



**2024-25 State Pre-Budget
Submission
Chamber of Commerce and Industry WA**



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Executive summary

The 2024-25 State Budget is a golden opportunity for the State Government to take decisive action to make WA the best place to live and do business.

The need for a competitive business environment is more important than ever. The fight for global capital is heating up, as countries race to capitalise on the shift to cleaner technology, fixed on securing the industries of tomorrow and the jobs they promise.

Securing a prosperous future also lies in seizing opportunities presented by evolving geostrategic dynamics, particularly in space and defence, alongside the prospects offered by the expanding populations in our region, primarily in agriculture, fisheries, and tourism.

Beyond these specific sectors, there is a broader opportunity for Western Australia to foster innovation in emerging areas of technology for which we already have a comparative advantage, such as remote operations as well as biological and medical technologies.

Yet if Western Australia tinkers only at the edges of its current policy settings, it will miss out on many of the opportunities, denying many local families the opportunity to secure a brighter future.

This submission includes a suite of recommendations that would better position WA to capitalise on the enormous opportunities on offer. Our three main priorities are as follows:

- 1. Relieve the cost burden on business and make WA more attractive for investment by lowering the burden of payroll tax:** Western Australia has the highest burden of payroll tax in the country. This is not only unfair on local small and family businesses, but places WA at a competitive disadvantage in attracting global capital. When we asked WA businesses what they would most want to see from the State Government's 2024-25 budget, lower payroll tax was the biggest ask.
- 2. Create a competitive advantage for WA in the shift to net zero, by addressing issues with the environmental approvals system:** CCIWA's recent landmark report [Green Web: How environmental approvals could trap Australian investment](#) exposed the deep frustration businesses have with Australia's approvals system. It showed that \$318 billion of projects are subject to approval in WA, across mining, resources, agriculture, space, defence and tourism. The report outlined a number of practical reform options, which are also in this submission.
- 3. Get ambitious by laying the foundations for the industries of tomorrow:** Western Australia could become one of the most exciting innovation capitals in the southern hemisphere. To that end, the Government should carefully assess the merits of establishing a Western Australia Venture Investment Fund.

Beyond these areas of priority, the submission also focuses on addressing WA's ongoing skills challenge and specific opportunities in the defence sector. We implore Government to carefully consider the recommendations in this submission. We genuinely believe that if Government works with CCIWA on the areas identified, we can make WA the best place to live and do business.

Figure 1: Positioning WA to thrive ahead of once-in-a-lifetime economic opportunities

Keep the cost of doing business low

- It's time for Payroll Tax reform.
- Provide adequate support to SMEs and community services organisations.
- No new or increased taxes.

Policies that support emerging industries

- Establish a venture capital fund to commercialise innovation.
- Addressing efforts to develop a strong defence ecosystem.
- Establish an overarching advanced manufacturing strategy.

Position WA as an attractive place to invest

- Continue to build our international trade and investment presence.
- Consolidate and coordinate campaigns that tell Western Australia's story.
- Expand efforts to support SMEs to diversify.

Regulation that helps, not hinders, investment

- Pushing back on Federal reforms which negatively impact WA businesses.
- Improving and modernising service delivery:
 - a) Regulation reform to support economic growth, and
 - b) Digitisation.
- Enable a contemporary retail trade environment.

Ensure a Skilled Workforce

- Skilled workforce development:
 - a) Building local workforces, and
 - b) Skilled migration.
- Accelerate options to improve housing stock.
- Addressing barriers for women and under-represented cohorts.

Additional recommendations can be found in [Attachment 1](#).

Keep the costs of doing business low

Businesses in WA continue to navigate through tough and unpredictable economic conditions as soaring costs continue to eat into profit margins. To assist businesses through these challenges and ensure they remain viable and can continue to grow and diversify, actions that reduce their cost burden are needed.

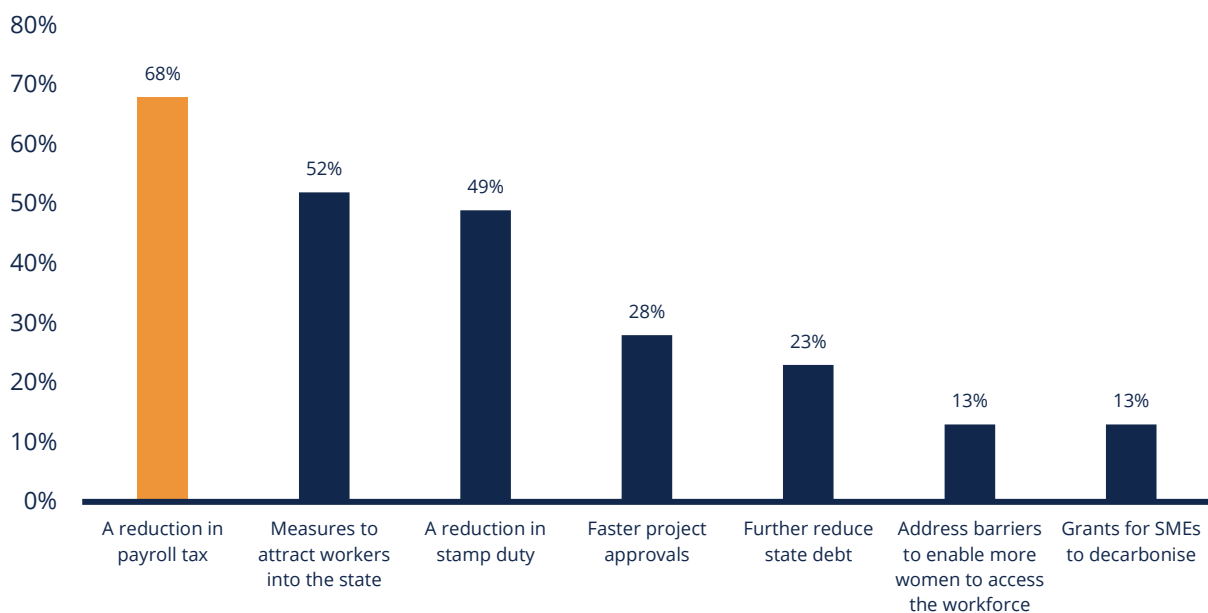
Our proposed changes to WA's payroll tax model would support SMEs across a range of key industries. We are also calling for changes to funding arrangements for one of WA's hardest hit sectors – community services. Given the healthy state of WA's budget, these changes could also be made without the need to increase or levy new taxes on businesses.

It's time for Payroll Tax reform

WA has the worst payroll tax in the country, and this is holding back the WA economy and businesses. In our most recent September quarter Business Confidence survey, WA businesses were asked what they would like to see the WA State Government prioritise in the next WA State Budget, and 68 per cent of WA businesses identified payroll tax as their highest priority (Graph 1).

Our latest independent Consumer Confidence survey also revealed that 69 per cent agree that lowering the payroll tax burden would help grow the State's economy.

