2022-23 Pre-budget Submission

March 2022

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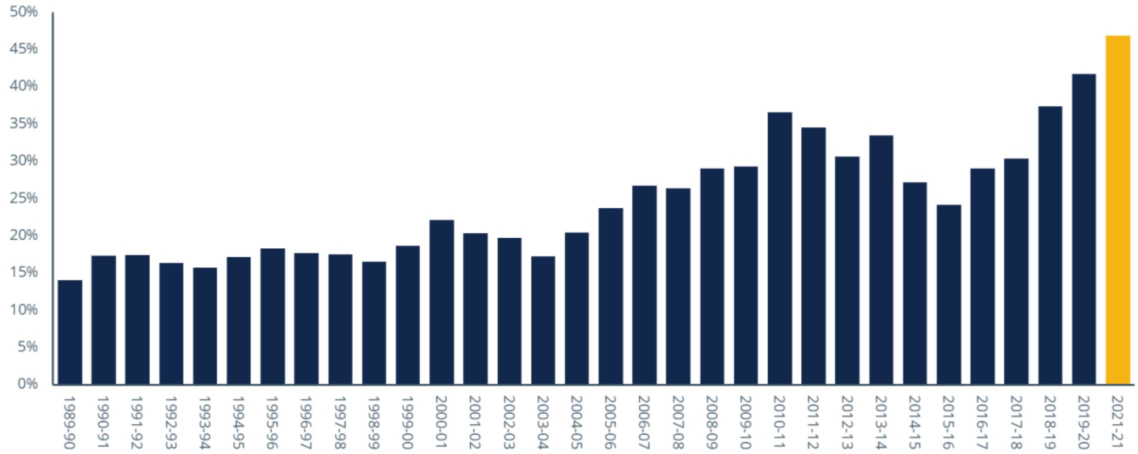
Summary

Notwithstanding the major and ongoing disruptions to supply chains and access to skilled labour impacting organisations throughout WA, our economy enjoyed extraordinary success during the first two years of the COVID-19 pandemic. As is always the case, when global commodity markets are strong, the WA economy is strong.

Western Australia is increasingly reliant on the mining sector. Mining now comprises almost 50 per cent of our economy — the highest proportion on record. The next largest sector in any state is the health sector in Tasmania, which is just 12 per cent.

Mining Share of the WA Economy

Nominal GSP



But commodity markets will inevitably turn. In the 2021 State Budget, while the Government forecast extraordinary economic growth of 3.5 per cent in 2021-22, it expected this to slow to between 1.0 – 1.5 per cent as we approach 2025. It forecast population growth — a major driver of economic growth — to slow to 0.7 per cent, and business investment growth to be anaemic.

There is no greater incentive for a business to invest than a low-cost, predictable and reasonably regulated economy. But reforming an economy to achieve this takes time. Our State is not yet pulling the levers that would provide sustained, stronger economic growth and diversification. We need to see bolder economic reform in the 2022 Budget.

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

- Keeping the costs of doing business as low as possible
- Ensuring a skilled workforce and world-class infrastructure
- Ensuring regulation helps, not hinders, innovation and investment
- Re-integrating WA into the global economy

Additional recommendations are included at Attachment 1.

PRIORITY RECOMMENDATIONS TO PROMOTE DIVERSIFICATION

Keep costs of doing business as low as possible	Ensure a skilled workforce and efficient infrastructure	Ensure regulation helps, not hinders, innovation and investment	Position WA as an attractive place to invest
Reform WA's payroll tax model to provide relief for small & medium enterprises	Allow universal access funding for kindy to 'follow the child'	Tie increased industry contribution to the cost of regulation to improvements in service delivery	Place WA's trade and investment commissioners into market as soon as possible
Make immediate changes to reduce the tax compliance burden	Alleviate supply chain pressures by intervening in industrial disputes that harm the WA community	Invest more in digitising regulatory services	Establish a trade and investment office in the United States
Arrest the creeping cost of workplace laws	Allow all small enterprises to choose their electricity retailer	Undertake incremental reforms to retail trading restrictions	Develop an Investment Portfolio Dealbook

Diversifying, sustainably

The 2021 State Budget had WA possessing the most enviable set of books in the nation, and the Government bucking a global trend of bigger and growing deficits and debt. But our current fiscal success is not expected to last, with the December 2021 Mid-Year Review forecasting cash deficits in every year after 2021-22 and net debt to increase $4.7 billion by 2024-25 (to $26 billion). There are risks to our Budget position coming from uncertain global commodity markets and the removal of caps on public sector wage increases. Organisations operating in WA will also need financial support to see them through short-term challenges, including COVID-19 spreading here for the first time, major supply chain disruptions and ongoing uncertainty over borders.

