



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



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## Executive summary

The Chamber of Commerce and Industry of Western Australia (CCIWA) is the peak body advancing trade and commerce in Western Australia. We are fundamentally committed to using our insights to develop and advocate for public policies that will help realise our vision to make WA the best place to live and do business.

Western Australia is uniquely positioned to harness global economic opportunities, particularly those related to the energy sector and decarbonisation. We are also well positioned to seize the opportunities presented by the evolving geopolitical environment, 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 are also broader opportunities for Western Australia to foster innovation in emerging areas of technology for which WA already has a comparative advantage, such as remote operations as well as biological and medical technologies.

To fully capitalise on these opportunities, our economy requires substantial business investment. However, the global competition for capital is intensifying, and the introduction of initiatives like the US Inflation Reduction Act has only intensified this competition. We know that Western Australia and Australia cannot match the scale of subsidies offered in other jurisdictions but can nevertheless remain attractive destinations for investment.

Critically, Australia needs to ensure its regulatory frameworks are both efficient and competitive. We know that when Western Australian industries do well, so too does the rest of the nation. However, despite the oversized role that the Western Australian economy plays in the nation's economy, Western Australian businesses are increasingly concerned about the overreach and prevailing regulatory uncertainty and policy agendas being advanced by the Federal Government over the past 22 months. This has impacted Australia's standing internationally, especially with longstanding trade and investment partners in Asia, as a stable place for investment.

In this submission, we will address the following key priorities:

- Environmental Approvals
- Industrial Relations
- Skilled Workforces
- Defence; and the
- Tax Environment

## Environmental Approvals

One of the biggest barriers to business investment is the ongoing impact of shifting, protracted, uncertain and complex regulatory regimes, particularly environmental. This was the subject of our report [Green Web: How environmental approvals could trap Australian investment](#).

CCIWA identified \$318 billion of projects in Western Australia subject to Federal and State approvals. These projects cut right across the economy, from mining, energy and agriculture, to tourism, space and defence – all of them integral to growing and diversifying the State and national economies for future generations.

Following the launch of the report, the WA State Government made a commitment to slash green tape. This is in recognition of an approval system that has “become overly complex, time-consuming, and costly – holding back economic development without any benefit to the environment.”<sup>1</sup>

We are concerned that any benefit derived from these changes may be limited as it appears the system for environmental approvals is only going to become more complex and onerous with the proposed Nature Positive reforms. While some of these reforms are intended to address red and green tape, the lack of clarity and restricted, closed-door consultations is undermining confidence and investment in Western Australia.

Some of the key concerns centre on:

- how and to what extent will social and economic considerations will be factored into the Government’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;
- adequate resourcing and the capabilities of assessing officers to assess applications in a timely manner;
- the new proposed restorative action regime, formally known as “like-for-like” offsets, including the conservation payment;
- the current lack of detail and clarity around the various standards and how the framework will function as a cohesive whole;
- the broadened scope of powers for the EPA and how it may impact the ability to seek judicial review and procedural fairness; and
- duplication and inconsistency with what are already required under State laws.



### RECOMMENDATION: NATURE POSITIVE REFORM

The Federal Government should ensure:

- industry has sufficient time to review the proposal as a cohesive whole and provide genuine input to ensure the reform proposal is workable. Rushing the process will exacerbate the current problems with the approvals system.
- avenues for bilateral and accredited assessments are incorporated into the reform’s design.

<sup>1</sup> [Overhaul of approvals system to unlock jobs, investment | Western Australian Government \(www.wa.gov.au\)](#)

Further to this, the need for urgent reform of the offshore environmental 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 for industrial users, but also in supporting the energy transition.

Our members also report that environmental activism – via appeals and litigation – is increasingly commonplace. There's been a proliferation of campaign-style, pro-forma appeals on a given project which is 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, changes need to be made.

The compounding impact of all this is a more challenging environment for business in Western Australia that could see investment redirected to more favourable jurisdictions and the perverse consequence that environmental decisions restrain efforts to meet Australia's decarbonisation goals.