Graph 1: Priorities for WA businesses in the next State Budget



Source: Business Confidence September Quarter 2023

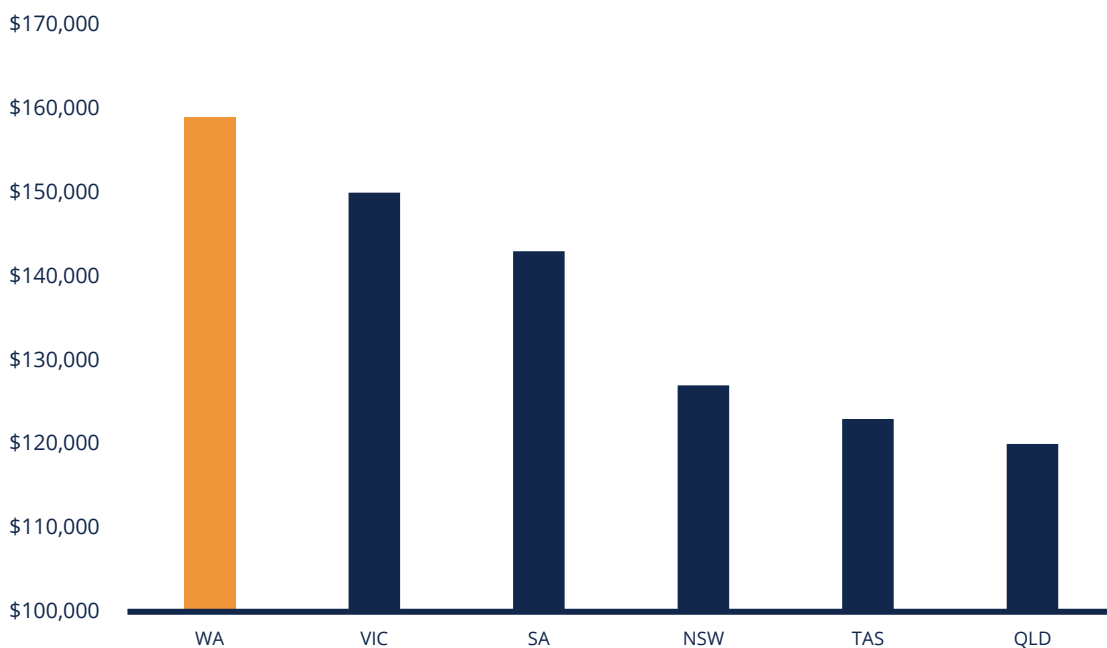
Reform in this area would benefit a range of small to medium sized enterprises across a range of key industries, including manufacturing, accommodation, food, fisheries, transport and warehousing as well as the health and community sectors.

“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

Other States are leading the way with payroll tax – for example, ACT’s payroll tax threshold is \$2 million, meaning that less than 10 per cent of businesses in the ACT are liable for payroll tax.¹ And further, WA businesses pay \$33,304 more than a similar organisation in New South Wales (Graph 2).

Graph 2: WA businesses pay the highest payroll tax



Source: CCIWA analysis

We know that payroll tax reform would support WA businesses to grow and diversify, by removing 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, with a 15 per cent rebate for businesses with taxable wages below \$4 million. This rebate could taper off to 0 per cent for businesses with taxable wages of \$7.5 million or above. We believe this strikes the right balance for the State’s bottom line.

To keep bracket creep in check, and ensure alignment with community and industry expectations, regular reviews of the payroll tax threshold and its impact on business are necessary. This would:

- inform future reform opportunities;

¹ ACT Government. [Tax Reform: Impacts and outcomes of the Government's tax reform program](#), accessed August 2023

- ensure WA remains a competitive jurisdiction for business investment;
- remove the politics out of tax reform; and
- establish transparency in processes.

This could also be a basis for a broader program of tax reform, which will take a significant amount of time to consider and implement. The ACT's 20-year plan is an example of how to take incremental steps to get the tax reform framework right.



RECOMMENDATION: PAYROLL TAX REFORM

The State Government should:

- increase the payroll tax threshold to \$1.3 million and introduce a 15 per cent rebate for businesses, starting at \$4 million and tapering off to businesses at \$7.5 million.
- commit to reviewing WA's payroll tax regime every two years.

Provide adequate support to community services organisations

In addition to payroll tax reform, one group of businesses in dire need of additional support with addressing cost pressures is our community services providers (CSPs). With the cost-of-living crisis, demand for these services has substantially increased at the same time as rising cost pressures, particularly wages, which make up approximately 70 to 80 per cent of operating costs. These businesses have had to do more with less – an untenable situation – for an extended period of time. Making sure CSPs are viable means that they relieve pressure on Government to provide those same services.

The current indexation formula, which puts an 80 per cent weighting on the Wage Price Index (WPI), does not seem to be the most appropriate as the WPI does not adequately reflect the increase in labour costs that the community services sector continues to 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 service providers in line with the increase in wage costs they are facing. These have been indexed anywhere from 5.45 per cent to 5.75 per cent. In WA, the 2023-24 indexation rate is just 4.51 per cent.

It is critical that government contracts with community services providers reflect the true cost of delivering services to the most vulnerable members of our community.



RECOMMENDATION: PROVIDE ADEQUATE SUPPORT TO COMMUNITY SERVICE ORGANISATIONS

The State Government should:

- ensure the Non-Government Human Service Sector indexation policy is fit-for-purpose by:
 - urgently reviewing the inputs used to determine the current indexation rate and aligning it with the formula proposed by the community services sector; and
 - ensuring the methodology and inputs used to calculate future indexation rates represent the true cost of delivering services.

No new or increased taxes

While Western Australia has continued to see budget surpluses, ongoing efforts to improve the State's budget and reduce our net debt position must be continually achieved through responsible fiscal management, not the imposition of new or higher taxes.

Productivity gains and continued economic growth is key to addressing high levels of debt. 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 and attract investment.

Increased taxes would also add additional strain to businesses already facing a multitude of cost pressures – and families and households as well – as businesses will have no choice but to pass those additional cost pressures on to the consumer.

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 measures) and de-risk private investment when needed.

However, public expenditure should not be directed toward investments that businesses would make of their own accord, and it should not discourage or crowd out private sector activities.



RECOMMENDATION: NO NEW OR INCREASED TAXES

The State Government should commit to no new or higher taxes so that the State's tax system should raise revenue with the least possible cost to society overall.

Regulation that 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.

Push back on Federal reforms which negatively impact WA businesses

WA could be competitively positioned as the best State for business, but WA businesses continue to be hamstrung by inefficient and overly complex regulation. And this appears to be getting worse, with the Federal Government pursuing ongoing changes to industrial relations frameworks and environment approvals processes.

In the global race for capital, particularly in emerging industries pivotal in the transition to net zero, increasing regulatory burden in WA gives our competitors a significant head start, undermining our desire to grow and diversify our economy.

The shift in capital flows to North America is not simply a function of the *Inflation Reduction Act* in the United States and the significant tax incentives available in Canada. They are also married with determined efforts at both a national and provincial level to fast-track regulation and an investment in skills. However, our Federal Government is going in almost the opposite direction with the 'Nature Positive' agenda.

These are the biggest reforms to the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) since it was introduced. The sentiment across industry is that the proposed new laws will be out of touch with the commercial realities and complexities of doing business in WA and would stifle investment – placing \$318 billion of critical projects across our economy at risk.

The major concerns around the EPBC Act reform are:

- how social and economic considerations will be factored into the new National Environmental Protection Agency's decision-making process;
- the proposed 'nature positive' environmental mandate which could create a very high, impractical benchmark for project proponents, creating further lengthy delays;
- the new offset regime, which seeks either a suitable "like-for-like" offset or a conservation payment; and
- duplication and inconsistency with what are already required under State laws.

Further to this, the need for urgent reform of the offshore approvals' regime was highlighted when the Federal Court ruled this year that the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) invalidly exercised its powers by granting conditional approval to Santos for its drilling activities at its Barossa Gas Fields.

Following this, in September 2023, the Federal Court also ruled Woodside Energy's Scarborough Project Seismic Survey Environment Plan was invalid. As of October 2023, this had resulted in a backlog of more than 40 offshore project Environment Plans under assessment by NOPSEMA, causing significant delays, millions of dollars in costs, and some offshore activities being called off entirely, due to there being no line of sight to receipt of an environmental approval.

WA has the most to lose from a delay in major gas projects coming online in a timely manner, not least in ensuring affordable and appropriate gas supply, but also in supporting the energy transition. The State Government must call for genuine reform of the offshore approvals system, by for example, defining reasonable parameters for what is "relevant persons" with regards to interest and location to a project.

Our members also report that environmental activism – via appeals and litigation – is increasingly commonplace. Smaller companies, such as explorers, are being strategically targeted and a proliferation of campaign-style, pro-forma appeals on a given project are simply designed to delay and frustrate. Much of this legal activity is being driven through the Environmental Defenders Office (EDO), which is in part being funded by the Federal Government and is undermining WA's efforts to grow and diversify its economy. While appeals mechanisms are appropriate, clearly changes need to be made.

Lastly, CCIWA remains concerned about the Federal Government's ongoing efforts to reform the workplace relations landscape. Rather than simplifying Australia's complex employment and workplace relations laws, the Federal Government proposed Bill *Fair Work Legislation Amendment (Closing Loopholes) Bill 2023* creates greater complexity, risk, and uncertainty for business. We support the State's recent efforts in raising concern about these proposed reforms and call on the Premier to maintain pressure in this regard.