Government spending in other areas must therefore be carefully considered. It is important to recognise however that some reforms that would require little to no spending. But if there is a need to call on the budget, the benefits to the community must exceed the costs, including the costs of raising taxes to fund the expenditure. Public expenditure should not be directed toward investments businesses would make of their own accord, and it should not discourage or crowd out their activities. Government investment should follow market trends (e.g. when it comes to technology, Environmental, Social and Governance) and de-risk private investment when needed.

CCIWA has developed its recommendations to be consistent with these principles.

Keep costs of doing business as low as possible

Competition for capital is intense, and WA relies on international capital more than any other State. If we want to grow current and future industries, we need a more competitive tax system.

We also need a level playing field with the rest of the country when it comes to our workplace laws — the creeping costs of these systems in WA must be addressed.

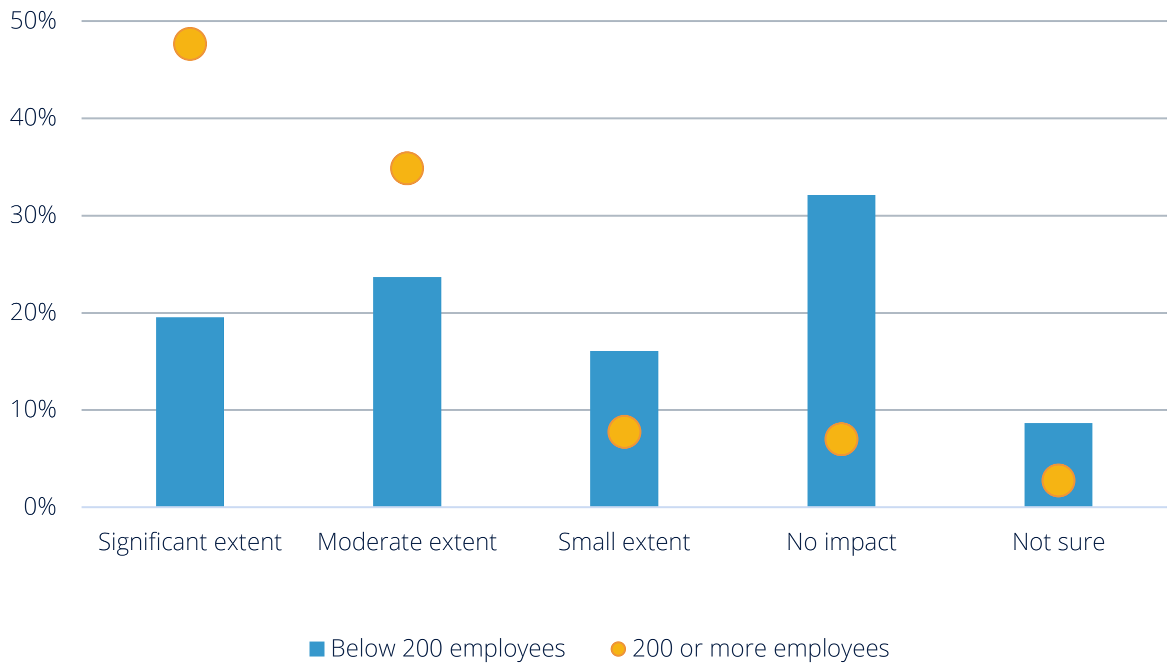
Reduce the payroll tax burden to attract investment to WA

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

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

Payroll tax makes it harder to attract investment

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



Source: CCIWA-CoreData National Survey, June 2021

> “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

CCIWA’s payroll tax proposal removes disincentives to employ Western Australians and offers a way to unlock more business investment, innovation and diversification. Our proposal includes a new threshold of $1.2 million and a 15 per cent rebate on payroll tax liability for organisations with taxable wages below $4 million. The rebate would taper down to zero for organisations with taxable wages at $7.5 million.

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

PAYROLL TAX CASE STUDY

A WA organisation with 20 staff is estimated to pay nearly $40,000 (or 156 per cent more) more tax than the same organisation in South Australia (a state competing with WA for defence and manufacturing contracts). The organisation would pay $947 less tax per Western Australian employed under CCIWA’s model.

