintain active employment over this period.



Recommendation

Flexible work

The WA Government should:

- *establish a simple framework for small business employees and their employer to alter when ordinary hours of work are performed, to promote workplace safety or the need of employees; and*
- *replicate the JobKeeper amendments to the Fair Work Act within the WA Industrial Relations Act or via a General Order.*

Recovery phase measures — pursue in the medium term

Supercharge regulatory reform

CCIWA acknowledges the State Government had to put key reform programs on hold to focus on the immediate response to the COVID-19 pandemic. However, pushing ahead with regulatory reform is vital to the State's economic recovery.

Streamline WA, with its focus on removing regulatory barriers to industry, should be prioritised as part of the recovery phase. Reducing the cost, inconsistency, risk and uncertainty associated with regulation would counterbalance the elevated risk due to COVID-19 and make it more likely that businesses will invest in Western Australia.

Streamline WA should be recalibrated and given the teeth to quickly cut through on meaningful regulatory reform. To this end,

the WA Treasurer should chair Streamline WA, with additional resources provided to bolster the Better Regulation Unit within Treasury. The Unit should be developed into a multi-disciplinary team with background and experience across multiple areas of policy, including regulation, workforce skills, education, local government, industry policy, infrastructure and human services.

Regulatory reform must be supercharged.

In addition, given the overlap in regulation across the Federal and State Governments (as well as in other important areas of policy such as taxation and human services), there is merit in the State Government pushing to have the National Cabinet permanently replace COAG. Indeed, one of the most frustrating aspects of regulation is the duplication between Federal and State Government regulatory agencies (especially for environmental regulation).

Another area where there is significant scope for economic, community and health-related gains is introducing more user choice in the delivery of human services. Areas with scope for gains include palliative care, social housing, family and community services, services in remote Indigenous communities, referred health services and public dental services (as reflected in the 2016 Intergovernmental Agreement on Competition and Productivity-enhancing Reforms).

CCIWA recognises that this is a much broader and more significant issue than the other areas of reform covered in this paper and is more focused on the process of regulatory change. As such achieving this change will require much broader work and support.



Recommendations

Supercharge regulatory reform

The WA Government should fundamentally recalibrate Streamline WA to ensure it can deliver quick and meaningful regulatory reform. To this end:

- *The Treasurer should chair Streamline WA.*
- *The Better Regulation Unit within Treasury should be provided additional resources.*
- *Key Government agencies should be required to first identify priority reforms to reduce costs, inconsistency, risk and uncertainty of regulatory and approval services that are provided by them or on their behalf.*
- *Those agencies should be required to report directly to Streamline WA every month on their progress.*
- *Key agencies include the Department of Planning, Lands and Heritage (particularly planning and building), the Department of Health (particularly the food unit); the Department of Mines, Industry Regulation and Safety, the Department of Local Government, Sport and Cultural Industries, and the Department of Water and Environmental Regulation.*

National Cabinet

The WA Government should push to have the National Cabinet permanently replace COAG, in order to secure collaboration on key areas of policy.

Retail trading hours

In the COVID-19 recovery phase, every measure needs to be taken to bolster key sectors like international education and tourism. On this and any issue, there is no panacea.

With respect to the tourism sector, Western Australia now has some world-class hotels, for which we need to maximise the benefits. Tourists expect shopping convenience, and retail spending by tourists is about 10 per cent of our tourism exports. Austrade has argued that visitors are likely to try to spend at times that may be considered 'after hours'.

Indeed, in 2018 the Bankwest Curtin Economic Centre surveyed Chinese tourists, and found that those tourists wanted longer trading hours on Sunday. This led BCEC to conclude:

"While WA may not be China ready yet, this report suggests policy changes the WA Government can make to capture this growing market. Extending trading hours to 6.30pm on weeknights and additional earlier trade on Sundays is one way the WA Government could increase the \$291 million already being spent in the State by Chinese visitors each year."

The benefits of retail trading reform go well beyond bolstering the tourism sector.