The compounding impact of all these proposed changes is a more challenging environment for business in WA that could see investment redirected to more favourable jurisdictions and the perverse consequence that an overly complex and onerous workplace relations landscape and approvals framework restrain efforts to meet Australia's decarbonisation goals.



RECOMMENDATION: PUSH BACK ON FEDERAL REFORM THAT DAMAGES WA

The State Government should work with the Federal Government to ensure that:

- industry has time to review the 'nature positive' proposals and provide genuine input.
- the 'Nature Positive' reforms are redesigned to:
 - prioritise shorter approval timeframes on major projects.
 - ensure that a formal social and economic analysis is factored into Federal decision making, with Cabinet oversight and the input of Commonwealth Treasury.
 - require the new EPA to provide a recommendation to the Minister, with the Minister making a decision after weighing this against a broader consideration of social and economic impacts.
 - seek to align, where possible, with WA's standards and approach to environmental regulation.
- legislative changes are introduced to Regulation 11A of the *Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009*, providing greater clarity in relation to consultation requirements.
- changes are made to the funding arrangements of the Environmental Defenders Office (EDO) to ensure funding is used solely for community legal education and direct support for genuinely disadvantaged or impoverished litigants.

Improving and modernising service delivery

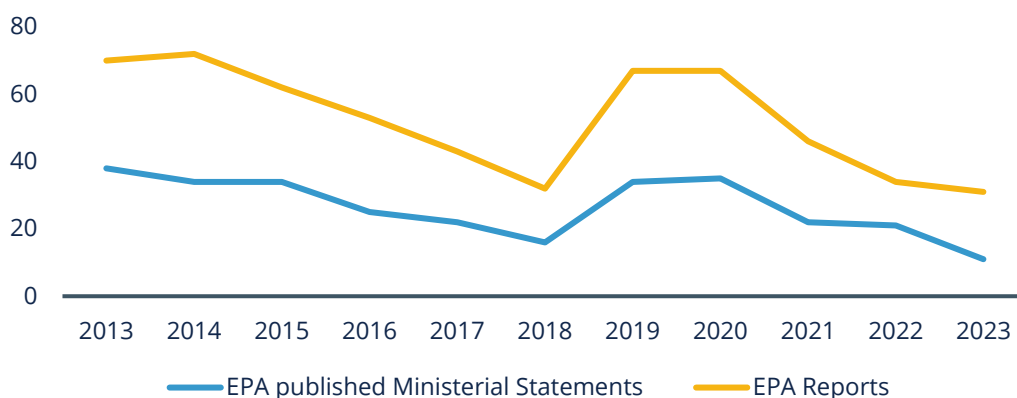
a) Regulatory reform to support economic growth

Over the years, WA State Governments have variously introduced initiatives designed to streamline approvals. While well-intentioned, our engagement with members over the past six months has revealed these initiatives have not achieved their intent.

The message we have consistently heard is that WA businesses are facing increasing complexity, with onerous requirements; that the application of rules, by both Federal and State regulators are increasingly unpredictable and subject to interpretation; laborious and frustrating engagement with WA's EPA, which many attribute to cultural challenges (risk aversion) and inadequate resourcing; and there are lengthy delays to bring on new assets, extend projects, or replace mines.

An analysis of the number of WA's EPA reports and statements over a ten-year period has also shown a marked decline in environmental approvals being made since 2013, with deteriorating performance (Graph 3).² This is despite WA businesses paying the highest fees for environmental approvals 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 this, it is entirely reasonable for businesses to expect the highest levels of regulatory efficiency across the environmental approvals space. As a result, we remain concerned that despite cost recovery measures being implemented, this has been done so in the absence of robust mechanisms to guarantee that regulators will continually improve their approach to regulating.

Graph 3: EPA reports and Ministerial Statements between 2013 and 2023



Source: CCIWA consolidation of EPA data

The Government must ensure that, where there are models that require industry to contribute to the costs of regulation, they incorporate mechanisms to ensure regulators are held accountable for continually improving processes over time. This should include requirements to invest in digitisation, reduced approval timeframes, to publish timetables for

² The step change in 2018 appears to be result of a boost in staff levels by 27 full time equivalents to help with the processing of approvals.

red-tape reforms and regular progress reports on the timeliness of approvals, including the number of requests for further information and reasons for these.

In addition, the government must focus on addressing duplication and ensuring greater alignment across departments with responsibility for approvals in WA. At present, each of the agencies (DEMIRS, DWER, DBCA, DPLH, JTSI) all assess and consider to some degree the same factors as part of their own approvals and as part of being consulted by each other. Each are also 'decision-making authorities' for the purposes of EPA assessments, resulting in the same project being considered multiple times by the same agency for the same environmental and heritage matters. This results in a consultation loop both on the approval itself as well as through multiple rounds of draft submissions to agencies.

CCIWA welcomes the State Government's short, sharp review into State approvals processes. We suspect that, aligning with our members feedback, the reviewers will find approvals are being stymied by slow decision making, unreasonable requests for information and a failure to focus on core purpose. Following the review's findings, it is critical that meaningful legislative, regulatory and policy change is given priority in this State Budget.



RECOMMENDATION: REGULATORY REFORM TO SUPPORT ECONOMIC GROWTH

The State Government should:

- **address resourcing concerns:** seek to ensure that the considerable cost-recovery funding raised from industry results in improved performance. To this end, the following should be considered:
 - ensure DEMIRS and other key parts of Government with involvement in approvals are appropriately resourced.
 - ensure that key regulatory bodies have a culture where public servants can sensibly balance environmental, social and economic concerns.
 - address the ongoing resourcing challenges for the Parliamentary Counsel's Office, which is holding back the advancement of projects (as occurred with the Petroleum Legislation Amendment Bill 2023 and related regulations, and *Petroleum and Geothermal Energy Resources (Hydraulic Fracturing) Regulations and code of practice*).
- **address problems with state approvals and unknown duplication:** enhance the accountability of approval agencies, and ensure they are interpreting key aspects of legislation as intended. These actions should be a priority:
 - ensure consultation obligations with the community are commensurate with the complexity and risk associated with a proposal.
 - that key aspects of legislation are interpreted as intended (such as the 'significant effects' under Part IV of the Environmental Protection Act).
 - that regulators are kept focused on their core purpose, for example the EPA's involvement in heritage matters is moderated when it is evident that the matters can be managed appropriately under heritage legislation.
 - mandatory reporting against key KPIs, including the delivery of timely decisions for approvals on major projects.

To give effect to the above, these should be addressed in approval agencies' Statement of Intent.

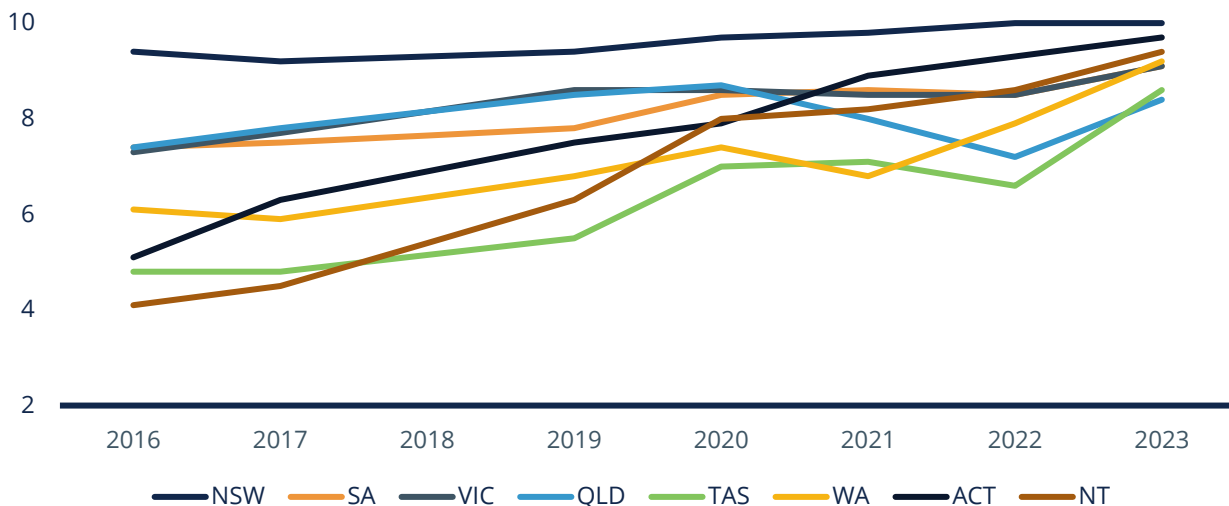
- **undertake a legislative review:** a review into the legislative barriers that currently slow down the approvals process, including:
 - section 45C of the Environmental Protection Act, to allow quicker decision making for non-significant amendments to approved proposals.
- seek to prevent abuse of third-party appeal processes by putting in place appropriate limits.

b) Investment in digital services

Over the years, various WA State Governments have introduced initiatives designed to digitise interactions with government services – particularly for approvals processes. Investing in digital platforms makes it easier for businesses, the public, and not-for-profits to interact with government departments safely and conveniently. Digitisation was also identified as a key enabler of the Diversify WA Supply Chain Development Plan.

