



# **2023-24 Pre-budget Submission**

Chamber of Commerce and Industry WA

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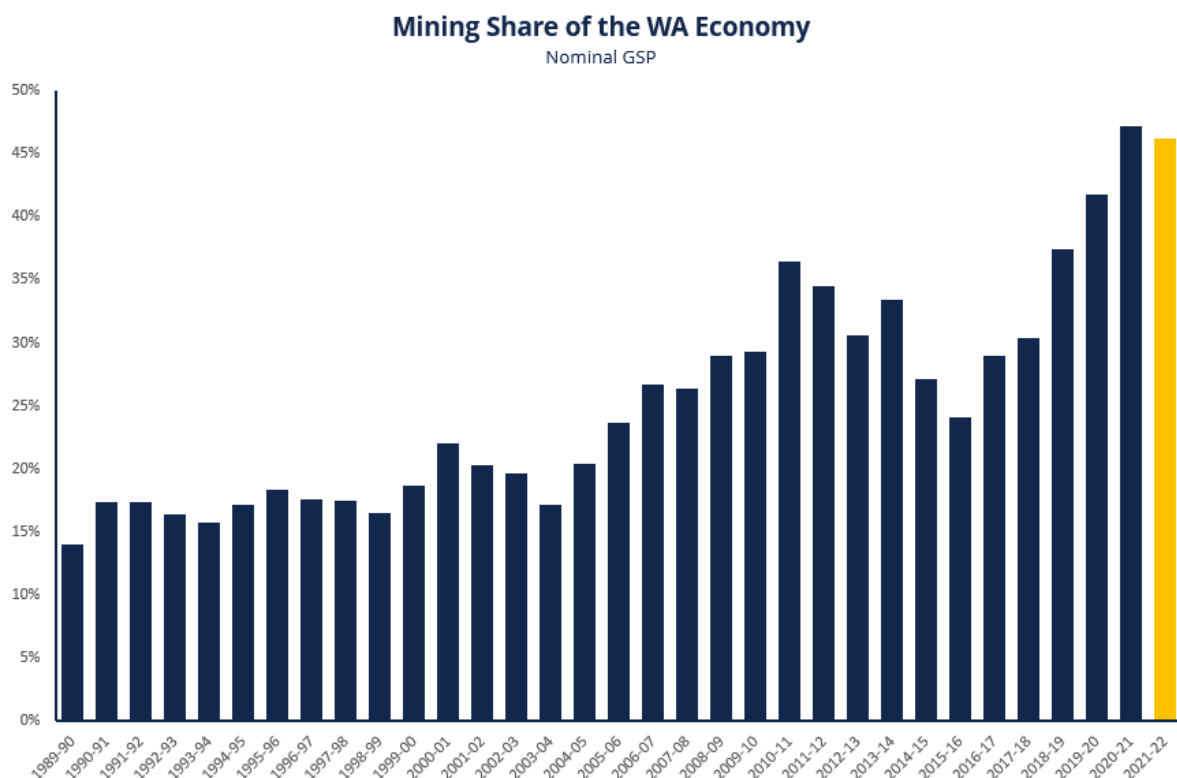
## Summary

The global economy faces a new set of challenges, to which Western Australia is not immune. Businesses' input costs are rising and worker shortages are ongoing, damaging the growth plans and financial viability of many local businesses. Some are labelling the current 'high-cost, high-demand' operating environment a 'profitless boom'.

But amidst an increasingly turbulent and unpredictable global economic backdrop, Western Australia's economic fundamentals remain solid. Our domestic economy remains 9.3 per cent higher than pre-COVID levels and a record number of Western Australians are in full-time employment. The strength of the household sector has been a fundamental driver of WA's economic performance.

Looking ahead, the outlook for WA's economy remains largely positive and we are well positioned to navigate the next 12 months and beyond.

Economic diversification, however, remains elusive, with mining still comprising almost half of our economy.



Commodity markets will inevitably turn. The State Government has itself forecast slowing growth as we approach 2025, including anaemic growth in business investment.

There is no greater incentive for a business to invest than a low-cost, predictable and reasonably regulated economy. But reforming an economy to achieve this takes time.

Our State is not yet pulling the levers that would provide sustained, stronger economic growth and diversification. We need to see bolder economic reform in the 2023 Budget.

CCIWA's priority recommendations focus on enabling WA to diversify by:

- Keeping the costs of doing business low
- Ensuring a skilled workforce
- Ensuring regulation helps, not hinders, investment
- Positioning WA as an attractive place for international trade and investment
- Ensuring policies enable emerging businesses and industries

## PRIORITY RECOMMENDATIONS TO PROMOTE DIVERSIFICATION



Additional recommendations are included at Attachment 1.

## 2023-24 focus: creating a low carbon, diversified WA

CCIWA recently undertook a significant piece of work developing a comprehensive position on climate change policy. This is the culmination of extensive consultation with our members, involving surveys, roundtable discussions and one-on-one meetings, as well as detailed examination of existing legislative and policy frameworks. In total, more than one thousand business representatives participated in this process.

Our consultation with the WA business community revealed widespread consensus that taking steps to mitigate and adapt to climate change is the only path forward. Customers and the investment community, particularly globally, expect nothing less.

Failing to demonstrate meaningful commitments to reduce emissions erodes investor and consumer confidence, thereby impairing economic and financial standing, through access to capital and credit ratings. Businesses must also achieve greater resilience to the effects of the changing climate, such as extreme weather events, to reduce potential financial and physical risks.

At the same time, WA businesses are optimistic about the opportunities presented by global decarbonisation.

There are, however, barriers that need to continue to be addressed by the WA Government to enable our State to leverage these opportunities, and facilitate decarbonisation not just locally, but on a global scale. Further to this, many small and medium businesses in WA lack the resources and know-how to lower their emissions and adapt to the changing climate.