CCIWA’s reforms represent an investment in delivering a more diversified economy, made possible by the fiscal discipline exercised by government across 2017-2020. WA boasts a stronger fiscal position than every other state and territory, providing a unique opportunity to achieve a more competitive tax system and gain an advantage over the rest of the country.

The benefits of shifting away from stamp duty would also be significant, though so are the transitional challenges. CCIWA has modelled different approaches to achieve change and their distributional impacts, and looks forward to discussing the findings with the Government. It is critical that the Government keep an open mind on this issue, given the significant economic benefits.

Make immediate changes to make our tax system more competitive

Western Australia’s tax system should be administratively simple and efficient to ensure the costs of complying with tax obligations do not put organisations in WA at a competitive disadvantage. There are small changes that can be progressed now that would have a big impact on WA businesses’ growth.

Firstly, transfer duty on the sale of non-land business assets (such as goodwill, licences and intellectual property) should be abolished, including on business restructures. Most other States have already gone down this path.

The tax creates a barrier to the purchase or restructuring of a business, for example from a trust to a company. Such restructures are important, as company structures more easily allow SMEs to attract equity funding. In an environment where small businesses are finding it difficult to secure finance, any measure that makes this more difficult reduces the competitiveness of the WA economy.

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

Secondly, the burden of complying with the payroll tax system would be lessened by reducing the frequency with which businesses need to lodge payroll tax returns. The Payroll Tax Assessment Act requires businesses to lodge monthly returns once their annual liability reaches $100,000 (and quarterly below this point). The NSW Government has recently increased this threshold to $150,000, saving many businesses from the additional burden of paying payroll tax each month. Organisations operating in WA should have at least the same arrangements as those in NSW.

If our economy is to diversify, businesses must be free to spend as much time as possible identifying investment opportunities — that's what changes like these would enable.

Stop the growing cost burden of creeping changes to workplace laws

Western Australian employers need a balanced and stable industrial relations, work health and safety, and workers' compensation system that reflects the needs of modern workplaces. Amendments to these systems should be planned, evidence based, costed, and consulted upon with all stakeholders.

If employers are to have certainty and confidence to employ more West Australians, the Government must refrain from its current practice of instigating ad hoc amendments to employment legislation to placate the interests of external third parties. Despite only representing 13 per cent of the WA workforce[1] the Government has initiated a range of reforms sought by the trade unions, without consulting employers who will ultimately bear the cost of these reforms. These include:

- Introducing a new public holiday for Easter Sunday that will cost employers over $28.88 million each year and result in fewer working hours for employees.
- Extending the Construction Industry Portable Long Service Leave Act to require more employers to pre-pay entitlements that employees may never be eligible for.
- Doubling the period from 13 to 26 weeks before workers compensation payments step down. This will remove a long-standing provision aimed at encouraging

[1] ABS (2020) Trade Union Membership.

workers to return to work, resulting in increased claim costs and deterioration in return to work rates.

These reforms have occurred despite a commitment by the Government to consult with employers. Increased employment costs mean fewer employment opportunities.

Changes to employment laws extend beyond the direct costs caused by the amendments, with employers also bearing the cost of implementing the amendments.

Implementing the *Work Health and Safety (WHS) Act 2020* represents the biggest change to our occupational safety and health system since the 1980s. It is estimated to cost the WA business community $86 million[2] in uncoverable implementation costs.

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To help reduce these costs we encourage the Government to reinvigorate the ThinkSafe program. This program provided independent advice directly to small and medium sized organisations through specialist Workplace Health and Safety consultants.

The program was supported by both employer groups and unions, with UnionsWA having identified that *"many small businesses want to comply with health and safety laws but need support"* and that the decision to cancel the original program *"displays a frightening disregard … for the health and safety of small business employees".*[3]

Last years' budget commitment[4] does not provide the one-on-one assistance employers need to meaningfully implement these reforms.

Finally, recent changes to the state industrial relations system will require the WA Industrial Relations Commission to expand the scope of over 160 private sector awards. The vast majority of these have not been substantially amended in over 15 years due to the very small number of employees they cover.

Notwithstanding the small number of employees affected, the process is going to impose substantial costs on government, unions and employer groups.