However, we are concerned that when plans are announced, the subsequent roll out is slow, and investment in continued development of these services is lacking. This holds businesses back from growing their organisations and it is imposing unnecessary time and costs. Despite rapidly improving in recent years, our government digital readiness remains behind other states (Graph 4). We ask that agencies are giving funding support to continually improve their digital readiness and processes over time.

Graph 4: Government digital readiness around Australia



Source: Intermedium Digital Government Readiness and Maturity Indicator Report 2023



RECOMMENDATION: DIGITISATION

The State Government should:

- continue to provide additional funds into the Digital Capability Fund and:
 - immediately allocate some of this funding toward projects aimed at developing a consistent, coordinated 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.

Enabling a contemporary retail trade environment

Around Australia, governments have been progressive and allowed their businesses and consumers flexibility about when they can shop and what they can buy. Shop owners and their customers in Perth, for example, must wait until 11am on Sundays, yet in SA, NSW, Victoria, ACT and Tasmania, these restrictions on trading hours do not apply. In the three

years after retail deregulation, Victoria and Tasmania experienced a 25 per cent increase in retail sales growth.

Our 2021 report [Time to Open: Retail Trading Hours in WA – A Case for Reform](#) highlighted how reforming shopping hours would assist the economy – creating jobs and keeping people in paid work.

Western Australia also has restrictions on what can and cannot be sold, and these need to be changed. The current rules that govern what ‘Special Retail’ shops can sell under the *Retail Trading Hours Regulations 1988* are outdated, do not reflect contemporary practice, and create significant complexity for business.

Special Retail businesses can sell light bulbs, but not light fittings. They can sell sinks, but not dishwashers. News agencies can sell education toys, but not ‘computer games that are mains operated’. It is unclear what the purpose or justification is for keeping these restrictions in place, when there is increased online competition from bulk buy, warehouse-style businesses.

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

Figure 2: CCIWA’s Common sense proposal for retail trading reform

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



RECOMMENDATION: ENABLE CONTEMPORARY RETAIL TRADING

The State Government should:

- introduce a suite of reforms to deregulate shopping hours to bring Saturday trading in line with Monday-Friday, and to extend trading on Sundays and public holidays. This could start as an extended trial in CBD districts.
- abolish Column 2 under Section 7(2) of the *Retail Trading Hours Regulations 1988*, which prescribe what a business can sell. This would allow Government to continue to prescribe the types of business that can trade extended hours (specified in Column 1). Alternatively, we are open to working through potential reforms of Column 2 with the State Government.

Ensure policies enable 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.

A key priority here is the establishment of a venture capital fund to commercialise innovation. We provide a brief overview in what follows, but the full policy paper can be accessed [here](#).

Establish a venture capital fund to commercialise innovation

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.

With the right conditions in place, innovation can play a vital role in driving the growth and diversification across our economy. That said, there are some areas of our economy that have heightened innovation potential, including:

- **Remote operations:** there is a well-recognised opportunity to innovate on the back of our world-class resources companies' success in developing remote technology, including in areas such as remote health and education.
- **Space:** Western Australia has as good a set of conditions for Space technology as anywhere in the world, let alone the southern hemisphere.
- **Biological and medical technologies:** from developing new drugs, to facilitating local clinical trials, to precision health treatments, this is a sector in which WA has already exhibited significant expertise and success.
- **Defence and security:** Western Australia is set to be a significant winner from the AUKUS submarine deal, with the opportunity to take this investment further to develop a broader defence innovation eco-system; not just in materials and service contracting, but also in areas like cybersecurity.
- **Clean technology:** the opportunities here are well-recognised, whether that relates to geothermal, tidal, solar, or wind energy production; or carbon sequestration through regenerative agriculture and carbon capture, usage and storage.

We were pleased to see the State Government continue their support for innovation, through the adoption of the Innovation Strategy and development of intellectual property (IP) policies.

Supporting IP rights for WA innovators is vital, but we also need to incentivise innovators to create. This is where WA continues to fall short compared to other jurisdictions - WA currently receives only 2 per cent of national venture capital funding, which is smaller than South Australia (3 per cent) and Queensland (8 per cent).

While the State Government has recognised this, to some extent, with the New Industries Fund with its grant programs X-TEND WA and the Western Australian Venture Support (WAVES) 2022-2025 pilot program, these are due to conclude in 2025, and total funding for the New Industries Fund was also less than \$26 million.

In progressing its innovation policy, the State Government should be bold and use this opportunity to carefully consider the merits of establishing a focused Western Australia Venture Investment Fund.

This fund should provide \$200 million over ten years, with clear funding arrangements and rules. It would help support and ensure innovative businesses and products can commercialise ahead of market competition. This figure matches or exceeds the competition and would show WA is serious about being a leader in innovation. It would send the right message nationally and internationally, fundamentally repositioning the State.

When the right conditions are in place, Western Australian entrepreneurs and businesses can do remarkable things, and in doing so, carry the entire nation forward.



RECOMMENDATION: VENTURE CAPITAL TO COMMERCIALISE INNOVATION

The State Government should assess the merits of establishing the Western Australia Venture Investment Fund to help grow the next big things in business. The fund should at least be \$200 million over 10 years with clear rules around funding arrangements.

Accelerate efforts to develop a strong defence ecosystem

According to the Defence Strategic Review, Australia's strategic environment has dramatically changed, requiring greater investment in defence over the next few decades. Western Australia is well placed to capitalise on future investment, with AUKUS being a significant opportunity for Western Australia to build out its industrial capacity and capability.

While we welcome the recent announcement of the strategic shipbuilder pilot for Henderson, the WA defence industry needs fast, decisive and committed investment once the Navy Surface Review is complete. It is critical that Western Australia leverages its existing advantages and retains existing shipbuilding projects and/or sees them replaced with similar investments.

Our engagement with the defence industry has resoundingly found that the key issue in WA is inconsistency with defence work, which creates barriers for WA businesses to further develop their capability and invest in their workforces.

The first thing to do to address this issue is to ensure Defence West is adequately resourced to strengthen advocacy efforts for defence contracts here in WA. Queensland and South Australia have had great success in securing major defence contracts and the State Government can emulate these models locally.

Defence West is currently hamstrung by its budget, with just \$1 million in annual funding compared to Defence SA's \$23 million each year. Any increase in funding would enable Defence West to effectively advocate for defence contracts, funding for key infrastructure upgrades at the AMC, support the Department of Training and Workforce Development in developing a skilled workforce, and identify future opportunities for Western Australia's local defence industry.

In addition, we cannot let the AUKUS opportunity pass us by – it is simply a game changer for many local defence businesses, and it is important that businesses have the tools and knowledge they need to develop capability and capacity.

Of the roughly 235,050 small businesses in Western Australia, just 250 are directly invested in defence supply chains.³ There is a real opportunity to not only increase the number of businesses in the defence industry sector, but also provide existing industry with stable workflow.

Back in 2020, the State Government funded the WA Defence-Ready Initiative, with grants of up to \$15,000 to support SMEs to improve their defence capabilities, including compliance with security requirements, relevant certifications, appropriate cyber security training and to support engagement with the Centre for Defence Industry Capability. Delivering an AUKUS-ready defence program would help WA businesses develop their supply chain capability.