CCIWA is calling for:

- Support for WA SMEs to reduce their emissions and adapt to the changing climate.
- Better coordination across levels of government to provide clear direction and certainty to businesses.
- The WA Government to establish an independent advisory body on climate change policy, with business representation, to facilitate better policy coordination.
- Agencies to continue to be resourced appropriately to carry out the extensive industry engagement required to develop Sectoral Emissions Reduction Strategies.
- No legislation of state-based emissions reduction targets at this time, as WA's path to meeting the targets is still being defined.
- The WA Government to continue consulting with industry in setting its 2030 target and deciding whether further interim targets are required.
- Any additional public reporting of progress against targets to not create duplicative red-tape for businesses.
- The WA Government to continue removing barriers to investing in renewable energy projects and other emissions reduction projects.
- The WA Government to work with the Commonwealth to address barriers to attracting the climate-related skills we need from overseas, and to support businesses to skill up locals.

- The WA Government to expedite collaboration with businesses on the Climate Resilience Action Plan 2022-25 and Sectoral Adaptation Plans.

These actions are necessary to create a low carbon, diversified WA. With the introduction of transformative legislation such as the *Inflation Reduction Act 2022* in the United States and with other countries such as Canada following a similar agenda, to remain competitive governments in Australia must urgently remove barriers and incentivise investment in decarbonisation.

## Keep the costs of doing business low

Businesses in Western Australia are currently navigating tough and unpredictable economic conditions as the soaring costs of doing business start to eat into profits.

To assist businesses through this challenging period and ensure they remain viable and can continue to grow, actions that reduce their cost burden are needed. Our proposed changes to WA's payroll tax model would support SMEs across a range of key industries. We are also calling for changes to funding arrangements for one of WA's hardest hit sectors – community services.

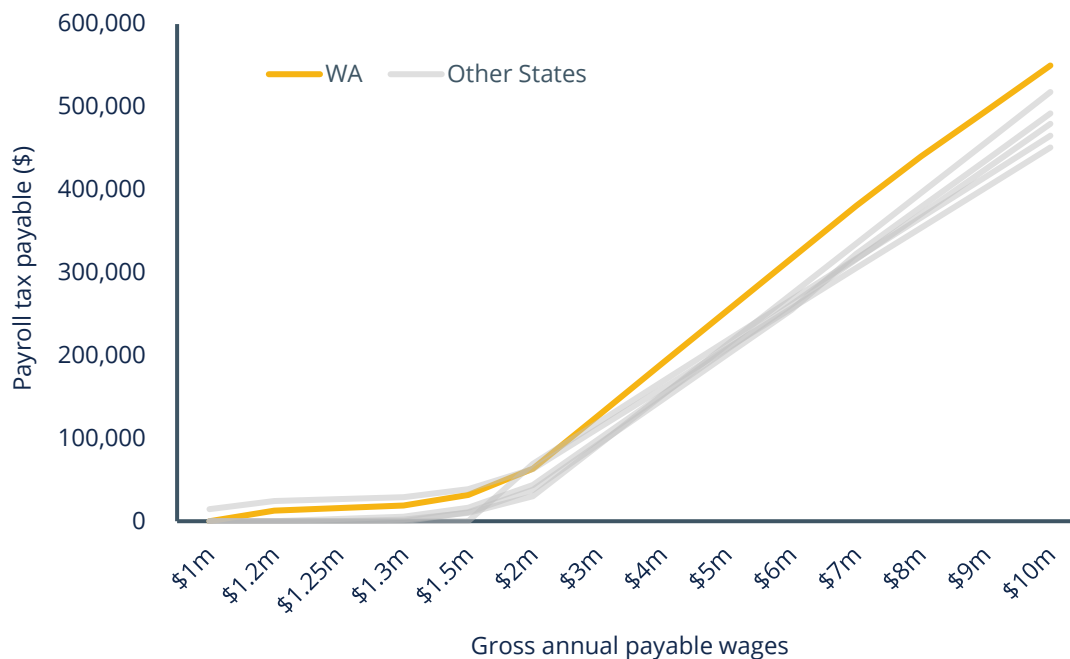
Given the healthy state of WA's budget, these changes could be made without the need to increase or levy new taxes on businesses.

We are also calling on the Government to start the conversation about stamp duty reform. The benefits of reform for our State would be significant, and not just limited to WA businesses.

## Provide relief to SMEs and community services organisations

Lumped with the heaviest payroll tax burden in the country, it is no wonder the WA economy is failing to diversify. Organisations in WA pay more payroll tax than in any other State over a wide range of taxable wages.

### WA businesses bear the highest payroll tax burden



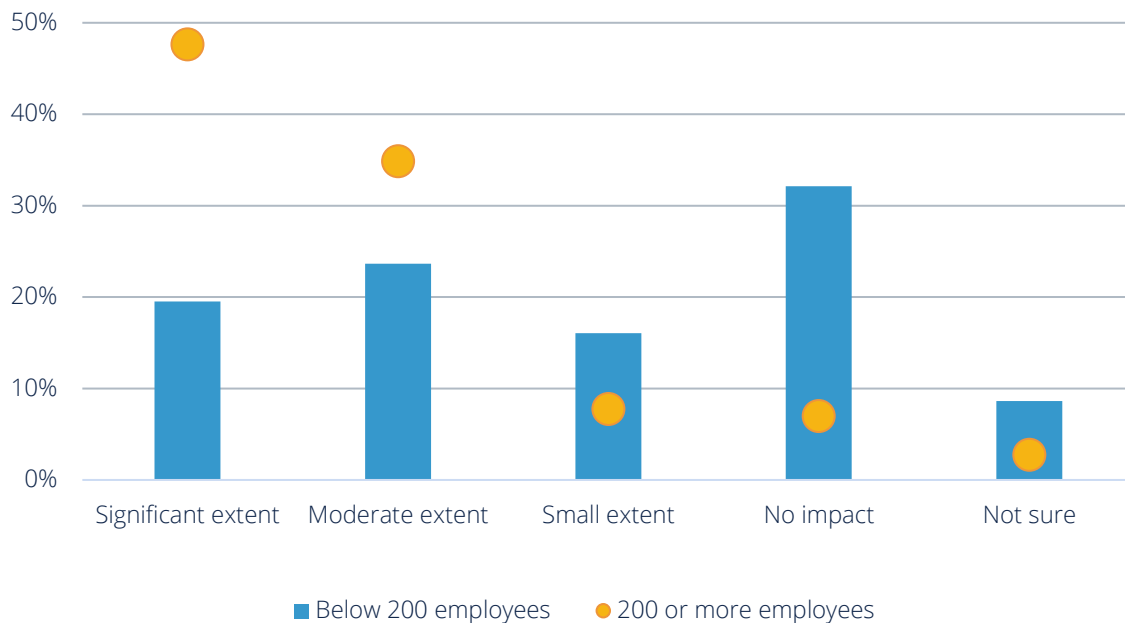
Source: CCIWA analysis



Businesses around the country say emphatically that WA's payroll tax rate damages their perception of WA as an attractive place to expand their business — nearly half of large businesses say it significantly affects their perception.

