

15 May 2024

Ms Camilla Galbraith
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Chamber of Commerce
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Dear Ms Galbraith

Consultation for WA's Digital Industries Acceleration Strategy

The Chamber of Commerce and Industry of Western Australia (CCIWA) is the peak body advancing trade and commerce in Western Australia. Our membership consists of small and family businesses through to large companies. 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.

Our state and our nation must continue to seek new ways to increase productivity, as businesses tackle the challenges of decarbonising their operations and driving efficiencies to remain competitive.

We welcome the opportunity to provide input into the State Government's Digital Industries Acceleration Strategy (the strategy). Notwithstanding the importance of other aspects of the draft strategy, our submission focuses on fostering growth and opportunity through service delivery, implementing the right policy settings, as well as identifying the skills and infrastructure requirements to meet future needs.

Relieving the regulatory burden on businesses

From the outset, it must be emphasised that relieving the burden on business, both financial and bureaucratic, is key to accelerating digital technologies and industries. It should therefore form a key part of the strategy. Key policy levers here include:

- **Payroll tax reform:** Our March Quarter Business Confidence data, which is the longest running and most significant survey of WA business conditions, shows that rising costs across the full spectrum of key inputs, including fuel, rent, materials, freight, energy and labour is the single biggest issue impacting growth and profitability. This is in addition to the significant financial burden businesses face from payroll tax.

Our modelling shows that WA businesses have the highest payroll tax burden of any state. This places WA at a competitive disadvantage in attracting global capital and investing in technologies, such as automation and artificial intelligence. We strongly recommend payroll tax reform is needed to foster local business growth and investment.

- **Continuing to invest in government platforms:** The way businesses interact with Government has dramatically changed in the last two decades, with a digital-first agenda. While welcome, it is important for State Government's digital services to continuously seek to relieve the regulatory burden placed on businesses and speed-up decision making.

To this end, we have made several recommendations to the State Government, including allocation of funding for projects aimed at developing a consistent, coordinated and best-practise digital approvals and licensing interface for businesses to interact with across all approval agencies; and to hypothecate some of the funding for the Digital Capability Fund to ensure agencies continue look for opportunities to improve their digital interface. WA continues to lag behind the leading States in the nation and it is imperative that, at the very least, it closes the gap.

Spearheading local and global opportunities

At the same time, Governments also have a role in providing the framework for businesses to grow, develop and diversify. Policy levers here include:

- **Supporting local innovation:** Government investment and support can go a long way in assisting companies to grow and develop. This can be direct, such as procuring local businesses to deliver digital products or services to support their commercialisation/development at scale, or indirectly, by way of the departmental policies that underpin the intersection between intellectual property rights (IP) and ownership rights.

This presents a barrier for businesses to invest in WA, with a recent example of a WA business taking their digital innovation overseas to commercialise their product offering. Continuing to evolve IP policies is essential to ensure companies can easily commercialise their products and services, not just in the digital space, but across the economy as well.

- **Regulatory sandbox framework:** To further encourage innovation, the State Government should develop a policy and regulatory framework that allows businesses and regulators to propose and establish regulatory sandboxes. CCIWA has long championed regulatory sandboxes, which create a testing environment for proof-of-concept trials, while allowing businesses the chance to see how their ideas fit within current regulations.

- **Local data infrastructure, regional opportunity:** Western Australia's proximity and business ties to Southeast Asia is strategically important, as these nations will require somewhere to host and back-up their data. Some neighbouring nations, such as Singapore, have a moratorium on data centres due to the energy requirements and space limitations. There is also a need for domestic data centre clusters, as most cloud data in Australia is currently stored overseas.

Perth is ideally located to act as a hub for data clusters, given our strong energy grid and land availability. Fixed infrastructure, such as data cable links between Southeast Asia and Perth, has an added benefit – it will help decrease the number of data blackspots, while also increasing digital connectivity. Regional communities could also benefit from hosting data centres, supporting local economic development opportunities.

Additionally, the State Government must find ways to better connect regional communities with global market opportunities, by way of technological advancements where traditional fixed-line infrastructure may be impractical or cost-prohibitive. This is also a critical catalyst for technological adoption of businesses operating in regional and remote areas.

- **Skills for today and tomorrow:** A focus on digital skills is also crucial for future industry growth. While some work has occurred to identify skill requirements, both at State and

Federal levels, there is a clear imperative for the workforces to develop more intermediate and advanced skills to be competitive in a digital economy. This should also include cybersecurity, given the increased risk of cyber-incidents as the world moves increasingly online.

Western Australia is home to leading tertiary education providers for digital skills training, notably South Metropolitan TAFE and Edith Cowan University, yet further emphasis on new baseline 'basic' digital skills is needed.¹ For example, the Cyber Security Cooperative Research (CyberCRC) suggest updated cyber-safety training, identifying reliable information online, and how to create multifactor-authentication passwords and online accounts should be introduced into primary and secondary education sectors to improve the awareness of, and the ability to engage with, the digital economy.

Conclusion

As digital technologies continue to play an increasingly prominent role in society, globally, it's inevitable that rapid and complex digital transformations will continue to take place across workplaces and workforces in our State. To support this transition, as well as capitalise on these opportunities, it is critical for the State and Federal Governments to support businesses with technological adoption and managing cybersecurity risks. They too have a key role in providing the infrastructure framework that will be necessary to underpin these transformations.

As we have identified, there are many levers that Governments can pull to deliver this objective, from easy-to-change policy settings such as increasing the payroll tax threshold to take the financial burden off SMEs to supporting and cultivating local innovation opportunities, through to long-term planning for skills and critical infrastructure requirements.

Should you wish to discuss the content of this letter further, please do not hesitate to contact Aaron Morey, CCIWA Chief Economist, Director of Policy, via email at aaron.morey@cciwa.com.

Yours sincerely



Chris Rodwell
Chief Executive Officer

¹ Cyber Security Cooperative Research Centre Edith Cowan University. N. Johnson, A. Ibrahim, L. Sikos, M. McKee. [*Going Beyond: Cyber security curriculum in Western Australian primary and secondary schools Final Report*](#), June 2023