As outlined in CCIWA's 2020-21 pre-budget submission, the benefits include greater job opportunities for young Western Australians, increased retail turnover, greater convenience for busy families, and greater community engagement. A range of independent organisations have made these conclusions, including researchers at the Productivity Commission, Curtin University and the University of Western Australia. We highly encourage the WA Government to consider this section of CCIWA's pre-budget submission.

The current crisis has created additional imperatives for retail trading reform, for both businesses and consumers. Businesses need as much flexibility and support to earn revenue as they can. And the acceleration to online retailing will only grow in the current climate, including for food deliveries. At the same time the opening of Costco at Perth Airport is dragging shoppers away from their local shopping precinct, hurting small cafes, restaurants, newsagents and general retail outlets. These requested changes go no further than providing struggling retailers with a level playing field.

We need to provide consumers with as much reason as possible to visit their local shopping centre or precinct. Increased foot traffic benefits smaller operators.

CCIWA has recently updated the questions in its CCIWA COVID-19 Business Impacts Survey. One of the questions added was *Looking to the longer-term recovery, does your business agree that removing restrictions on retail trading hours would help stimulate consumer spending and business confidence?* Of those respondents with a view, preliminary results shows that 71 per cent either strongly agree or agree with that statement, with a majority in favour across every business size:

- 64 per cent of small sized businesses (1-10 employees) agreed with the statement
- 83 per cent of medium sized businesses (11-100 employees) agreed with the statement
- 67 per cent of large sized businesses (100+ employees) agreed with the statement.

CCIWA does not continue to prosecute the case for retail trading reform as a vanity project. There is sufficient independent evidence to show that the reform would deliver

real benefits to the WA community, including by bolstering our tourism industry. Western Australia needs to shake off its conservative viewpoint on retail trading hours, catch up with the rest of Australia, and implement retail trading reform. It is time for common sense to finally prevail.



Recommendation

Retail trading hours

The WA Government should implement retail trading reform as per CCIWA's pre-budget submission.

Planning and change of use

In many cases when a business needs to change its operations and/or move its location, this requires planning and building approval and other forms of permitting and licensing.

For example, any time a business wishes to change its location to a new commercial premise and there is a 'change of use', or a commercial premise has been 'disused' for some time, planning and building

approvals are required. These approval processes can take months or years and impose costly planning and building conditions.

These delays are unacceptable in the current environment. It is more important than ever for regulators and governments to iron out the regulatory approvals process and cut delays.

It is encouraging that the State Government has announced changes to the Planning and Development (Local Planning Schemes) Regulations 2015 to allow the Minister for Planning to temporarily override requirements and conditions set out in a local planning scheme, and existing conditions in planning approvals.

The State Government must go further.

In this context the State Government has announced an important initiative as part of its Action Plan for Planning Reform: abolishing the need for small businesses to apply for change of use in town centres and main streets. This initiative should be fast-tracked and broadened to support businesses who need to respond to COVID-19.

There are many commercial properties that are outside town

centres and main streets but are important for WA's economy. If a property has been previously used for commercial uses, a prospective business owner should not be delayed in making use of that property. One clear way to cut through, is to ensure that — where a business meets a checklist of conditions and rules (such as EPA standards) — uses that are permitted for a zoning (for example, commercial, agricultural or industrial zoning) are 'as-of-right', without the need for change of use provisions.



Recommendations

Change of use provisions

The following recommendations are made with respect to change of use provisions.

- *The State Government's initiative to abolish the need for small businesses to apply for change of use should be fast-tracked and implemented as soon as possible to assist WA's economic recovery. The WA Government should broaden reforms to change of use provisions to all commercial and industrial properties.*
- *If a business has been previously operating a commercial business and has an established reputation, it should be able to identify and agree to meet a checklist of performance-based regulatory requirements (not an approval process that takes months or years).*
- *Local governments should ensure that if a new use is a permitted use under council zoning, then it should be dealt with quickly or exempted entirely.*



Regulatory sandboxes

Innovation and investment can help propel the WA economy through the recovery phase. The application of emerging technologies like automation, artificial intelligence, machine learning and 3D printing is an enormous opportunity for the WA economy.