Defence West should also investigate a local Defence Innovation Hub, modelled off South Australia's Lot 14 Defence precinct and BAE's Tonsley Innovation District. South Australia has managed to convert soft landings for international defence businesses at Lot 14 into local operations and there maybe merit in establishing a similar precinct locally.



RECOMMENDATION: ACCELERATE EFFORTS TO DEVELOP A STRONG DEFENCE ECOSYSTEM

The State Government should:

- work with the Federal Government to ensure the Navy Surface Review recognises a significant role for Western Australia's defence industry.
- increase funding to Defence West so it can be competitive in identifying and advocating for a continual pipeline of defence work, and to advocate for relevant infrastructure such as a large vessel dry dock at Henderson.
- allocate funding to help SMEs become Defence ready, to capitalise on AUKUS and other defence industry opportunities. This program should be based on the 2020 Defence Readiness grants program.
- investigate the feasibility of setting up a defence innovation precinct.

Establish an overarching advanced manufacturing strategy

Advanced manufacturing has been a key focus for the Government, and we commend the continued efforts to improve advanced manufacturing and our value adding capability.

Notably this includes the Investment Attraction and New Industries Fund, the Global Advanced Industries Hub along the Western Trade Coast precinct, and common user facilities such as the Australian Marine Complex and the Australian Automation and Robotic Precinct.

While the current initiatives, grants and projects play significant roles in the development of our manufacturing industry, more could be done to put WA 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'.

³ Australian Small Business and Family Enterprise Ombudsman. [Location of Australia's small businesses by state and territory](#), June 2022

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 is an evident need for an overarching industry 4.0 strategy, with a focus on accelerating the adoption of the next suite of industrial technologies and workflows. Industry 4.0 has the potential to increase the value of businesses, and this should be a key mantra throughout the strategy by quantifying the benefits and return on investment.

To remain competitive, industry will increasingly need to use Industry 4.0 technologies. With the right policy conditions in place, this shift will naturally take place. The focus of government should therefore be on ensuring an efficient and effective regulatory environment.

The \$15 billion National Reconstruction 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. The State Government needs to play its role in ensuring WA attracts as much of this funding as possible.



RECOMMENDATION: ESTABLISH AN OVERARCHING ADVANCED MANUFACTURING STRATEGY

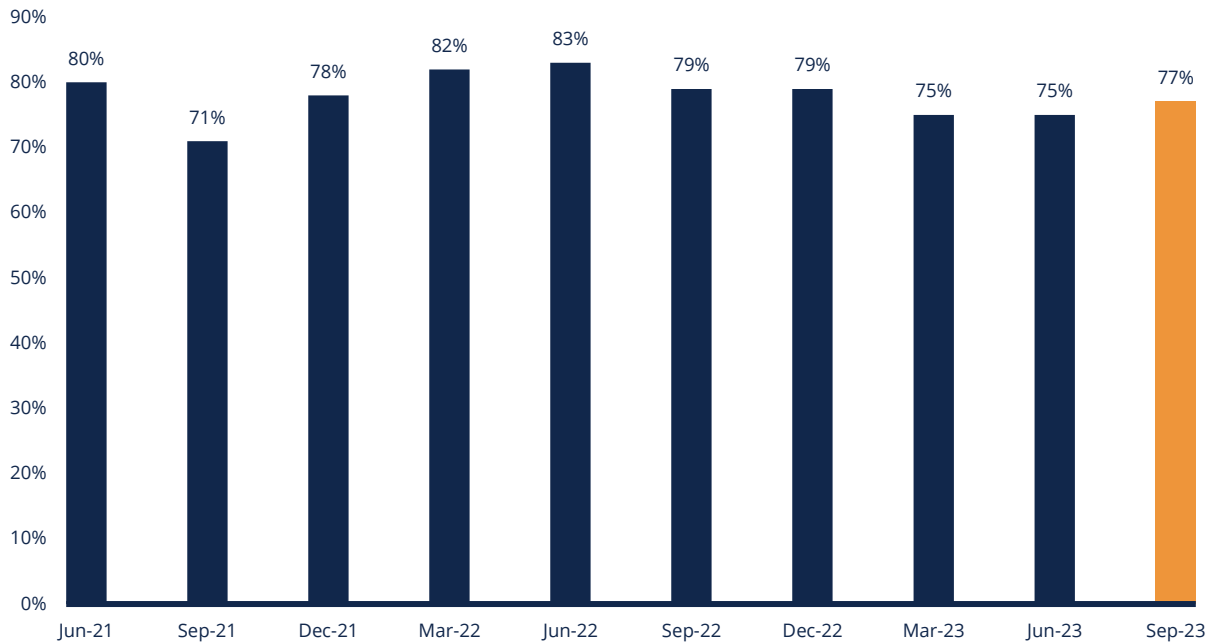
The State Government should:

- establish an overarching Industry 4.0 strategy, highlighting key precincts and identifying the need for emerging industry common user facilities.
- ensure WA attracts as much funding from the National Reconstruction Fund as possible.

Ensure a Skilled Workforce

The biggest challenge facing WA businesses over the past three years has been a crippling worker shortage (Graph 5). This is despite them taking on apprentices and trainees in record numbers, thanks to low-cost training and wage subsidies.

Graph 5: Percentage of respondents to CCIWA Survey struggling to fill a position



Source: Business Confidence September Quarter 2023

Now more than ever, with workers in high demand globally and high job vacancies, we must do everything we can to both attract talent from other locations and make the most of our local workforce. Skilled workforce development is particularly pertinent when we look to capitalise on the opportunities in critical sectors of the future, such as defence and the energy transition.

We welcome recent initiatives from the State Government that support training, such as the continuation of the Group Training Organisation Wage Subsidy Program.

Sitting closely with skilled workforce development is the adequate supply of housing. Sufficient land supply, infrastructure planning and innovative housing solutions are all necessary to address WA's acute shortage of housing.

We also contend that the most exciting opportunities to make the most out of our local workforce is 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, particularly people living with a disability.

Skilled workforce development

a) Building local workforces

Western Australia has a highly skilled workforce, yet businesses are constantly looking for skilled staff. This situation is only going to intensify as the energy transition accelerates and as the AUKUS partnership progresses. However, our ability to capitalise on these significant opportunities is very much dependent on the availability of skilled workforces.

According to the Department of Training and Workforce Development (DTWD), WA will need to fill 351,000 jobs in the clean energy sector in Western Australia between 2025 and 2050.⁴ At present however, there is no clear plan or strategy driving this growth opportunity.

A *Green and Decarbonisation Skills Workforce Development Plan* (the plan) would be useful in identifying the existing VET, TAFE and University offerings, identifying in-demand jobs, the types of skills and qualifications needed to underpin these strategic industries, as well as the opportunities for collaboration across education and training institutions, both private and public, as well as with industry.

We suggest the plan would build on previous State Government initiatives such as the 2020 WA Green Jobs Plan and the 2021 Future Battery Industries CRC report *Vocational skills gap assessment and workforce development plan*.⁵ Any plan to promote the development of green and decarbonisation skills should be informed by a taskforce focused on international learnings, and could also be supported by an Office of Green and Decarbonisation Skills within DTWD. Such a plan would ensure that industry would have access to the training support it needs to minimise project delays and maximise net zero ambitions.

A similar arrangement exists for the defence industry, with the WA Defence Industry Workforce Office (WADIWO) being instrumental in the creation of the *Western Australian Defence Industry Workforce Development Plan 2022-27*, which is currently underway. What underpins the success of these plans is not only well-developed goals and strategies, but adequate funding to drive actions where needed. To this end, it would be beneficial to see the Defence Industry Workforce Development plan fully funded, and regular progress reports to assist businesses to plan accordingly.

To support AUKUS, there is also an evident need for WA to develop capability in and around nuclear engineering and sciences. It has become very evident that other States, such as South Australia, are more advanced in their discussions around nuclear preparedness and industrial capability.

South Australia has signed a Cooperation Agreement with the Federal Government to secure funding for 800 Commonwealth supported placements for STEM students to support its AUKUS preparedness. From an organisational perspective, South Australia has also designated Flinders University as the 'AUKUS University' and established an Office of AUKUS.