### Payroll tax makes it harder to attract investment

*"To what extent does WA's payroll tax rate affect your perception of WA as an attractive place to expand your business?"*



Source: CCIWA-CoreData National Survey, June 2021

CCIWA's payroll tax proposal removes disincentives to employ Western Australians and offers a way to unlock more business investment, innovation and diversification. Our proposal includes a new threshold of \$1.3 million and a 15 per cent rebate on payroll tax liability for organisations with taxable wages below \$4 million. The rebate would taper down to zero for organisations with taxable wages at \$7.5 million. In addition, the payroll tax settings should be reviewed every two years.

Small to medium sized enterprises across a range of key industries would benefit, including parts of the manufacturing sector — such as chemical plants, machinery equipment manufacturers and metal fabricators — as well as organisations in the accommodation, food, fisheries, and health and community sectors.

CCIWA's reforms represent an investment in delivering a more diversified economy, made possible by the fiscal discipline exercised by government across 2017-2022. WA boasts a stronger fiscal position than every other state and territory, providing a unique opportunity to achieve a more competitive tax system and gain an advantage over the rest of the country.

“This tax currently runs at about \$10,000 per month. For the same figure, I could engage around 4 more support workers to provide essential services to disabled participants living in the community.”

### BUSINESS IN THE HEALTH AND COMMUNITY SERVICES INDUSTRY

One group of businesses in dire need of support is our community services providers. Notwithstanding the financial assistance provided by the Government to help providers navigate COVID-19, they are now acutely feeling the rising costs of doing business, particularly due to a significant increase in wages, which make up 70 to 80 per cent of operating costs.

While the temporary re-weighting of the components of the Non-Government Human Services Sector indexation rate – to 50% Wage Price Index (WPI) and 50% Consumer Price Index – recognises current inflationary pressures, the WPI does not adequately reflect the increase in labour costs community services providers face. The WPI remains well under the increase in national wage awards, which covers around 70 per cent of the community services workforce.

Other States have recognised the need to increase funding for community services providers in line with the increase in wage costs they are facing. They have indexed funding anywhere from 4.43 per cent to 5.5 per cent. In WA, the 2022/23 indexation rate is just 3.53 per cent.

CCIWA calls on the Government to ensure funding provided in contracts with community services providers reflects the true cost of delivering services to the most vulnerable members of our community. It should:

- Urgently review the inputs it used to determine the current indexation rate to ensure they accurately reflect the rising costs faced by community service providers.
- Ensure that the methodology and inputs used to calculate future indexation rates represent the true cost of delivering services.

### **No new, or increased, taxes**

The last State Budget continued to see WA in an enviable position, with significant improvements in the State’s net debt position. The reparation of our State’s finances has been recognised with S&P Global upgrading WA’s credit rating to AAA stable, citing WA’s continued budgetary outperformance compared with its domestic and global peers.

To enable Western Australia to maintain its momentum, ongoing efforts to continually improve the State’s budget and reduce our net debt position should continue to be achieved through responsible fiscal management and not the imposition of new or higher taxes.

That’s because the best way to address high levels of debt is through economic growth. New or higher taxes on WA’s business community would significantly hinder domestic economic growth and hamper WA businesses’ efforts to compete in the global economy.

Increased taxes would also add additional strain to a business community that is already facing a multitude of cost pressures.

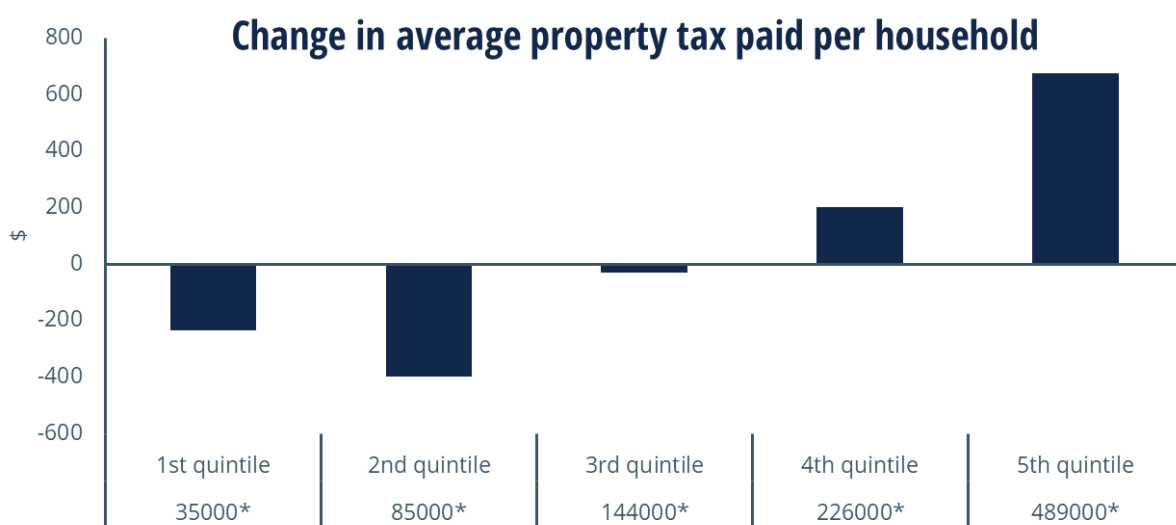
Government spending must also be carefully considered. If there is a need to call on the budget, the benefits to the community must exceed the costs, especially if those costs require the raising of taxes to fund the expenditure. Government investment should follow market trends (e.g. when it comes to technology, Environmental, Social and Governance) and de-risk private investment when needed. However, public expenditure should not be directed toward investments businesses would make of their own accord, and it should not discourage or crowd out private sector activities.