At the same time, businesses will be more reticent to invest following the COVID-19 pandemic.

One of the barriers to the application of new technologies is that they may not fit neatly into existing regulatory frameworks, making it difficult for businesses to earn the required regulatory approvals.

As a result, some sectors have struggled to capture the benefits that disruptive innovation could deliver for the economy.

The State Government can play an important role in facilitating the application of new business models and technologies. An emerging approach used by governments and regulators across the world is the use of 'regulatory sandboxes' (see box 2).

Regulatory sandboxes should be piloted in WA. The rate of R&D expenditure and market entry were at historically low levels in WA even before the COVID-19 pandemic. While no panacea, this approach would help businesses to experiment with new technologies, and in so doing accelerate innovation and unlock the benefits of technology. Operating on a 'business as usual' basis in the wake of the pandemic just won't cut it.

There are a number of potential areas where this approach could apply. This includes in sectors like agri-business (such as applications of drone technology, agricultural chemicals and biotechnology) and energy (such as carbon sequestration technologies), as well as specific technology areas like mobility and 3D printing.

Any regulatory sandbox model should be co-designed between government and industry. The framework should carefully account for risks, be open to any industry participant (to avoid 'picking winners') and be time limited. The initiative is likely to be more effective if it is packaged up with a regulatory

concierge service, whereby the applicants of new technology are guided through the various stages of regulation.

The WA Government should consult with the community on introducing a regulatory sandbox framework. As part of this consultation, the Government should seek to identify the areas where there are likely to be significant benefits from introducing such a model.



Recommendation

Regulatory sandboxes

The WA Government should work with industry to design a regulatory sandbox pilot project and develop a regulatory sandbox framework to be adopted across government.

Proposed steps include:

- *Introduce the regulatory sandbox concept in a discussion paper.*
- *Call for submissions from the public to identify key sectors that would benefit from a regulatory sandbox model.*
- *Identify key principles and co-design a six-month pilot project with CCIWA.*
- *Use learnings from the pilot project to develop the regulatory sandbox framework in consultation with industry and the community.*

Box 2

Regulatory sandbox arrangements allow businesses and regulators to quarantine innovative new products, services and business models from regulation for a limited period with appropriate safeguards. This creates a testing environment for proof of concept trials for innovation, with real users. The concept can be extended to pre-launch and pilot phases.

Within Australia, these arrangements are currently used by the Australian Securities and Investments Commission, the NSW State Government, and are being considered by the COAG Energy Council for use in the national energy market.

The use of regulatory sandboxes is at an early stage worldwide, but there is emerging evidence of their usefulness. Evidence from the UK suggests these models can help start-ups by providing important guidance to the application of regulation, enabling the fine tuning of business models, and increasing the credibility of firms with investors and customers.

Regulatory impact assessment

As Western Australia moves into the recovery phase post COVID-19, it is important not only that the stock of existing regulation be improved, but that the flow of new regulation not be unnecessarily restrictive.

The process for assessing new regulation in Western Australia is through regulatory impact assessments. While this process has delivered some benefits, it is clear it could be much improved, with many of the potential benefits being forfeited through a lack of ministerial and agency commitment.

Greater accountability would help to provide these assessments with more teeth. Devolving responsibility for determining the need for a Regulatory Impact Statement to agencies, subject to appropriate oversight, is an option put forward by the Productivity Commission. This approach would require clear guidelines on when Statements are needed, and additional transparency and accountability measures, including audit procedures. The role of WA Treasury as the oversight agency would be to provide advice and training, and to assess and report on compliance with the process.



Recommendation

Regulatory impact assessment

The WA Government should devolve responsibility for determining the need for a Regulatory Impact Statement to the relevant agency.

One-stop-shop for licence and permit application processes

The State Government can build upon its 'wa.gov.au' services website and ServiceWA pilot by providing a digital one-stop-shop for licence, permit and grant application processes for businesses. This

can help cut red tape by reducing application times and making it easier for businesses to start new projects in Western Australia.