⁴ Jobs and Skills WA. [Clean Energy landing page](#), accessed August 2023

⁵ Future Battery Industries CRC. [Vocational skills gap assessment and workforce development plan](#), 2021

More broadly, there are other emerging issues that need to be addressed by the State Government, including:

- **the lack of access to suitable trade-qualified trainers:** a targeted program that seeks to attract trade qualified people (mechanics, electricians, carers) to enter the training system (private and public) would help to alleviate pressure.
- **funding cuts around employee-facing incentives for apprenticeships:** apprenticeships and traineeships are also integral to addressing critical areas of shortage, but they can be costly for business. It is therefore critical that we make the National Training System an attractive choice, which incentives or tax benefits set at an appropriate level, do provide.
- **address the gap in maths-skill level:** the school curriculum currently provides two maths options (ATAR and non-ATAR). Students who complete the non-ATAR option are not able to meet the numeracy requirements for entry into some key in-demand VET courses, including Certificate III Electrotechnology (Electrician) apprenticeships; mechanical trades; carpentry, plumbing and other construction qualifications that require strong mathematical capability (but not ATAR-level).
- **ensure industry-ready students:** the changing nature of workplaces need to be better reflected into schools to ensure, for example, curriculum relevance, practical mathematical applications in workplaces, and continuous updates on changes to technology or processes. This would substantially help to improve the quality of outcomes for students entering VET based post-school pathways.



RECOMMENDATION: SKILLED WORKFORCE DEVELOPMENT (LOCAL)

The State Government should:

- create a Green and Decarbonisation Skills Workforce Development plan, supported by a taskforce to identify gaps in green and decarbonisation skills. An Office of Green and Decarbonisation Skills within the Department of Training and Workforce Development, like WADIWO, could be tasked to deliver the plan.
- ensure the WA Defence Industry Workforce Development Plan is fully funded and delivered, and report regularly to industry.
- ahead of AUKUS, work with WA Universities to secure Commonwealth Supported Placements for nuclear science and engineering, and finalise agreements with international nuclear science institutes.
- launch a targeted program to upskill trade qualified employees, so they can provide practical placements for TAFE and Registered Training Organisations and alleviate pressure on WA's training system; and
- advocate to the Federal Government to ensure employee-facing incentives are maintained to support ongoing apprenticeship and traineeship numbers.
- develop and introduce an industry-aligned maths course into the curriculum to boost numeracy skills for entry into key in-demand courses.
- establish an Industry Advisory Board to align school-based learning with the needs of industry.

b) Skilled migration

Tackling the skills gap in Western Australia will also require accessible migration settings.

WA relies more heavily on skilled migration to meet labour demands that cannot be met locally compared to other states. Collaborating with the Federal Government to achieve for a more accessible migration system must then be a top priority.

While it remains to be seen whether the Federal Government's Migration Strategy will address the core and systemic issue that plague Australia's migration system, such as, for instance, being expensive, complex, not responsive to needs and subject to unacceptable delays review, we urge the State Government to continue advocating to the Commonwealth for system changes to remove key restrictions.

The State Government must also do its part. For example, it is critically important that State-based migration programs capture the largest number of occupations and placements possible, including skill level 4 occupations – doing so would ensure that WA does not lose out attracting talent to other Australian jurisdictions.

These actions would immediately widen the pool of potential individuals applying for work from overseas and address the needs of employers. WA needs to be seen as an attractive option compared to similar economies around the world. To this end, broadening the existing Migration WA portal and Skilled Migration Job Connect program to provide more visa-ready job opportunities in key skill areas of the economy may be a way to achieve this and give WA an edge against the competition for talent.



RECOMMENDATION: SKILLED WORKFORCE DEVELOPMENT (MIGRATION)

The State Government should:

- advocate to the Federal Government to:
 - 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.
 - retain the Pacific-Australia Labour Mobility (PALM) scheme and consider the model to be used more broadly (including more source countries and more occupations and industries).
 - allow occupations assessed as Skill Level 4 to be included on the skilled occupation list and encourage training to upskill those individuals.
- ensure that state-based migration schemes are as reflective of business needs and actual workforce challenges.
- broaden the existing Migration WA portal and Skilled Migration Job Connect program to promote more opportunities to overseas migrants.

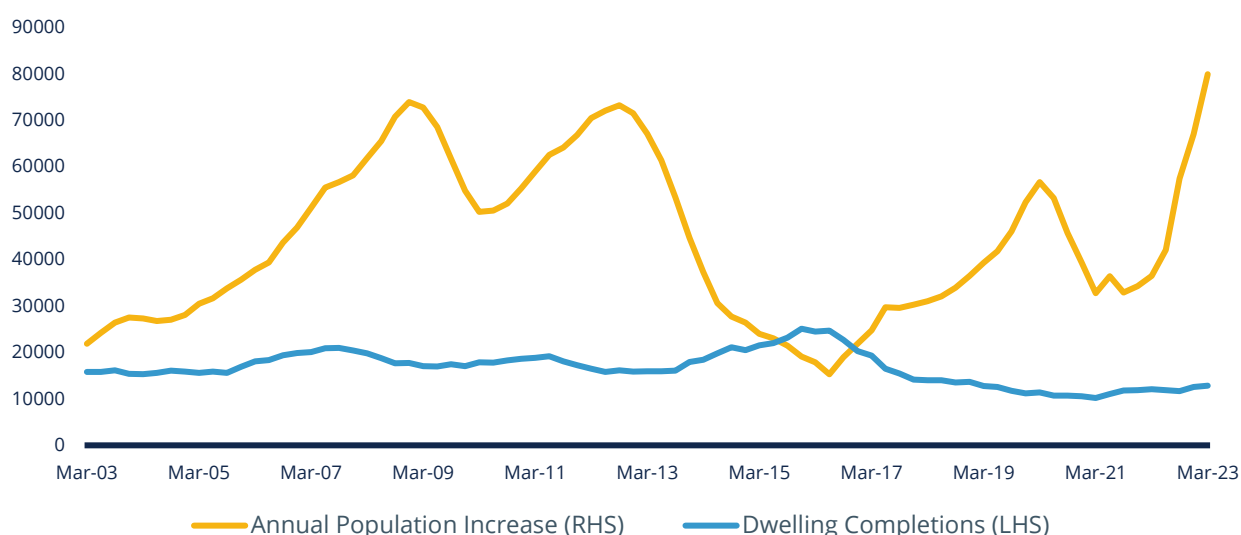
Accelerate options to improve housing stock

To facilitate any influx of inbound workers into the future – and capitalise on the future growth opportunities - WA needs to address the acute housing shortage being experienced now. Several factors have led to delays in residential construction, in particular, the combination of a low rental vacancy rates, significantly higher than expected net migration, trade and supply shortages, and slower-than normal rate of building completions have intensified these delays.

Graph 6 shows the extent of the shortage when compared to WA’s population growth. To cover this housing demand shortfall, the Master Builders Association estimates that WA needs to attract at least 55,000 workers between February 2023 and November 2026 to sufficiently meet demand.⁶ The Real Estate Institute of Western Australia also estimates that WA needs to maintain a long-term average of 22,000 builds per year to ensure a sufficient pipeline of supply, which is a step change from the average 13,944 dwellings completed over the past three years.⁷

This is particularly pertinent, when the long-term outlook will also need to factor in the hundreds of families expected to arrive in WA ahead of AUKUS and create demand pressures within the South Metropolitan region, particularly around Rockingham, Cockburn, and Kwinana. These families will also need to be supported by the right mix of social infrastructure, including education, health, transport and community infrastructure.

Graph 6: Quarterly Home Construction and Population Growth in WA over time series March 2003 - 2023



Source: ABS data

We support recent Government announcements relating to planning legislation reform, land tax and stamp duty relief, supporting prefabricated new builds, the new Housing Supply Unit

⁶ WAtoday. [WA housing crisis: Millions in budget to lure overseas tradies to finish homes under construction](#), May 2023

⁷ Real Estate Institute of WA. [Rents: The only way is up](#), September 2023

within the Department of Treasury, and the commitment to boost WA's skilled residential construction workforce. However, more can be done, particularly in driving more efficient use of existing housing stock.