### Explore reforming stamp duty to improve economic well-being and fairness

Shifting away from stamp duty would make it easier for people to move near jobs, family and schools, or to downsize later in life. With less commuting, there are benefits for the environment, and for business there are benefits in having a more mobile workforce.

There are also important social benefits to reform; stamp duty is an inequitable and regressive tax, punishing those who need to move more to secure employment or other opportunities to improve their prosperity. Reform would make it easier for people from lower socio-economic backgrounds to move into higher socio-economic areas, perhaps the most important factor in helping families break out of generational disadvantage.

In our recent report “Stamping out Stamp Duty”, our modelling revealed that lower income households would see a reduction in their annual property bill on average, while those in the upper income brackets would experience a slight increase.



Importantly, our modelling revealed that reform would enhance budget stability and achieve net revenue neutrality, with the Government expected to collect an additional \$2 million in property taxes over a five-year period.

While the benefits are clear, there are a number of transitional challenges to abolishing stamp duty, many of which must be addressed before reform can progress. These include the treatment of asset rich, income poor households (e.g. retirees), and recent property buyers. To navigate these challenges, governments have two main options for reform.

The first is an 'opt in' model; that is, give homeowners the choice to pay stamp duty or an annual property tax when purchasing a property. This would overcome most political challenges, but the recent NSW experience has shown that achieving this reform is difficult without Commonwealth financial support plugging the significant funding gap. While WA is currently in a strong budget position, it should not fund reform on its own.

The other option is a 'straight swap' model, whereby stamp duty is replaced simultaneously with an annual property levy to a property's Gross Rental Value. This delivers the benefits of reform quicker and creates a far smaller funding headache for government. But it has all the messy political issues associated with reform, and as such presents significant political challenges.

All up, the most feasible option for government appears to be to pave the way for an opt in model by exploring the potential to securitise income streams at the same time as it engages with the Commonwealth on reform options.

It is critical that the Government keep an open mind on this issue, given the significant economic benefits.

## Ensure a skilled workforce

The biggest challenge facing WA businesses over the past three years has been a crippling worker shortage. This is despite them taking on apprentices and trainees in record numbers, thanks to low-cost training and wage subsidies.

Now more than ever, with workers in high demand globally and sky-high job vacancies, we must do everything we can to both attract talent from other locations and make the most of our local workforce.

To that end, the Government should call on the Commonwealth Government to make the skilled migration system more accessible.

The most exciting opportunities to make the most of our local workforce are to make it easier for women with young children to work and to tap into the broader pool of talent that is also currently under-utilised.

## Advocate to the Commonwealth for a more accessible migration system

WA relies more heavily on skilled migration to meet labour demand that cannot be filled locally and for highly specialised skills than other states. It is the most reliant state on permanent migrants and tied with Queensland for reliance on temporary migrants.

Border restrictions due to COVID-19 cut the supply of overseas workers and sectors that have traditionally relied on migrants (e.g. hospitality, retail, agriculture, and health and community services) continue to be materially impacted.

Attracting more skilled migrants to WA must therefore be a top priority.

For many years Australia's approach to skilled migration was world leading. But since 2017, the program has become expensive, complex, less responsive to needs and subject to unacceptable delays, with COVID-19 exacerbating these problems.

We welcome the changes that have been recently made by the Commonwealth, including raising the permanent migration cap, investing more in visa processing to reduce the backlog, and discontinuing the Priority Migration Skilled Occupation List. But more needs to be done, and fast.

"I've not seen anything like this in 30 years."

"We had six interviews lined up for last week and got six no-shows."

"It's taking 12 months to process a 482 visa."

“I don’t see a light at the end of the tunnel. Our workforce is tired and demoralised. We’ve had to close our books which means families out there aren’t getting the support they need.”

### PARTICIPANTS IN CCIWA WORKER SHORTAGES ROUNDTABLE

We urge the State Government to advocate to the Commonwealth Government to urgently implement the following actions:

- For employer sponsored skilled migration:
  - Temporarily suspend labour market testing requirements until Australia’s unemployment rate is below the natural rate of unemployment, to reduce red-tape in the system.
  - Maintain just a single occupation list that includes all skilled occupations and allow a pathway to permanency for all skilled migrants.
- To meet the need for unskilled, low-skilled and semi-skilled workers, such as train and truck drivers, and care support workers:
  - Open the Pacific Australia Labour Mobility (PALM) scheme to all postcodes in WA (not just regional areas), and all industries / occupations.
  - Broaden the source countries for the PALM scheme beyond just the Pacific Islands.
  - Allow occupations assessed as Skill Level 4 to be included on the skilled occupation list.

In addition, the State Government should continue to ensure State based migration programs capture the largest number of occupations possible – doing so will ensure that WA does not lose out attracting talent to other Australian jurisdictions.

As we attract more people to Western Australia, innovative steps will need to be taken to accommodate them. Housing shortages continue to be a major issue across WA, with residential rental vacancy rates close to zero per cent and building completions lower than needed.

In May 2022, the Real Estate Institute of Western Australia said WA needed to build 4,875 homes each quarter to keep up with population growth, new demolitions and to address the existing shortage and end the rental crisis.<sup>1</sup> Yet, on average, only 3,452 homes have been completed each quarter since 2019, and in the most recent April — June 2022 quarter, only 3,292 homes were completed.<sup>2</sup>

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<sup>1</sup> PerthNow, [‘Perth housing crisis: WA facing shortage of 22,000 homes within four years’](#), 25 May 2022.

<sup>2</sup> ABS data.

CCIWA welcomes the Government's decision to release land over the next five years to support sustainable population growth in line with the Perth to Peel @ 3.5 million planning blueprint. As recommended by Infrastructure WA, we suggest the government should also develop regional housing plans for each region. The government should also move to establish the principles, criteria and models for state government housing intervention in regional locations that are demonstrating market failure as a priority.

But these actions will not address the acute shortage being experienced now. We encourage the Government to continue to work with industry to identify innovative approaches to deliver more immediate accommodation solutions.