Government agencies have different application processes, some of which are still paper based. Application assessment criteria and expected processing times are often unclear for applicants. This can result in delays and duplication of work, including for investors looking to start a new businesses or project in WA.

A single contact point for agencies would enable businesses to submit a digital application to a central contact point. While the Government appears to have the basis of an online services portal with its 'wa.gov.au' services page, this effort could be expanded to deliver digital application processes to businesses. The Service NSW and Service Victoria initiatives are considerably more progressed than WA's. It is essential we accelerate our efforts in eradicating wholly unnecessary red tape.

In centralising its applications into a single portal, the Government should prioritise the digitisation of applications that are still paper based. It would also be useful to allow individuals, businesses and NFPs to nominate an application that can be digitised or provide feedback on red tape. It should prioritise those areas which will deliver higher economic value to the State. This could help identify and prioritise areas for improvement.



Recommendation

One stop shop for licence and permit application processes

The WA Government should make it easier to access government services for people and businesses across WA by providing a digital one-stop-shop for licence and permit application processes.



¹ Productivity Commission 2012, *Regulatory Impact Analysis: Benchmarking*, Melbourne.



Access to skilled workers and efficient infrastructure

Adaption phase measures - pursue with haste

- The WA Government in conjunction with CCIWA and relevant industries should quickly identify what the minimum units of competency would be required for an individual to enter a new role in an industry experiencing a skills shortage. Training courses should then be redesigned and streamlined around these units. The government may need to consider whether these units should be eligible for public funding and whether support is needed for training providers to deliver these units remotely.
- The WA Government should re-purpose its Enterprise Training Program, making the program available to any business that has stood down workers as a result of COVID-19.
- The WA Government should consider targeted support to GTOs in cases where large numbers of apprentices are being returned from hosts' businesses to the GTO, and the GTO is ineligible for Commonwealth support. To help ensure apprentices that are out of placement can still undertake some training activities, The WA Government should consider increasing the funding window for VET courses with a significant practical component.
- The WA Government should consider waiving BCITF levy payments for projects where the business can demonstrate they are continuing or enhancing their efforts to engage apprentices and trainees or providing their staff meaningful training opportunities. The Government should also consider directing the BCITF to reallocate some funding to apprenticeship support grants and expand funding eligibility and simplify the grant application process to ensure as many businesses as possible can access support for their apprentices.

Recovery phase measures - pursue in the medium term

- The WA Government should lower the contestability threshold and commit to full retail contestability, as per CCIWA's pre-budget submission.
- The WA Government should require that Director-Generals ensure that their agencies engage early with Infrastructure WA and Treasury on new infrastructure project options, to collaborate and ensure best practice approaches to infrastructure assessment.
- The WA Government should expand the number of occupations on the WA Skilled Migration List beyond the current 18 occupations, to include all priority one and two occupations as identified by the State Government's Skilled Occupation Priority List.



The current crisis has created a significant dislocation between businesses and workers. The *CCIWA COVID-19 Business Impacts Survey* found around 20 per cent of WA businesses are experiencing, or expect to experience, a shortage of skills. Compounding this, temporary skills shortage visa holders are caught outside the country (particularly health professionals).

It is vital that displaced workers be retrained into areas of need, and that measures be taken to make it easier for workers to be redeployed into sectors experiencing skills shortages.

CCIWA has identified several actions to support industries experiencing skills shortages and ensure a pipeline of skilled workers to support the State's recovery effort.

Adaptation phase measures — pursue with haste

Redesign training courses

Some recently unemployed workers will be able to transition to new roles with little or no formal upskilling. However, some sectors will require new workers with technical

skills specific for their sector.

The Government should identify areas of skills shortage, by working in close conjunction with businesses and the relevant industry bodies including CCIWA.

To facilitate rapid upskilling, the State Government in conjunction with training providers and businesses should identify the minimum units of competency required to gain the technical skills necessary to take on essential jobs in industries experiencing a skills shortage, and help to facilitate the delivery of these courses. For example, workers in personal caring roles must have formal training in medication management, positive behaviour support, infection control, manual handling and mental health first aid. From a practical perspective this would require a person to complete 5 units of competency that meet the minimum standards required by an employer as opposed to 13 units required to gain a full qualification.