#### **RECOMMENDATION: APPROVALS**

The Federal Government should:

- ensure legislative changes are made to Regulation 11A of the *Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009* to provide greater clarity in relation to consultation requirements.
- cease funding the Environmental Defenders Office (EDO) and redirect that funding to ensure it solely provides for community legal education and direct support for genuinely disadvantaged or impoverished litigants. The current activities of the EDO mean that Federal Government funding for the organisation is undermining Western Australia's efforts to grow and diversify its economy.

## **Skilled Workforces**

The biggest challenge facing Western Australian 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.

Our workforces will need to grow significantly to support existing industries and capitalise on the opportunities before us, including critical minerals development, decarbonisation and AUKUS. Workers in the care economy will also be highly sought after, given an ageing population.

We welcome the Government's commitment to improve the skilled migration system, proposals for clearer pathways to permanency, and growing a local workforce through various training initiatives. Ensuring flexible work and training options is vital to increasing a skilled and diverse workforce.

One area of concern for businesses in Western Australia is the funding cuts around employee-facing incentives for apprenticeships. Apprenticeships and traineeships are 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.



#### **RECOMMENDATION: SKILLED WORKFORCE DEVELOPMENT (LOCAL)**

The Federal Government should: ensure employee-facing incentives are maintained to support ongoing apprenticeship and traineeship numbers.

Tackling the skills gap in Western Australia will also require accessible migration settings. Western Australia relies more heavily on skilled migration to meet labour demands, particularly specialist skills that cannot be met locally compared to other states. WA businesses have seen a deterioration in the migration system in the last few years, with the program becoming expensive, complex, less responsive to needs and subject to unacceptable delays. Addressing these problems with the new migration system must then be a top priority.



#### **RECOMMENDATION: SKILLED WORKFORCE DEVELOPMENT (SKILLED MIGRATION)**

The Federal Government should:

- extend the Specialist Skills Pathway of the new Skills in Demand visa to all occupations in line with the earnings threshold.
- while work to streamline migration requirements is underway, look to temporarily suspend labour market testing requirements in the interim until Australia's unemployment rate is below the natural rate of unemployment.
- develop a new pathway based on the Pacific-Australia Labour Mobility (PALM) scheme which includes occupations assessed as Skill Level 4 and encourages training to upskill individuals who arrive as part of this new pathway.

## **Industrial Relations**

We are deeply concerned about many of the changes to Australia's employment and workplace relation laws, including those proposed in Tranche 1 in November 2022. Rather than simplifying Australia's complex employment and workplace relations laws, the latest tranche of reforms as outlined within the *Fair Work Legislation Amendment (Closing Loopholes) Bill 2023* (Bill) creates greater complexity, risk, and uncertainty for business. This occurs at the time when our economy is desperately trying to attract foreign investment to capitalise on big global shifts, principally the shift to cleaner energy.

It is CCIWA's view that key elements of the Bill are fundamentally flawed and should be rejected and/or repealed.

Our key concerns relate to:

- **Casual:** there is no compelling reason to change the current definition of “casual employee”, which provides certainty to employers.
- **Labour hire:** the ideas underpinning the need for change in this area is fundamentally flawed. Notably, the use of labour hire and specialist services contracting is an integral feature of WA's mining and agricultural industries. As such, the changes made to the *Fair Work Act* with respect to Labour Hire will threaten WA's competitiveness. This is fundamentally unworkable and should be repealed.
- **Workplace delegates' rights:** providing workplace delegates even greater powers to disrupt businesses will distract them from growing and diversifying the WA economy.
- **Exemption certificates for suspected underpayment:** there is no justification for giving officials urgent entry to the workplace without notice where there is no threat of destruction, concealment, or alteration of evidence.
- **Penalties for civil remedy provisions:** the penalties have increased substantially. There is no evidence to suggest that increasing civil penalty provisions will increase compliance with the FW Act, and these provisions will have a significant impact on businesses, particularly small to medium businesses.
- **Wage Theft:** the underlying cause of underpayments in Australia is the complexity of the industrial relations system, particularly awards. There is no evidence to suggest that the Bill's proposed reforms will improve compliance with the workplace relations system.
- **Definition of employment:** the proposed definition of “employee” will be problematic for business because it is imprecise. It will create uncertainty, rather than clarity, about the nature of the employer-employee relationship and when a worker is an employee.
- **Regulated workers:** this gives the FWC new and unnecessary powers relating to the road transport industry. Similarly, the proposed definition of “employee-like” is too broad. These reforms also give the FWC far too much discretion.