### **Address barriers to enable more women to access the workforce**

The way kindy is funded and operated in WA is preventing mothers from fully participating in the workforce. WA women with young children are the least likely in the country to work more than 20 hours a week. In addition, WA children are the least likely in the country to attend kindy for more than 15 hours a week. WA parents describe the kindy year as a "logistical nightmare" and "the year from hell".

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The Commonwealth and WA Governments have agreed to reforms to the National Partnership Agreement on Universal Access to Early Childhood Education. The reforms will see from \$1,345.54 in 2022, up to \$1,444.76 in 2025, in Commonwealth Government funding passed on to the WA Government for every child that attends kindy in the State, regardless of whether they attend at school or centre-based day care.

We strongly encourage the WA Government to pass on the \$1,345.54 to each individual child (rather than allocate some children's funding to other children or for other purposes) and to remove any legislative or other barriers to this occurring.

Passing the funding on to each individual child creates not only benefits for *every* WA child, but also broader economic benefits from increasing women's workforce participation. It enables every parent to choose whether to send their child to affordable kindy at either centre-based care, or school, and by giving parents more choice over the logistics of their day, goes a long way to enabling WA mothers to work more hours each week.

More broadly, WA is falling behind the rest of the country in its support for early childhood education and care. Other State Governments have started investing more heavily in early childhood education and care, independent of Commonwealth funding.

The Victorian State Government provides various supplementary payments and grants, including Early Childhood Teacher Supplements and Early Years Management grants.<sup>3</sup> The Queensland Government provides subsidies for services in regional and rural areas,

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<sup>3</sup> Victorian State Government, '[Kindergarten funding](#)', accessed 28 February 2022.

for low and middle-income families,<sup>4</sup> and to help both community and long day care kindergarten providers to support children with a disability or who are developmentally vulnerable.<sup>5</sup> In South Australia, the Government has started developing a new early years system as part of an initial \$50.1 million investment over four years in its 10-year Early Learning Strategy. The Government is making preschool available to all three-year-olds and has launched a Royal Commission into early childhood education and care.<sup>6</sup>

We urge the State Government to consider providing further funding — *beyond* what it receives from the Commonwealth under the national partnership agreement — to support early childhood education and care providers in WA, including to attract and retain more early childhood teachers. In the absence of this support, we are denying our youngest Western Australians the opportunities created by high-quality, universally accessible early learning and care and entrenching disadvantage.

### **Unleash the contribution and value of underrepresented cohorts**

Increasing the workforce participation and employment of under-represented cohorts, such as people living with disability and Aboriginal and Torres Strait Islanders, is more important than ever. There are opportunities to embed meaningful change within the business and broader community by addressing gaps in people’s understanding of the benefits of diversity and inclusion, and the barriers to communication that hamper employees and employers from connecting with one another.

We encourage the Government to support initiatives like the following:

- Awareness-raising campaigns which showcase the diverse skills and achievements of underrepresented cohorts and which use actual business case studies to promote the value diversity and inclusion delivers for workplaces.
- Enabling and celebrating leadership skills within underrepresented cohorts.
- Educational programs about the legal context as it relates to recruitment, promotion and evaluation, including the creation of “how-to” guides to align policies and processes.
- Affordable access for SMEs to consultants who specialise in advising on diversity and inclusion policies and strategies.
- Partnerships with specialist employment service providers (e.g. Disability Employment Services).
- The Disability Enterprises employment initiative.

Not only does increasing the participation of under-represented cohorts increase the pool of workers businesses have access to, it frees up time for carers, who are then also

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<sup>4</sup> Queensland State Government, ‘Cheaper kindy for 40,000 Queensland families’, Media Statement, 23 February 2022.

<sup>5</sup> Queensland State Government, ‘[Kindy Reform funding package](#)’, accessed 5 October 2022.

<sup>6</sup> ABC, ‘SA Labor launches preschool pre-election pitch, promising royal commission into early learning’, 23 October 2021.



able to participate more in the workforce, creating a double dividend. To that end, governments could also fund more respite places to enable carers better access to employment opportunities.<sup>7</sup>

For our part, CCIWA is helping WA businesses develop strategies to become more inclusive, and to align processes, practices, and documentation with their diversity and inclusion goals. We are also surveying WA businesses to establish baseline data about their approach to diversity and inclusion, to allow us to identify gaps where CCIWA and government can provide support, and to track improvement over time.

We have a Diversity and Inclusion Council that drives our internal diversity and inclusion agenda, and implements practical actions, such as partnerships with specialist service providers to support employment pathways for people with disabilities. We are committed to advancing reconciliation within our organisation. Our Reconciliation Action Plan commits to providing opportunities for staff to be immersed in cultural education, developing a plan to support the recruitment, retention and professional development of Aboriginal people, changing our procurement processes to support more Aboriginal businesses, and using our influence in the broader community. Our commitment to diversity has recently been recognised by the Diversity Council of Australia recognising CCIWA as a 2022-23 Inclusive Employer.

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<sup>7</sup> Respite is when someone else takes care of the person being cared for.

## Ensure regulation helps, not hinders, investment

Our State's economic diversification relies on organisations in WA being free to focus on investing. The Government can enable this by continually improving the way it regulates and by removing redundant and archaic rules.

## Tie cost recovery from industry to improving regulatory service delivery

The Government is taking steps towards making it easier to do business in WA, including through its Streamline WA initiative. We are concerned, however, that there might be a trend toward recovering more of the costs of regulation from industry, in the absence of robust mechanisms that guarantee regulators will continually improve their approach to regulating.

As an example of our concern, as of 1 January 2022, the State Government started charging businesses for Environmental Impact Assessments under Part IV of the *Environmental Protection Act 1986*. The model being adopted will mean that WA has the highest fees for environmental approvals of anywhere in the country — a typical project will incur fees in the order of half a million to three quarters of a million dollars, with no clear assurances that the process will be more effective, transparent or expeditious.

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The State Government is also embarking on the next suite of Environmental Regulation Reforms under Part V of the *Environmental Protection Act 1986*, with various new fee models being considered, including full cost recovery of approvals processing.

With this, it is reasonable for businesses to expect the highest levels of regulatory efficiency. Yet approval timeframes have only been getting worse.