The Government's aim in updating the scope of state private sector awards is to mirror the operation of the national modern awards. Likewise, the majority of the recent

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[2] Calculated based on the conclusions of Safe Work Australia's Decision Regulation Impact Statement for National Harmonisation of Work Health and Safety Regulations and Codes of Practice (November 2011) which estimated the average cost per employee for single state employers to implement the model WHS system. Cost has been adjusted to reflect inflation. ($74.62 per worker, with single state employers accounting for 71.5% of employment. In today's terms this is $85.44 per worker, considering CPI from September 2011 to March 2021.)

[3] McDonald, K (22 January 2017 *Money Runs out for Thinksafe*. The West Australian

[4] $150,000 annually split between five employer associations to deliver seminars on the new requirements.

amendments to the state Industrial Relations Act are based on the national Fair Work Act.

This raises serious questions as to whether the money spent propping up the largely unused state industrial relations system could be better spent elsewhere if the Government followed the lead of the other States in referring their residual industrial relations powers for the private sector to the Commonwealth.

Ensure a skilled workforce and efficient infrastructure

Now more than ever, we must do everything we can to both make the most of our local workforce and attract talent from other locations. One of the most exciting opportunities is to make it easier for women with young children to re-enter the workforce and work more hours.

Globally competitive infrastructure and supply chains are also needed if we are to attract investment into a more diverse array of WA industries. An immediate step the Government can take is to commit to intervene in damaging and unnecessary industrial disputes brought on by unions against port operators. The Government should also progress electricity market reforms that would allow all small and medium sized organisations to choose their electricity retailer.

Enable women to participate more in the workforce by reforming kindy funding

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

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

The agreement is for funding to follow the child “at the setting level”. The WA Government is currently working through the details of how funding following the child at the setting level will be rolled out in WA. This ‘Implementation Plan’ must be agreed with the Commonwealth shortly.

CCIWA applauds the State Government for signing up to this landmark reform. However, we strongly encourage the WA Government to pass on the $1,345.54 to each individual child, rather than allocate some children’s funding to other children or for other purposes.

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

And in the context of the State's skills shortage crisis, we need to do everything we can to make it easier for parents to work more, so that businesses have access to the experienced workers they need. Aligning our kindy system with other States would also make WA a more attractive place to live and work, thereby improving our capacity to source interstate workers.

There are several other critical challenges currently facing the early childhood education and care sector in WA.

At the top of the list is a severe shortage of early childhood teachers, especially in regional WA. This is resulting in WA having the second highest level of waivers from National Quality Framework teacher to child ratios in the country. The waiver rate in WA is nearly 20 per cent, compared to just 3 per cent in Victoria. Notably, the Victorian State Government provides funding for kindy across all settings, ranging from $624 per child in independent schools up to $6,723 per child in rural areas, along with various other supplementary payments and grants (e.g. Early Childhood Teacher Supplements, Early Years Management grants).[5]

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

Alleviate supply chain pressures by intervening in industrial disputes

Damage to the East-West rail link, pent-up global demand, isolation, inefficient ports plagued by industrial disputes and challenges anticipating how public health requirements designed to manage COVID-19 will impact supply chains are causing major disruptions to supply chains in WA. In December 2021 — before the East-West rail link was cut — around three in five WA business said that supply change disruptions were presenting a barrier to growth:[6]

- Nearly two-thirds were suffering higher costs.
- Nearly half were experiencing delayed delivery of end products to consumers.
- One third were suffering production setbacks driven by shortages in inputs.

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[5] Victorian State Government, '[Kindergarten funding](#)', accessed 28 February 2022.

[6] CCIWA, *Business Confidence Survey* December 2021: https://cciwa.com/wp-content/uploads/2021/12/1221-Business-Confidence-FINAL.pdf

In a recent roundtable convened by CCIWA to discuss these matters attendees noted that they have seen freight rates increase fivefold on pre pandemic levels, with local freight forwarders saying that price rises are occurring weekly.

A large increase in global spending on consumables is causing shipping lines to divert resources to more profitable routes than Australia, and WA. This is a major driver of WA's current supply chain pressures.

But compounding the problem is that the Port of Fremantle is considered inefficient. The World Bank's 2020 Container Port Performance index ranked Fremantle Port 326th out of 351 global ports assessed.

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Several things cause this inefficiency, not least, a lack of coordination and governance across multiple transport agencies and the State's port authorities. However, in late 2021 the Port of Fremantle was plagued by rolling industrial action. This led, for example, to ships carrying vital agricultural equipment bypassing Perth and unloading their cargo in South Australia instead.