We see reforming stamp duty on property transfers to a fairer, broad-based tax on the property's Gross Rental Value as a critical structural change necessary to deliver more efficient housing and better social outcomes. These dividends would be achieved by for example:

- making it easier for people to move closer to employment, family and schools, or for downsizing. In addition, with less commuting, there are benefits for the environment, and for business, there are benefits in having a more mobile workforce.
- lowering a key barrier to entering the regional housing market, helping to address concerns that currently exist with FIFO workforces and housing affordability.

There are economic benefits to reforming stamp duty also, with the Federal Government estimating that an additional 0.12 per cent could be added to the State economy.⁸

In our "Stamping out Stamp Duty" report, if WA was to move to a fairer, broad-based tax, 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, it also 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.

However, we know from the experience of other jurisdictions that changes to implement stamp duty reform take time – it is critical that the Government keeps an open mind on this issue, given the significant economic and social benefits of reform.

We suggest the new Housing Supply Unit established within Treasury should lead this work. In addition, there have also been a number of planning, regulatory and policy reform initiatives identified by industry, and from community services providers, such as Anglicare and Shelter WA, which should be examined by the new Housing Supply Unit.

⁸ National Housing Finance and Investment Corporation. [Stamp Duty Reform: Benefits and Challenges](#), July 2021



RECOMMENDATION: ACCELERATE OPTIONS TO IMPROVE HOUSING STOCK

The State Government should:

- continue to work with the private sector to identify innovative solutions to ease the housing shortage and deliver fast-tracked accommodation solutions.
- progress planning reforms with housing plans for each of WA's regions and metropolitan sub-regions, helping local governments identify areas for new housing and urban consolidation.
- identify total infrastructure requirements for the AUKUS workforce in the South Metropolitan region, particularly around Rockingham, Cockburn, and Kwinana.
- The Housing Supply Unit within Treasury should:
 - undertake a short and sharp comparison of existing proposals from industry and community services sector to improve housing supply.
 - investigate opportunities for stamp duty reform to unlock housing potential.
 - identify other types of tax incentives to support 'build-to-rent' schemes to stimulate investor interest in WA's rental market.
 - identify and address the various policy and regulatory barriers (e.g.: environmental) that are causing bottlenecks in the release of greenfield sites; and
 - develop a framework for determining when government should intervene into housing to address market failure in regional areas.

Address known barriers to women and other under-represented cohorts

Increasing the workforce participation and employment of under-represented cohorts is not only the right thing to do, but is also an important strategy to unlock real workforce potential.

Western Australia has one of the most diverse populations in the country, which is why CCIWA is committed to helping businesses develop strategies to become more inclusive, aligning policies with action and practice.

We are also committed to leading by example, with an internal Diversity and Inclusion Council, by implementing a Innovate Reconciliation Action Plan and amendments to our Constitution to improve diversity on CCIWA's key decision making bodies. This commitment to diversity was recognised by the Diversity Council of Australia, recognising CCIWA as a 2023-24 Inclusive Employer (for the third year running) on 6 November 2023.

We also continue to survey our members regularly to identify gaps in data and policy. In December 2022, we surveyed WA businesses to establish baseline data about their approach to diversity and inclusion, to identify gaps where CCIWA and government can provide support, and to track improvement over time.

The survey focused on four groups: women, people with a disability, people from the LGBTQIA+ community, and Indigenous Australians or people from other cultural backgrounds. We received 378 responses, across various sectors and business sizes. We have also previously surveyed businesses for their attitudes toward employing older Australians.

The results show that while there has been encouraging progress in creating more diverse and inclusive workplaces among WA businesses, more remains to be done, particularly for people living with a disability.

For people identified as having a disability, government funding is the main source of income for 56 per cent of people with a disability over the age of 15. For people with a profound disability, this increases to 76 per cent.⁹

Our research found that 61 per cent of respondents indicated they had made limited-to-no progress when it comes to attracting and retaining people with a disability. Consequently, more than 114,000 people with disability are currently unemployed, at no fault of their own.

Not only does increasing the participation of people living with disabilities increase the pool of workers businesses have access to, it frees up time for carers, who are then also able to participate more in the workforce, creating a double dividend.



RECOMMENDATION: ADDRESSING BARRIERS FOR PEOPLE WITH DISABILITY

The State Government should:

- fund initiatives that provide tailored training and support, ensuring that individuals with disabilities have the tools and knowledge to secure and maintain employment.
- launch a public awareness campaign and promote disability awareness and inclusion training to foster a more inclusive workplace culture.
- invest in and support leadership development programs designed for individuals with disabilities.
- advocate for the Federal Government to review and reform the Disability Support Pension to ensure individuals with disabilities are not disincentivised to seek and maintain employment due to concerns about losing their pension benefits.
- deliver funding to support the introduction of educational programs that educate employers, HR professionals, and employees about the legal context surrounding disability inclusion in recruitment, promotion, and evaluation.
- establish programs that offer affordable access to consultants specialising in disability inclusion.
- fund more respite places to enable carers better access to employment opportunities.¹⁰

To address the barriers preventing more women from participating in the workforce, our 2021 research found that the way kindy is funded and operated in WA was a key factor preventing mothers from fully participating in the workforce. In 2021, we said this problem of underemployment robbed the WA economy of an extra \$1.5 billion every year.¹¹

Western Australia has some of the lowest rates of childcare use in the country.¹² According to the Australian Bureau of Statistics, of the women aged between 15-64 who had difficulty finding work over the last 12 months in WA, 20 per cent said their main difficulty was a lack of jobs with suitable hours or difficulties with childcare.¹³ Some of the challenges are attributed

⁹ Australian Institute of Health and Welfare. [People with disability in Australia – income and finance](#), last updated July 2022

¹⁰ Respite is when someone else takes care of the person being cared for.

¹¹ CCIWA. [Making paid work pay for families with children](#), January 2021

¹² Australian Institute of Family Studies, JR Bray et al. [Child Care Package Evaluation: Final Report](#), updated December 2022.

¹³ Australian Bureau of Statistics. [Participation, Job Search and Mobility, Australia](#), February 2023

to the high cost of childcare weighing heavily on family budgets, but also, the lack of childcare places due to a shortage of childcare staff and services, particularly in regional areas.

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

As mentioned in previous pre-budget submissions, we continue to advocate for the State 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 would enable every parent to choose whether to send their child to kindy at either a centre-based facility 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.

In addition, while we welcome the creation of a standalone Minister for Early Childhood Education, WA continues to fall behind the rest of the country in its support for early childhood education and care.

Other State Governments are investing more heavily in early childhood education and care, independent of Commonwealth funding. The Victorian Government, for instance, recently introduced its *Best Start to Life Reforms*, supported by \$14 billion dollars between 2023-2032. This funding will see, for example, free Kindergarten for three-and four-year-olds, and four-year-old children will have access to 30 hours of play-based learning per week, under a new 'Pre Prep' model. These initiatives are not only important for a child's development, they also enable women to increase their participation in the workforce.



RECOMMENDATION: ADDRESSING BARRIERS FOR WOMEN

The State Government should:

- make the commitment that each individual child receives funding under the Preschool Reform Funding Agreement, rather than funding allocated for other purposes commit to reviewing WA's payroll tax regime every two years.
- consider supplementary payments and grants to support early childhood education and care providers in WA – *beyond* what it receives from the Commonwealth under the national partnership agreement - to support early childhood education and care providers in their respective States.