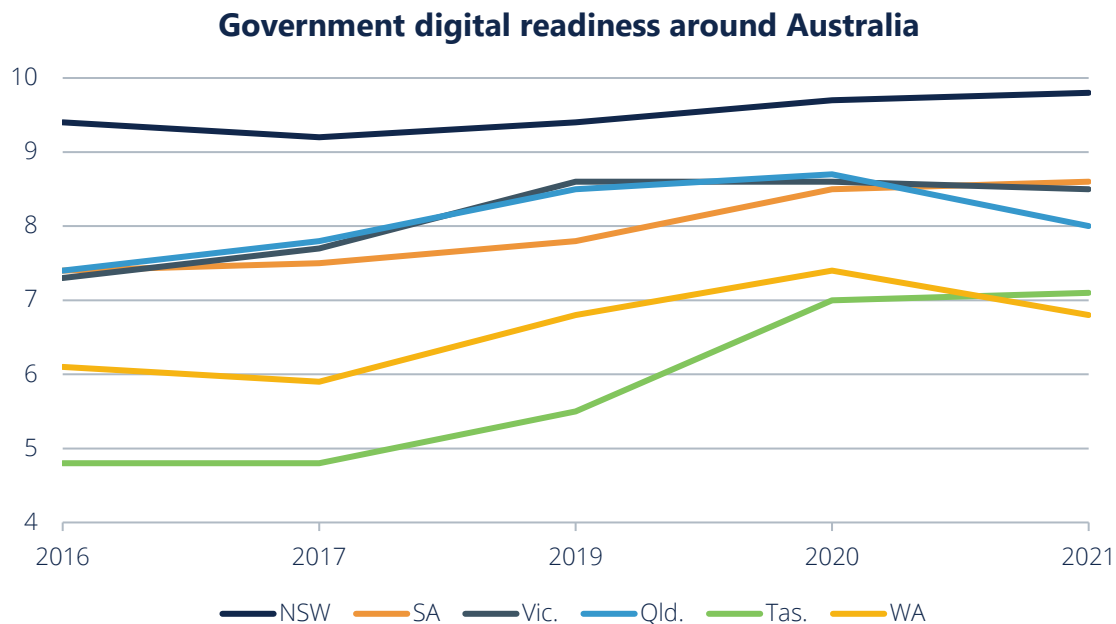
We acknowledge the role the newly launched *Environment Online* can play improving approval timeframes for Environmental Impact Assessments, as well as projects that aim to introduce more transparency over approval timeframes. However, there is currently no mechanism to ensure agencies that increasingly introduce cost recovery will implement *ongoing* improvements in delivering better service outcomes.

We ask the Government to ensure that, where there are models that require industry to contribute to the costs of regulation, they incorporate mechanisms to ensure regulators are accountable for continually improving processes over time. This should include requirements to invest in digitisation, to publish implementation timetables for red-tape reforms and regular progress reports, and to publish information about the number of complaints from businesses and the time taken to resolve them. A positive development in this regard is the Department of Water and Environmental Regulation's

“Reform Roadmap”, which outlines 34 initiatives to be implemented over the coming three years to improve how services are delivered.

### Invest more in digitising regulatory services

WA’s regulators currently provide businesses limited access to online services. The slow pace of the WA public sector’s digitisation is holding businesses back from growing their organisation and imposing unnecessary costs. We are falling behind other jurisdictions, making WA a less attractive place to do business.



Source: Intermedium, Digital Government Readiness Indicator Report, 2021

CCIWA supports the Government’s *Digital Strategy for the Western Australian Government 2021-2025* and Digital Strategy Roadmap. Successful implementation of the Roadmap has the potential to revolutionise the way the Government supports all Western Australians, allowing people, businesses and communities to thrive. During our current challenging times, investing in digital platforms and innovation can better support those in need and stimulate economic growth.

The Roadmap must be accompanied by both a clear signal to agencies that investing in digitisation is a priority, and sufficient funding in the budget. Without this, the pace of change will continue to be slow. In short, we will lag the rest of the nation in transforming the interface between the State Government and people, businesses and communities.

We recommend the Government continue to provide additional funds into the Digital Capability Fund, and:

- Immediately allocate some of this funding toward projects aimed at developing a consistent, co-ordinated and best-practise digital approvals and licensing interface for businesses to interact across all approval agencies.
- Hypothecate some of this funding on an ongoing basis for agencies looking to improve their digital interface with businesses.

Doing so would provide an extra incentive for agencies to introduce initiatives that improve regulatory and administrative processes. This would in turn better enable businesses to focus on doing business and diversifying our economy. And it would not come at the cost of compromised community, safety and environmental outcomes — if anything, more digitisation and greater use of data analytics offers the potential to improve regulatory oversight.

Businesses and governments also need to be prepared to tackle challenges once seen as being ‘on the horizon’ — but which are in fact now right upon us.

Cybersecurity concerns are growing and evolving rapidly, and both businesses and governments need to be prepared for inevitable attacks with strong defences to identify breaches and minimise damage. Governments have a role to play supporting small businesses in becoming cybersecurity prepared.

Another area of focus needs to be digital economy regulation. As new and emerging technologies are deployed, we must have the right regulatory settings to facilitate the uptake and responsible use of these technologies and minimise the risks of adopting such technologies. The State Government should keep abreast of the new Commonwealth Government’s response to the “Positioning Australia as a leader in digital economy regulation” review, to ensure WA is part of a best-practice, national approach.

### **Support the vitality of the retail sector by removing restrictions on trading**

Western Australia’s restrictions on retail trading hours are a textbook example of government red tape unnecessarily holding back the vitality and liveability of our community, while stifling WA jobs in the process.

Around Australia, governments have moved forward and allowed their businesses and consumers flexibility about when they can shop and what they can buy. Most recently, South Australia passed new legislation to allow Adelaide shops to open from 9am on Sunday morning, a move welcomed by many, including the Shop, Distributive and Allied Employees’ Association.<sup>8</sup>

When other States relaxed their trading hours, the sky did not fall in. And multiple independent studies find that relaxing restrictions led to more retail jobs and hours of work – particularly for young people and women – and higher retail sales.