Ports have long been hotspots of opportunistic, unnecessary, and highly damaging industrial action. To ensure that this does not continue to further exacerbate existing supply chain pressures, and lead to WA's economy grinding to a halt as shipping lines bypass the state altogether, the Government must intervene in industrial disputes that threaten to harm the WA economy or negatively impact on the people of WA.

More broadly, our transport system must provide local industry the best opportunity to supply and compete in both local and global markets. To this end, our system of road, rail, sea and air freight must be coordinated, efficient, and resilient. We urge the Government to identify and address the bottlenecks that are holding our freight transport system back from achieving these objectives.

Allow all small and medium organisations to choose their electricity retailer

The State Government is successfully rolling out energy reforms that will ensure reliable access to energy into the future. However, further reform is necessary to drive energy costs for small and medium organisations down in a sustainable way.

Within the South West Interconnected System, Synergy has a monopoly over customers consuming less than 50 megawatt hours per year. Further, organisations on sub-meters within large developments (e.g. shopping malls) are unable to choose their electricity retailer. Instead, they are on-sold electricity paid for by the owner, landlord or manager of the property. This pushes up electricity prices for small and medium organisations.

Allowing organisations to choose their electricity retailer would help drive down prices by promoting competition. Three quarters of organisations surveyed by CCIWA agree the reform would help them to invest and grow in the next five years.

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Another critical – yet often overlooked – benefit of expanding the number of contestable customers is it would encourage private sector investment in new generation assets and technologies. This is driven not just by the expanded customer base in and of itself, but also the greater ability for new investors to develop affordable wholesale hedging instruments.

The Government should:

- Lower the contestability threshold to 20 megawatt hours of electricity per annum or define all non-residential customers as contestable.
- Enable organisations on sub-meters to choose their electricity retailer.

These changes would provide choice and price competition for small and medium organisations.

Ensure regulation helps, not hinders, innovation and investment

Our State's economic diversification relies on organisations in WA being free to focus on innovating and investing. The Government can enable this by continually improving the way it regulates, ensuring good processes and principles are applied when introducing new regulations, and by getting rid of redundant and archaic rules.

The Government's approach to developing regulations for short-term rental accommodation is a classic example of these principles not being applied.

How not to regulate

The WA tourism industry is in a unique position to contribute to WA's economic diversification. Prior to COVID-19, tourism generated 100,900 jobs and injected $12.2 billion into the WA economy. Around half of this was spent in regional WA.

The Government's economic development framework, Diversify WA, identifies tourism as a priority sector for strategic development. And Infrastructure WA's draft 20-year strategy highlights that the State's tourism strategy should ensure the State is ready to harness growth when more regular travel patterns resume post COVID-19.

The Government's proposed short-term rental accommodation regulations, however, run counter to these strategic objectives, thwarting sustained, stronger growth in WA's tourism sector, and in turn, diversification.

When considering regulating to address a perceived policy problem, it is essential that:

- There is a clear problem that needs to be solved, and evidence of that problem
- All available policy tools are considered, with regulation being a last resort
- The benefits of regulation outweigh the costs.

We understand some local governments wish to address perceived issues with impacts on local amenity (such as noisy parties). However, the Government's full suite of reforms go well beyond addressing that issue, and instead appear aimed at limiting the extent of short-term rental accommodation in WA.

In particular, the broad scope being provided to local governments to introduce varying and restrictive levels of regulation will do nothing to address any policy problem, but will instead reduce the supply of short-term rental accommodation in WA, making us a less attractive tourism destination and decimating tourism in regional areas. It will also hurt local travellers looking for an affordable vacation that aligns with their needs.

The case for the Government's approach to regulating short-term rental accommodation has simply not been made. Instead, any approach to regulating short-term rental accommodation must ensure that the vast economic and social benefits of online short stay accommodation are not constrained, but rather supported within a straightforward, simple and accommodative regulatory framework.

Tie cost recovery from industry to improving regulatory service delivery

The Government is taking some steps towards making it easier to do business in WA, including through its Streamline WA initiative. By streamlining regulatory processes, approval timeframes can be reduced and costly processes minimised, thereby enhancing WA's attractiveness as an investment destination.

We are concerned, however, that there might be a trend toward recovering more of the costs of regulation from industry, in the absence of robust mechanisms to guarantee that regulators will continually improve their approach to regulating. It is a significant risk for organisations operating in WA and the State's competitiveness when cost recovery and the delivery of efficient and effective regulatory services are viewed as being mutually exclusive, rather than interconnected policy outcomes.