The State Government may need to consider whether it needs to subsidise these identified units of competency if they are not already eligible for public support and whether it needs to provide financial support to training providers to

ensure the delivery of these units.

This is especially important if training providers must adapt their current course materials for online delivery.

Many recently laid off workers may have limited capacity to pay for these qualifications. If that is the case the State Government could allow people in this situation to defer payment in cases where the course is ineligible for VET-Student Loans.



Recommendation

Redesign training courses

The WA Government in conjunction with CCIWA and relevant industries should quickly identify what the minimum units of competency would be required for an individual to enter a new role in an industry experiencing a skills shortage. Training courses should then be redesigned and streamlined around these units. The government may need to consider whether these units should be eligible for public funding and whether support is needed for training providers to deliver these units remotely.

Training Opportunities for Workers Stood Down

One unique aspect of this crisis is that many businesses are entering hibernation, suspending operations until COVID-19 is under control. Many workers have therefore been stood down rather than let go.

Workers currently stood down have an opportunity to undertake formal training. Training not only supports the ongoing connection between workers and businesses during this difficult time, but also enables businesses to upskill their workforce and enhance businesses recovery. The CCIWA COVID-19 Business Impacts Survey has identified that around 10 per cent of WA businesses are looking to upskill their staff.

Training for workers stood down could be leveraged through existing training approaches such as the

State Government's Enterprise Training Program.

The Enterprise Training Program is an approach to VET training that has been piloted in the Health and Social Assistance industry, whereby approved training providers and businesses negotiate a bespoke training program to meet the businesses' specific needs. This is opposed to a business having to place someone in a VET program designed to deliver a full qualification, in situations where a full qualification is not necessary nor relevant to that businesses' immediate requirements. So that the program does not deliver training for trainings sake, there could be an opportunity for businesses to access funds or guidance material for a training needs analysis and/or planning to ensure employers and workers build a learning system which is more responsive to the shifting economy.



Recommendation

Training for stood-down workers

The WA Government should re-purpose its Enterprise Training Program, making the program available to any business that has stood down workers as a result of COVID-19.

Keeping Out of Work Apprentices Engaged in Training

Despite the unprecedented level of support being provided by government, many apprentices are likely to find themselves out of work.

Minimal disruption to the State's training pipeline is vital to ensuring the WA economy returns to its full productivity capacity as quickly as possible.

CCIWA has identified two strategies that the State Government could implement to assist employers to retain their apprentices and ensure that those apprentices that have been let go are able to continue their training.

Supporting Group Training Organisations and Training Providers

Given the large degree of uncertainty in the economy, businesses will be unlikely to commit to employing additional out of work apprentices. Due to the unique role that Group Training Organisations (GTOs) play in de-risking the provision of apprenticeships, these organisations will be central in ensuring that as many apprentices remain engaged in training as possible.

Around 10 per cent of WA businesses are looking to upskill their staff



This is of vital importance as a large reduction in apprentices undertaking training in WA will exacerbate skills shortages over the medium to long term, prolonging WA's recovery.

While GTOs may be eligible for the JobKeeper payment or the Commonwealth's Apprentices wage subsidy, they are likely to incur greater costs as businesses seek to take on apprentices for a shorter placement or return apprentices that have been placed with them.

This creates a challenge on two fronts. Firstly, it increases the cost of placing apprentices and secondly, it creates the challenge of keeping apprentices in meaningful training activity while waiting for a placement.

To support WA's pipeline of skilled workers, and maintain the integrity of the VET system, the State Government should consider targeted support to GTOs in cases where large numbers of apprentices are being returned from hosts' businesses to the GTO and the GTO is ineligible for any Commonwealth support. This approach would help to ensure as many apprentices as possible remain engaged in training.