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<sup>8</sup> Port Stephens Examiner 2022. [SA eases some retail trading hours](#).

The clear majority of Western Australian businesses (72%) and households (69%) believe that all WA businesses should have the freedom to open their doors when they want.<sup>9</sup>

We are calling on the State Government to undertake incremental reforms that represent a reasonable compromise from both sides of the debate. Not only are our proposed reforms easy to implement and have no costs attached to them, they would push WA's economic diversification in the right direction.

#### CCIWA'S COMMON SENSE PROPOSAL FOR RETAIL TRADING REFORM

	<b>Monday-Friday</b>	<b>Saturday</b>	<b>Sunday</b>	<b>Public Holidays</b>	<b>Regulations</b>
<b>Current</b>	8am-9pm	8am-5pm	11am-5pm	11am-5pm	Government dictates the individual products different categories of retailers can & cannot sell.
<b>Proposed</b>	No change	8am-9pm	8am-5pm	8am-6pm	Remove part of the regulations that dictates what certain businesses can & cannot sell.

<sup>9</sup> CCIWA, *Business and Consumer Confidence surveys*, 2020.

## **Position WA as an attractive place to invest**

We applaud the WA Government for initiatives rolled out over the past year aimed at reconnecting WA with the rest of Australia and the world, including investing in:

- Destination marketing campaigns, to convey to key markets globally that WA is a desirable place to host conferences, study, live and holiday
- An International Investment Portfolio Dealbook, in partnership with CCIWA
- New international trade offices in Frankfurt and Chennai.

Western Australia must continue to rejuvenate its efforts to attract investment into the state — doing so is vital to growing and diversifying our economy. We need to continue to make decisions that improve our appeal and competitiveness, to draw national and global businesses to invest and headquarter here.

Many of the initiatives outlined within this submission will be critical to this end. In particular, a more competitive payroll tax system will help to attract investment. This section outlines some of the further initiatives WA should take to position itself as an attractive place for national and international investors.

## **Continue to build our international trade and investment presence**

The WA Government must continue to make a hard press into key trade and investment markets. It has made highly successful trade missions since WA's borders opened, including to the United Kingdom, Germany, India and the US.

It is critically important that missions like these continue to be made by the most senior levels of the WA Government. Trying to capitalise on trade and investment opportunities from outside a market is akin to fighting with one arm tied behind your back. Ministerial led trade missions are the most effective way to promote the international competitiveness of WA businesses and advance the State's economic interests.

There is particularly a strong need to focus on attracting inbound investment, with new opportunities in renewable energy and electric vehicles.

To this end, Western Australia continues to operate without a presence in the United States. CCIWA has previously recommended Austin, Texas would be an ideal location to headquarter its effort, given its proximity to both the resources sector, and emerging tech industries. The Government could also consider applying the 'hub and spoke' approach it has implemented elsewhere to create additional presence on the East and West coasts of North America, and possibly in Latin America. Regarding Latin America, key WA businesses already have a foothold there, which can be leveraged to lift our trade effort in the region.

Other markets that clearly require more attention are ASEAN, Japan and India.

## **Consolidate and coordinate campaign efforts**

The State now has a host of high-quality collateral to convey to key markets globally that WA is a desirable place to invest, live, host conferences, study, and holiday, including the following campaigns and websites:

- Walking on a Dream — the State’s overarching tourism brand campaign
- The Paid Escape — targeting working holiday makers
- Build a Life in WA — targeting individuals in construction and manufacturing
- Belong WA — targeting health care sector workers
- A Study Destination Like No Other — targeting international students
- Skilled Migrant Employment Register — connecting employers and skilled migrants

We recommend going forward that all these campaigns and websites be rationalised to ensure a cohesive, compelling message to the markets around the globe. This would most likely fall under the overarching Walking on a Dream banner. The [‘Alberta is Calling’](#) campaign and website provide a good example of what could be achieved if WA’s various campaigns and online content were better coordinated.

It is also important that the impacts of the *International Education Recovery and Renewal Plan* be evaluated, and for the plan to be better resourced if it is not having the desired impact. International students are not only a key customer market for our universities, they also fill critical skills gaps for businesses in retail, hospitality and tourism while they are here studying.

## **Expand efforts to support SMEs to decarbonise and diversify their markets**

Expanding into different markets and developing additional or alternative supply chains is a significant, albeit important, undertaking. It generally involves:

- Market research to identify alternatives: 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, and compliance with relevant standards and regulations.
- Market engagement: participation in expos, trade missions, workshops, webinars and business-to-business meeting programs.

For an individual business to implement a strategy like this would be a significant and time-consuming investment, and beyond the reach of many WA SMEs. The State Government should therefore ensure that current grant programs and industry development funds are effective and appropriately targeted to help facilitate this important work. Effective and appropriately targeted funding de-risks WA businesses’

efforts to diversify into new markets and helps the WA Government to meet its Diversify WA and Asian Engagement Strategies.

For our local small and medium sized manufacturers, attracting more defence industry work to WA offers a critical opportunity to diversify their markets and supply chains. We support all activities that go towards a coordinated and concerted effort to attract this type of work to WA, particularly in the context of South Australia's hard press to win projects.

Furthermore, to enter and compete effectively in some customer markets (eg: within the European Union), WA SMEs will need to implement genuine decarbonisation strategies. Targeted support to enable WA SMEs to decarbonise is therefore critical.



## **Ensure policies support emerging businesses and industries**

As technological advancements continue to move at a lightning pace, Western Australia must have bold and well-funded policies that ensure our State not only remains competitive but rather, becomes a world leader in innovation and new industries.

### **Back in the State's new Innovation Strategy with funding**

Innovation plays a critical role in the growth of businesses and consequently, the economy. It can range from incremental improvements to existing products or services to scientific breakthroughs that transforms lives. It is the cornerstone of economic growth and prosperity and distinguishes one business from another.

New industries such as artificial intelligence, robotics, and immersive technologies will continue to emerge and existing industries will continue to develop, creating new challenges and opportunities for our economy. It's important that policies and tools are in place to allow individuals and businesses to transform their ideas and produce viable solutions that will enable them to adapt and thrive in an increasingly competitive economy.