As an example of our concern, as of 1 January 2022, the State Government started charging businesses for Environmental Impact Assessments under Part IV of the *Environmental Protection Act 1986*. The model being adopted will mean that WA has the highest fees for environmental approvals of anywhere in the country — a typical project will incur fees in the order of half a million to three quarters of a million dollars.

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With that, it is reasonable for businesses to expect the highest levels of regulatory efficiency. Yet current approval timeframes have only been getting worse. We acknowledge the role that the newly launched *Environment Online* can play improving approval timeframes for Environmental Impact Assessments. However, there is currently no mechanism to ensure *ongoing* improvements in delivering better service outcomes beyond the launch of this tool.

CCIWA does not oppose industry contributing to some of the costs of regulatory processes, provided this is tied to government improving how it runs the processes. We are concerned that models are being introduced which will not hold government to account to make these improvements.

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

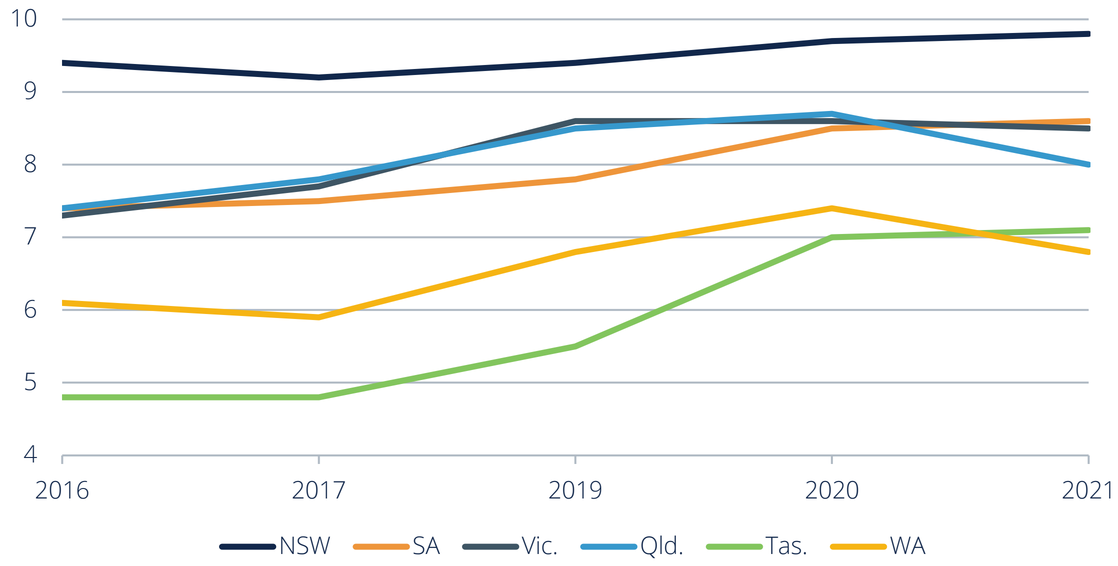
Invest more in digitising regulatory services

WA's regulators currently give businesses limited access to online services.

For example, the Economic Regulation Authority found 124 licenses for which there was no information on agency websites, and 138 examples of applications that had to be lodged in person or by post despite the application forms being available online. There are applications that must be completed through an online system but then printed and lodged in person or post. Several application fees, including some fishing access fees, still need to be paid in person by cheque. Even applications administered by the *same* agency have different processes, let alone the fact that there is no common interface *across* agencies.

The slow pace of the WA public sector's digitisation is holding businesses back from growing their organisation and imposing unnecessary costs. We are also falling behind other jurisdictions, making WA a less attractive place to do business.

Government digital readiness around Australia



Source: Intermedium, Digital Government Readiness Indicator Report, 2021

CCIWA supports the Government's *Digital Strategy for the Western Australian Government 2021-2025* and its recently released first Digital Strategy Roadmap. However, if not accompanied by a clear signal to agencies that investing in digitisation is a priority, and in particular, without sufficient funding in the budget, the pace of change will continue to be slow. In short, we will lag the rest of the nation in transforming the interface between the State Government and its citizens and businesses.