Ideally apprentices employed by a GTO but not placed with an employer should still, where possible, be engaged in the institutional component of their training. Given social distancing restrictions these apprentices will only be able to complete the theoretical components of their training, completing the practical components later. This will increase the time taken for an apprentice to complete each unit of competency. As public funding for VET qualifications is based on a fixed hourly funding window, significant increases in the time

required to complete will reduce many training providers' viability. To ensure training providers continue to provide institutional training the State Government should consider increasing the funding window for VET courses with a significant practical component.



Recommendation

Group training organisations

The WA Government should consider targeted support to GTOs in cases where large numbers of apprentices are being returned from hosts' businesses to the GTO, and the GTO is ineligible for Commonwealth support. To help ensure apprentices that are out of placement can still undertake some training activities, The WA Government should consider increasing the funding window for VET courses with a significant practical component.

Waiving the BCITF Levy and Positioning Existing Funding to Support Existing Apprentices

One potential mechanism for helping to ensure a pipeline of skilled workers is through the Building and Construction Industry Training Fund (BCITF). In particular, the State Government could potentially waive levy contributions on new projects on the condition that the business commits to providing training opportunities to staff or retaining apprentices. This would provide businesses with a degree of certainty that they will have a small share of project costs available to ensure the continuity of training for their apprentices.

Around 38 percent of all WA apprentices are likely to be engaged by a business that is either required to pay the BCITF levy or eligible to receive support from the fund.

Over the past few years the BCITF has recorded significant surpluses. The recent expansion of the levy to include resource sector construction projects was expected to lead to a significant and persistent increase



in surplus funds, due to resource projects being more capital intensive compared to their labour requirements.

BCITF funding can only be used for limited purposes outlined in the legislation governing the fund. This limits the flexibility of the fund during times of crisis. Compounding this is the fact that many businesses report there is a lack of clarity around the type of support from the fund that they are eligible for.

The State Government could also reallocate some BCITF funds to grants for supplementary training programs to assist businesses to retain their apprentices in response to the COVID-19 crisis. This should be supported by expanding funding eligibility criteria and simplifying the grant application process.

Both these actions would in the first instance relieve cost pressures on businesses looking to establish new projects and ensure businesses that have already contributed to the fund continue to support their apprentices.



Recommendation

BCITF levy

The WA Government should consider waiving BCITF levy payments for projects where the business can demonstrate they are continuing or enhancing their efforts to engage apprentices and trainees or providing their staff meaningful training opportunities. The Government should also consider directing the BCITF to reallocate some funding to apprenticeship support grants and expand funding eligibility and simplify the grant application process to ensure as many businesses as possible can access support for their apprentices.



Access to energy is essential infrastructure that every business and household relies in order to function

Recovery phase measures — pursue in the medium term

Energy reform and retail contestability

The State Government has been rolling out energy reform to ensure reliable, secure and affordable access to energy for all businesses and households. This work is even more important in the context of the COVID-19 crisis – access to energy is essential infrastructure that every business and household relies in order to function.

Energy costs make up a large component of operating costs for businesses. Further reform beyond the current scope of the energy transformation taskforce is necessary to drive energy costs down. Lowering the contestability threshold so that households and businesses can choose their supplier would help drive down prices by promoting competition.

CCIWA's pre-budget submission

called for the government to move to full retail contestability in the long term and commit to lowering the contestability threshold to 20 megawatt hours to provide choice and price competition for SMEs.



Recommendation

Retail contestability

The WA Government should lower the contestability threshold and commit to full retail contestability, as per CCIWA's pre-budget submission.

Better scrutiny of infrastructure projects

The Special Inquiry into Programs and Projects (the Langoulant Inquiry) identified several problems with the way government agency staff plan and assess infrastructure projects. One issue is poor quality business case assessment.



There is a risk that public agency staff who oversee the preparation of a business case and whose objective is to secure funding through the budget process will only see Infrastructure WA (IWA) as a gatekeeper and seek to achieve its tick of approval, resulting in business cases being developed to a minimum standard level. These issues emerge whenever a gatekeeper role is set up, including in states that have established infrastructure advisory bodies.