One of the common concerns expressed by businesses is the significant increase in administrative requirements created by this Bill, especially in the context of casual employment. The increase in pecuniary penalties, which may be imposed in circumstances of, for example, misclassification of employees, will be a significant hit for businesses. Small and medium sized enterprises are most likely to be severely impacted by the changes, especially those relating to casual employment.

We suggest that these changes will make it harder for businesses to operate and remain profitable, and harm productivity by increasing costs and complexity. This will naturally have a flow on effect to the economy, including via the Federal collection of taxes, royalties and other payments.

**RECOMMENDATION:**

The Federal Government should:

- commit to making meaningful change to address Award complexity; and
- repeal the changes made to the Fair Work Act, and commit to working genuinely with the business community to fundamentally review the need and nature of reform.

## Defence

The Defence Strategic Review and AUKUS present significant opportunities for Western Australia to build out its industrial capacity, but WA's defence industry is increasingly concerned about the lack of clarity and forward planning. This is a consistent message across Western Australia's core domains of navy, space and cyber.

Over the years, a lack of continuous shipbuilding for Western Australia has entrenched a boom-bust cycle, which is unsustainable for businesses of all sizes. Those businesses are making the hard decisions now to either cut staff or exit the defence industry entirely. If we lose the skilled workforces in the Henderson area, we are at risk of losing sovereign capability.

While we welcome the recent announcement of the strategic shipbuilder pilot for Henderson, which should lead to continuous shipbuilding in WA, 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 these replaced with similar investments. Funding certainty is also required for relevant infrastructure vital for sovereign capacity, whether for submarines, supply and logistics vessels, or autonomous vehicles. We also hope to see Western Australia secure a similar deal to South Australia regarding Commonwealth Supported Placements for nuclear science and engineering students. Given the expected role Western Australia's industry has in AUKUS, we hope to see funding to support the development of local industry, defence personnel, trainees and apprentices, and university students to upskill in nuclear and defence knowledge.

In addition, there is a general understanding that at least 700 personnel from the United States and the United Kingdom will need to be housed near HMAS Stirling. We expect both the WA State and Federal Governments to work collaboratively to address total infrastructure requirements by making adequate funding available to deliver on the AUKUS opportunity.

**RECOMMENDATION:**

The Federal Government should:

- ensure the Navy Surface Review recognises a significant role for Western Australia's defence industry;
- identify strategic infrastructure and commit funding to the relevant infrastructure at Henderson required for maintenance of existing and future navy vehicles, and for continuing to sustain Australia's sovereign shipbuilding capacity;



- ahead of AUKUS, work with the Western Australian Government and universities to secure Commonwealth Supported Placements for nuclear science and engineering, and finalise agreements with international nuclear science institutes; and
- work with the State Government to identify total infrastructure requirements (inclusive of housing, health and community infrastructure) for the AUKUS workforce, and make funding available for developing key localities, in particular, Rockingham, Cockburn and Kwinana.

## Tax Environment

As State and Territories should not be penalised for developing their economies, we expect the current Goods and Services Tax (GST) floor to remain in place. A steady assurance that Western Australia will continue to receive a guaranteed level of GST revenue will continue to help diversify and grow Western Australia's economy well into the next decade. We welcome the recent commitment to extend the GST floor until 2032.

In addition, the Federal Government needs to look seriously at the way the tax and transfer system limits opportunities to participate more in the workforce, for example:

- how the disability support pension discourages employees with disability from working additional hours work.
- the way second income earners, predominately women, are disadvantaged from working more than three days a week due to childcare costs;
- aged pension eligibility settings currently discourage additional workforce participation.



### **RECOMMENDATION:**

The Federal Government should:

- ensure the 2018 GST deal is retained in full; and
- address barriers within the tax and transfer system that prevent under-represented groups from working additional hours (e.g.: related to the disability support pension, aged pension and second income earners).