We recommend the Government:

- Provide additional funds into the Digital Capability Fund, and in particular:
  - — Immediately allocate some of this funding toward projects aimed at developing a consistent, co-ordinated and best-practise digital approvals and licensing interface for businesses to interact across all approval agencies.
  - — Hypothecate some of this funding on an ongoing basis for agencies looking to improve their digital interface with businesses.

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

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

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

Around Australia, governments have moved forward and allowed their businesses and consumers flexibility about when they can shop and what they can buy. When they relaxed their trading hours, the sky did not fall in. And multiple independent studies find that relaxing restrictions led to more retail jobs and hours of work – particularly for young people and women – and higher retail sales.

The clear majority of Western Australian businesses (72%) and households (69%) believe that all WA businesses should have the freedom to open their doors when they want.[7]

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

CCIWA'S COMMON SENSE PROPOSAL FOR RETAIL TRADING REFORM

	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.

[7] CCIWA, *Business and Consumer Confidence surveys*, 2020.

Position WA as an attractive place to invest

Western Australia must rejuvenate its efforts to attract investment into the state — doing so is vital to growing and diversifying our economy.

Last year, CCIWA's national polling reflected WA's stronger appeal as a destination for investment, with a strong consumer market, competitive cost of living, competitive house prices, great climate and lifestyle.

More recently however there has been increasing concern that Western Australia is not an attractive place to invest or base headquarters. These points were made by businesses both small and large in the wake of the decision to delay the reopening of WA's border.

Perth-based global mining technology business IMDEX had this to say:

> "We have about $30 million in R&D, we need to set up another high-tech manufacturing facility, we need to employ about another 80 or 90 people over the next 12 months. The question for us is, where do we undertake that investment? We can do it in North America, we could do that in Queensland, or we could do it in WA. And in the absence of clarity, it's hard to do that here."

IMDEX

We need to be making decisions that improve our appeal and competitiveness, to draw national and global businesses to invest and headquarter here — not doing the opposite.

Western Australia should seek to leverage the opportunities our management of COVID-19 has presented by conducting a strong forward press back into the global economy. Many of the initiatives outlined above will be critical to this end. In particular, a more competitive payroll tax system will help to attract investment.

This section outlines some of the specific initiatives WA should take to position itself as an attractive place for national and international investors.

Reframing our approach to international trade and investment

Currently WA has no clear strategy for making a hard press into key trade and investment markets. It is time for WA to reframe its approach to international trade and investment.

The first priority is to get WA's trade and investment commissioners back in market. Trying to capitalise on trade and investment opportunities from outside a market is akin to fighting with one arm tied behind your back.

States like Victoria are making a concerted push, recently appointing very senior trade executives to drive growth in the United States, Canada and Latin America.

Meanwhile Western Australia still has no presence overseas, and does not have an office in the United States. CCIWA considers Austin would be an ideal location, with its proximity to both the resources sector, and emerging tech industries.

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

The State Government also needs to invest heavily in 'brand WA' and destination marketing to reverse the reputational damage nearly two years of closed borders has caused. We need to convey to key markets globally that WA is a desirable place to host conferences, to study, to live and to holiday.

Markets that clearly require attention are ASEAN, Japan, India and Latin America. On the latter, key WA businesses already have a foothold there, which can be leveraged to attract investment.

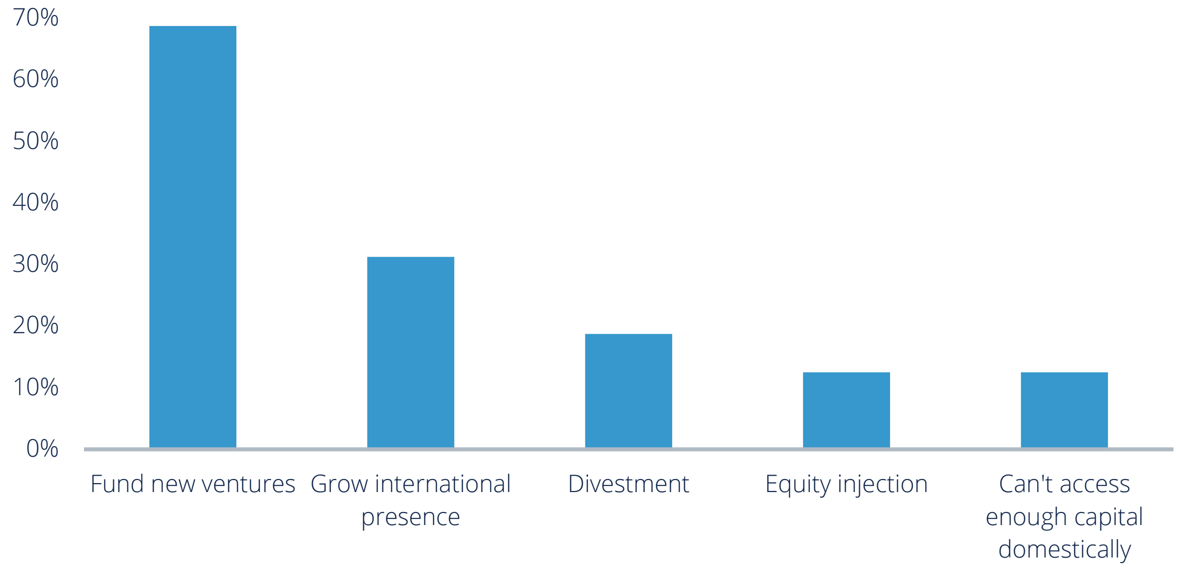
Beyond that, a strategic assessment is needed to identify where WA needs to focus its efforts.