It is important that agency staff have the authorising environment, incentives and culture conducive to working collaboratively with Infrastructure WA throughout the business case development process. This is especially important in an environment where infrastructure may be fast tracked to support the economy.

There is an opportunity through the establishment of IWA to improve the assessment of infrastructure projects across government, helping to address the systemic problems identified by the Langouant Inquiry.

The role of WA Treasury and IWA in helping to collaborate and ensure such best practice infrastructure assessment is critical. However, Treasury is sometimes engaged late in the process, sometimes only in the lead up to budget time. This limits the ability of Government to collaborate and ensure that it is preparing rigorous analysis.



Recommendation

Evaluation of infrastructure proposals

The WA Government should require that Director-Generals ensure that their agencies engage early with Infrastructure WA and Treasury on new infrastructure project options, to collaborate and ensure best practice approaches to infrastructure assessment.

Skilled migration

Before the current COVID-19 crisis many businesses were experiencing skill shortages. The CCIWA COVID-19 Business Impacts Survey identified that 30 per cent of respondents in the mining and resources sector, and 20 percent of respondents from the construction and manufacturing sectors were at risk of skills shortages in the current environment. With the shutdown of overseas travel and many skilled migrants returning home, these shortages will be exacerbated. If businesses are unable to access these skills quickly our economic recovery will be severely hampered.

To ensure WA businesses can return to full productive capacity as soon

as possible, quick and easy access to skilled workers from interstate and overseas will be required where there are gaps in the local labour market. Now is the time to realise that WA has an opportunity ahead of it to seize a greater share of the world's skilled workers.

The State Government should expand the number of occupations on the WA Skilled Migration List beyond the current 18 occupations, to include all priority one and two occupations as identified by the Skilled Occupation Priority List. This would provide businesses with access to a range of migration options for an additional 166 occupations, including chefs, agricultural technicians and diesel mechanics — all occupations that businesses are struggling to fill locally.



Recommendation

Skilled migration

The WA Government should expand the number of occupations on the WA Skilled Migration List beyond the current 18 occupations, to include all priority one and two occupations as identified by the State Government's Skilled Occupation Priority List.



Fast-track WA's reintegration into the global economy

Adaption phase measures - pursue with haste

- The WA Government should ensure that grant programs and industry development funds help to facilitate Western Australian businesses to diversify into alternative import and export markets.

Recovery phase measures - pursue in the medium term

- The WA Government should execute a comprehensive and targeted strategy for filling the vacuum in global investment and trade markets. This strategy should include specific and practical initiatives. It can be developed now.



There is a significant opportunity for Western Australia to conduct a forward press into international markets

COVID-19 has disconnected countries and their economies from the global marketplace. The pandemic has also laid bare some of the risks inherent in global value chains, including the risk from having parts of those chains concentrated within a single geographic region.

With the current disruption, and the likely reticence of some countries in the recovery phase to fully re-embrace global trade, there is a significant opportunity for Western Australia to conduct a forward press into international markets.

We are ultimately a trading economy. An aggressive push back into global markets would help to regain our footing in global markets, and potentially put Western Australia in an even stronger position within the world economy.

WA's management of COVID19, both in respect of health and economic aspects, has sent a clear message to the world that its institutions have a better grasp than most on how to support the health of its people while still being able to foster a modern, complex economy. Should

WA continue to manage the impacts in this way, this achievement will serve as rare gold dust for a global investment community seeking safe havens. This story extends beyond investment. It will also be the case that people with both capital and higher skills will be drawn to WA. This would serve not only to support stronger residential construction, but to deepen the State's skills base for stronger economic growth.

We should seek to leverage that opportunity by conducting a strong forward press back into the global economy.

Adaptation phase measures — pursue with haste

Support immediate diversification initiatives

Around 11 per cent of respondents to the CCIWA COVID-19 Business Impacts Survey indicated they will seek to diversify their import and/or export markets in response to

COVID-19. The sectors with the highest portion of respondents indicating they would pursue this strategy include:

- Mining (26 per cent)
- Manufacturing (22 per cent)
- Agriculture, forestry and fishing (21 per cent)
- Construction (15 per cent).