Position WA as an attractive place to invest

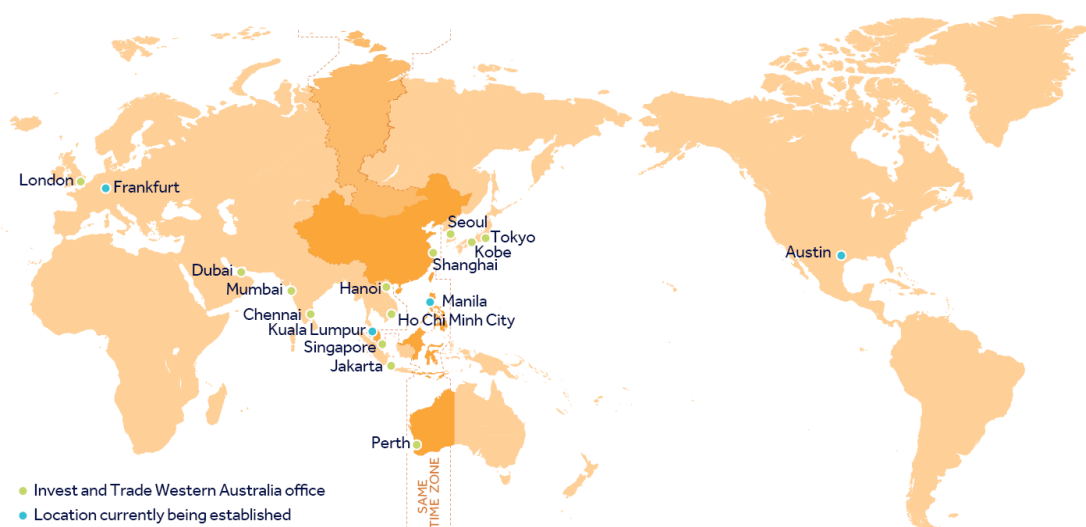
Western Australia must continue its efforts to attract investment into the state – doing so is vital to growing and diversifying our economy. We need to continue to make decisions that improve our appeal and competitiveness to draw national and global businesses to invest and headquarter here.

Many of the initiatives outlined within this document will be critical to this end, such as payroll tax reform and addressing the regulatory proliferation occurring within the State and Federal tiers of government. 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

We welcome the State Government’s increasing global presence, following the commitment to open Invest and Trade Western Australia offices in Frankfurt, Germany, and Austin, Texas. Additional offices are planned for Manila and Kuala Lumpur.¹⁴

Figure 3: Current and planned locations of Invest and Trade Western Australia offices



To ensure we maximise the strategic advantage of having these offices, additional resourcing needs to be deployed, particularly in the Austin and London offices, to link businesses with the significant opportunities that AUKUS presents.

The WA Investments portal, a partnership between CCIWA and the State Government has proven successful, with an additional \$1.6 billion of investments listed since its launch in March this year. This supports existing effort to grow and diversity our economy.

CCIWA also welcomes the renewed interest in Ministerial-led delegations in partnership with senior leaders of government. These delegations enable greater connections and learnings with respect to the energy transition and opportunities for innovation. They too are the most effective way to promote the international competitiveness of WA businesses and advance

¹⁴ WA Government. [Investment and Trade Western Australia global network contact details](#), June 2023

the State's economic interests. CCIWA encourages further collaboration with businesses, industry associations and governments in other jurisdictions such as Europe, South America and Africa.

Further, we recognise that the next State election in 2025 is fast approaching and the impact such events can sometimes have regarding capacity to conduct trade and investment missions. It will be important that some activities continue to be pursued in key markets given the prevailing environment for attracting capital and expanding trade.



RECOMMENDATION: CONTINUE TO BUILD OUR INTERNATIONAL TRADE PRESENCE

The State Government should

- continue identifying strategic opportunities to promote WA on the global stage, including ministerial-led delegations.
- boost resourcing at the Invest and Trade offices in Austin and London, ahead of the next stages of AUKUS, to link businesses with opportunities. Ideally each office should see a full-time position focused on AUKUS policy and engagement.

Consolidate and coordinate campaigns to tell WA's story

Western Australia's strong economy is underpinned by our rich natural resources, whether tourism, mining or agriculture. The State now has a host of high-quality collateral to tell our story to key markets and highlight how WA is a desirable place to invest, live, host events, study and holiday.

However, WA has a new story to be told. Our significant iron ore resources, critical minerals, natural environmental reserves, and potential for hydrogen production mean Western Australia is uniquely placed to be a driver of global solutions for decarbonisation.

In recent times there has been no shortage of campaigns and branding, which have arguably not been as cost effective as they could have been and have led to confusion in the international markets WA is trying to tap into. Ideally, future campaigns could also better promote WA's green credentials.

Consolidating the number of campaigns, and coordinating the messages across Government agencies, could serve the State better in shifting attitudes and behaviours with target audiences in key markets. The approach of the WA Treasury Corporation's Green and Sustainable Bonds framework is a step in the right direction, as is the new Climate Action website. However, these are currently disconnected from the two main promotional campaigns 'Like no Other' and 'Dream State/Walking On a Dream'.

Ideally these campaigns should seamlessly link. In so doing, the State can reach consumer audiences but the State can also better sell new industries and potential decarbonisation and new investment opportunities to existing and new international trading partners, while also attracting highly skilled people. Put simply, a better alignment of the visuals, language and examples used would help promote WA's story on the world stage.

Key promotions should focus on future investment opportunities such as carbon capture and storage projects, future rounds of green bonds, advanced and low carbon manufacturing, and programs to improve environmental and social outcomes.



RECOMMENDATION: POSITION WA AS AN ATTRACTIVE PLACE TO INVEST

The State Government should review its current two campaign strategy (ie 'Like no Other' and 'Dream State/Walking on a Dream') to provide a more seamless narrative for WA as a key destination for broad investment (including in the area of decarbonisation), skills and tourism. Further, the language, themes and visuals should be consistent across Government.

Expand efforts to support SMEs to diversify

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

- market research: to undertake 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.

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 such as the European Union, WA SMEs will need to implement genuine decarbonisation strategies. Yet, as CCIWA's engagement with members revealed, further support is urgently needed to support WA SMEs with their own energy transition journeys.

Equipping SMEs with the knowledge and resources to decarbonise and reduce their environmental footprint is not just vital, but an absolute necessity in our collective effort to transition to net-zero.

However, unlike large corporations, SMEs are often disadvantaged by a lack of financial and technical capacity, which is often a significant barrier in adopting greener practices. Supporting SMEs to navigate the complexities of decarbonisation, while making the process more accessible and cost-effective, is essential.

Heavy industrial users also face unique decarbonisation challenges. Other States have identified this as a key area of need for additional support, for example, the Queensland Government has a \$200 million Regional Economic Futures Fund and a \$101.5 million Made in Queensland Fund. The New South Wales Government also has a \$305 million High Emitting Industries Fund. These programs seek to support existing industrial facilities to increase energy efficiency, develop export, reshoring, and supply chain improvements, improve

sustainability and/or advancement of decarbonisation and net zero outcomes. While we acknowledge the existence of the State’s Carbon Innovation Grants Program, which provides \$15 million to support the application of carbon capture (ie: Direct Air Capture), additional support is required. We encourage the State Government to identify opportunities to provide greater support for existing industries to decarbonise to remain competitive.



RECOMMENDATION: EXPAND EFFORTS TO SUPPORT SMES TO DIVERSIFY

The State Government should:

- ensure that current grant programs and industry development funds are effective and appropriately targeted to assist SMEs facilitate market research, preparedness, and engagement.
- explore the feasibility and benefit of providing funding to support WA SMEs to lower emissions.
- consider ways to support and incentivise existing heavy industrial users to decarbonise.

Attachment 1: Additional policy recommendations

KEEP THE COSTS OF DOING BUSINESS LOW
Strike a balance between fiscal sustainability and supporting diversification of the economy. <ul style="list-style-type: none">• 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 Langoullant Inquiry.
Drive down the price of electricity and encourage private sector investment in new generation assets and technologies by: <ul style="list-style-type: none">• Removing cross-subsidies currently used to support the Uniform Tariff Policy and funding the policy from general revenue.• Lowering the contestability threshold to twenty megawatt hours of electricity per annum or defining all non-residential customers as contestable.
Work with industry to identify parts of the High Wide Load road corridor network where enhanced functionality is needed and prioritise addressing these.
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 by: <ul style="list-style-type: none">• Allowing private providers of publicly supported VET courses to determine their own prices.• Ensuring students can access clear information on the pricing and quality of courses.• Requiring 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.
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
Ensure there is sufficient industrial zoned land within Perth to allow key construction supply chain facilities to be established close to markets.
ENSURE POLICIES ENABLE EMERGING BUSINESSES AND INDUSTRIES
Develop a policy and framework that allows businesses and regulators to propose and establish regulatory sandboxes.
Continue to update the forecasts of future container trade for the Westport project, and potential costs of trade for the business community.