We are pleased to see the Government recognise the vital role innovation plays in the continuous growth and diversification of our economy, with recent investments like Dealroom WA and events like the Brain Gain Roundtable.

But to ensure that we realise the vision of WA becoming a renowned global hub of invention, investment, innovation and impact, we call on the State Government to ensure its recently released Innovation Strategy is backed up by adequate funding across each of the 7 Priority Action Areas. Doing so will encourage and enable the innovation of novel ideas throughout the public and private sector, and facilitate the diffusion of existing knowledge and 'Web 3.0' applications and technologies, and how they can be applied to businesses' operations.

### **Establish an overarching advanced manufacturing strategy**

We commend the Government for its continued efforts to establish advanced manufacturing capability across priority sectors in Western Australia over the past few years, in particular by setting up:

- The Investment Attraction and New Industries Fund to support industry assistance, attraction and grants across a range of sectors.
- The Global Advanced Industries Hub, bringing together four key industrial areas on the Western Trade Coast.

The ecosystem of precincts, hubs, and testing environments that facilitates the innovation and growth in advanced manufacturing in WA continues to grow with numerous state-of-the-art facilities, including the new Australian Automation and Robotic Precinct north of Perth, on the horizon.

However, while the current initiatives, grants and projects play significant roles in the development of our manufacturing industry, more can be done to place us ahead of the curve.

Advances in communication technologies, devices connected to the internet and data analytics are occurring at a much quicker pace than at any other time in history. We are now living through a fourth industrial revolution, referred to as 'Industry 4.0'.

The application of Industry 4.0 in manufacturing is enormous, encompassing pre-programmed computer software that determines the movement of factory equipment and tools, laser beam welding and 3D printing.

There remains a large opportunity for the Government to establish an overarching Industry 4.0 strategy. The focus of the strategy should be on accelerating the adoption of Industry 4.0 technologies. It should provide an overview of the value proposition for businesses to adopt Industry 4.0 technologies by quantifying the benefits and return on investment.

Further to this, the National Reconstruction Fund, which was announced by the Commonwealth Government in its Federal Budget and recently introduced in Parliament, presents a significant opportunity for Western Australia to develop a significant manufacturing hub for the nation.

The mammoth \$15 billion dollar fund, which is designed to support Australia's transition to a net zero economy and improve supply chain resilience, reflects the important role that manufacturing plays in the country's economic future. WA has a pivotal role to play in achieving this with our vast reserves of critical minerals, sources of renewable energy and world-class defence industry.

We call on the State Government to play its role in ensuring WA attracts as much of the available funding as possible.

### **Supercharge innovation through a world leading IP policy**

By ensuring innovators receive sufficient return on their efforts, intellectual property rights can play a critical role in driving innovation.

It is therefore important that the IP policies the State Government and individual government agencies have in place encourage individuals to create and innovate, and allow businesses to grow, rather than be prohibitive.

The current Western Australian Government Intellectual Property Policy, last updated in 2015, provides very little, if any, guidance around how agencies should address or manage IP ownership, and the sharing of benefits of commercialisation between parties. The Government has itself identified the current policy framework as a barrier to innovation that does not encourage the commercialisation of IP.

We note that a review of the IP policy framework is currently underway, with a focus on addressing the gaps identified previously.

During the course of this review, we strongly urge the Government to think creatively rather than simply adopt the approach of other Australian jurisdictions. The Government needs to present a clear vision and tangible outcomes, both of which were lacking in the review's discussion paper. Updating the policy is another opportunity to establish WA as the premier place to innovate, by creating a world-leading framework around IP ownership and benefit-sharing that encourages the creation and pioneering of world-first technologies and ideas, and reduces the barriers to commercialisation.

We also urge the Government to:

- Remove the ambiguity surrounding the development, management and ownership of IP by ensuring that any relevant employment contracts and commercial or funding agreements explicitly address these topics.
- Easily enable avenues to commercialisation, including the formation of spin-offs, to ensure that the wider community can capitalise on the benefits of the new products or services more quickly.

## Attachment 1: additional policy recommendations

### Keep the costs of doing business low

Strike a balance between fiscal sustainability and supporting diversification of the economy:

- Continue to contain public sector wages growth.
- Examine State-owned assets to determine if they would be better placed in private ownership.
- Do not bring services currently provided by the private sector back into public hands.
- Develop a policy and implementation strategy for using innovative financial instruments to invest in achieving social outcomes.
- Continue identifying opportunities to implement the recommendations of the Service Priority Review and Langoulant Inquiry.

Drive down the price of electricity and encourage private sector investment in new generation assets and technologies by:

- Removing cross-subsidies currently used to support the Uniform Tariff Policy and funding the policy from general revenues instead.
- Lowering the contestability threshold to 20 MW hours of electricity per annum or defining all non-residential customers as contestable.

### Ensure a skilled workforce

Allow the Vocational Education and Training (VET) system to be driven by the informed choices of students and employers, with the flexibility to deliver a broad suite of training options:

- Allow private providers of publicly supported VET courses to determine their own prices.
- Ensure students can access clear information on the pricing and quality of courses.
- Require the Department of Training and Workforce Development and TAFEs to have a simple ‘front door’ process for businesses, not-for-profits and private VET providers to develop training courses and programs that meet their specific needs.

Continue to update the forecasts of future container trade for the Westport project, and potential costs of trade for the business community. Take a cautious approach to future decision making on the project.

Work with industry to identify parts of the High Wide Load road corridor network where enhanced functionality is needed and prioritise addressing these bottlenecks.

For the Minister for Industrial Relations to intervene in industrial disputes, like those that have occurred in the past at the Port of Fremantle, that threaten to harm the WA economy.

### **Ensure regulation helps, not hinders, investment**

Continue to progress reforms that ensure local government regulations and charges do not disadvantage WA organisations including simplifying local laws, streamlining approvals processes and enhancing transparency around rates policies.

### **Position WA as an attractive place to invest**

Address the decline in migration and associated reduction in economic growth by developing a strategy to grow WA's population.

### **Ensure policies support emerging businesses and industries**

Develop a policy and framework that allows businesses and regulators to propose and establish regulatory sandboxes.