Of the WA businesses that indicated they would seek to diversify, 88 per cent are SMEs.

Expanding into different export markets and developing additional or alternative global supply chains is a significant undertaking. It generally involves the following three steps.

- **Market research.** Detailed market research to identify alternative export and import markets. This will include a detailed assessment of market-specific demand growth, competition and trade barriers.
- **Market preparedness.** Work to help businesses enter new markets and identify new global supply chains, including development of targeted marketing campaigns, cultural literacy, packaging, product extensions, and compliance with relevant standards and regulations.
- **Market engagement.** Participation in product expos, trade missions, workshops, webinars and business-to-business meeting programs.

To implement a strategy like this would be a significant and time-consuming investment, and beyond the reach of many WA businesses, especially SMEs. The State Government should ensure that grant programs and industry development funds are in place and appropriately targeted to help facilitate this important work. Such grant programs should complement

existing Commonwealth grant programs such as the Export Market Development Grant. Clearly however there is a role for the WA Government to expand its efforts in this area, noting that various other State Governments have executed initiatives in recent years (such as the NSW Export Accelerator Program, the SA Export Partnership Program, and the Tasmanian New Market Expansion Program).

CCIWA is well positioned to assist in the process of quickly identifying and linking businesses across sectors with new trade opportunities.

Facilitating the de-risking and diversification of WA businesses would help the WA Government to meet its Diversify WA and Asian Engagement Strategies.



Recommendation

Diversification initiatives

The WA Government should ensure that grant programs and industry development funds help to facilitate Western Australian businesses to diversify into alternative import and export markets.

Recovery phase measures — pursue in the medium term

Elevate Western Australia

As noted, some countries will be reticent to re-engage with global markets once COVID-19 begins to fade. There is a significant opportunity for Western Australia to fill this vacuum.

Western Australia needs a global

re-engagement strategy to frame our state's overall goals for trade and investment. This strategy can be developed relatively quickly — it requires no gloss. Without such a strategy, our efforts to re-integrate into the global economy will be reactive and opportunistic, and we will fall behind countries that take the initiative.

Sitting behind this strategy should be specific and practical initiatives.

- Clear strategies for making hard presses into key investment markets, such as the United States, UK, mainland Europe, Singapore, China, India, Hong Kong and Canada.
- Specific trade initiatives at the sectoral level, such as fisheries, agribusiness, mining resources and METS, energy, tourism and international education. In particular, consideration should be given to WA's positioning as an investment hub and trading platform in the context of addressing global concerns and market gaps in food security, energy security and international education for the populations of emerging economies.
- Identifying new global supply chains to drive our mining resources, infrastructure and construction and advanced manufacturing sectors.
- Approaches to linking Western Australian businesses into key innovation ecosystems (such as energy, METS and Agri services) and capital markets.
- Recalibrating the resourcing of overseas trade offices to see how they can leverage existing resources.
- Ways to enhance the government's digital presence in key markets, improving the facilitation of businesses into bilateral supply chains

and realising awareness of opportunities.

- Measures to strengthen the value proposition for investing in WA, including the development of a WA investment prospectus and a single deal book. (As part of such an initiative, the WA Government could investigate partnering with an organisation such as CCIWA to develop a WA investment deal book.)

Beyond specific measures, it is also vitally important to recognise that a general openness to trade, investment and movement of people and workers will go a long way to helping WA take its opportunities in the global economy. Post COVID-19 there will be pressure on governments to resort to protectionism, restrict the movement of workers, and close economies off from the rest of the world.

That is a pathway to reduced prosperity.

It is only by growing our economy, being open to the world and its people, that WA will make significant inroads into the debt justifiably accrued in fighting COVID-19. Future generations of Western Australians will have to repay that debt. We owe it to them to do all we can to grow the economy and in so doing lighten their burden.



Recommendation

Elevate Western Australia

The WA Government should execute a comprehensive and targeted strategy for filling the vacuum in global investment and trade markets. This strategy should include specific and practical initiatives. It can be developed now.