Make it easier to invest in WA by developing an investment dealbook

There is an opportunity to fill the vacuum in global investment and trade markets by strengthening the value proposition for foreign businesses to invest in WA. This would help us to re-integrate into the global economy, and capitalise on the opportunities created by businesses rethinking global supply channels and investment priorities.

At any given time there is always a significant number of WA businesses seeking foreign investment, mostly to fund new ventures or grow international presence.

Reasons for seeking foreign investment



Source: CCIWA Business Confidence Survey, September 2020

We are proposing that the State Government develop an Investment Portfolio Deal Book (IPDB) — a comprehensive and consolidated resource for foreign direct and interstate investors looking to invest in WA. The IPDB would be in an online portal, with content made available for multiple platforms (such as JTSI's Invest and Trade WA site, wa.gov.au, cciwa.com, etc), and updated regularly.

The IPDB would support the WA Government when on investment tours to answer the simple question: "What can I invest in?" It would equip the WA Government, Austrade/DFAT offices and International Chambers of Commerce to market WA as an attractive investment destination showcased by a suite of investment proposals. Similarly, the bilateral Chambers and Consulates in Perth would be able to better promote WA as an attractive investment destination.

Now is the time for WA to capitalise on our geographic advantages to build the awareness and attractiveness of WA as an innovative and diverse investment hub for foreign direct investment.

Attachment 1: additional policy recommendations

Keep the costs of doing business as low as possible
Strike a balance between fiscal sustainability and supporting diversification of the economy: · Do not impose new revenue measures, including establishing new, or increasing existing, taxes. · Continue to contain public sector wages growth. · Examine State-owned assets to determine if they would be better placed in private ownership. · Do not bring services currently provided by the private sector back into public hands. · Develop a policy and implementation strategy for using innovative financial instruments to invest in achieving social outcomes. · Continue identifying opportunities to implement the recommendations of the Service Priority Review and Langoulant Inquiry.
Reduce the cost of electricity by removing cross-subsidies currently used to support the Uniform Tariff Policy and funding the policy from general revenues instead.
Ensure a skilled workforce and efficient infrastructure
Allow the Vocational Education and Training (VET) system to be driven by the informed choices of students and employers, with the flexibility to deliver a broad suite of training options: · Allow private providers of publicly supported VET courses to determine their own prices. · Ensure students can access clear information on the pricing and quality of courses. · Require the Department of Training and Workforce Development and TAFEs to have a simple 'front door' process for businesses, not-for-profits and private VET providers to develop training courses and programs that meet their specific needs.
Establish an overarching manufacturing Industry 4.0 strategy to accelerate the adoption of these technologies. Consider the need for financial support for the uptake of Industry 4.0 technologies and processes, but in a tightly targeted way.
Accelerate implementing non-controversial recommendations in Infrastructure WA's 20-year Strategy — don't wait until the process concludes. For example: · Elevate WA's focus on accelerating digital transformation and connectivity infrastructure. · Develop digital capabilities within government. · Develop a single digital government approvals system.

· Develop a Sustainability Bond Framework to facilitate green, social or sustainable bonds funding. · Begin considering how to address the future loss of fuel excise revenue. · Progress regional maintenance and freight productivity programs to provide fit for purpose road networks.
Continue to update the forecasts of future container trade for the Westport project, and potential costs of trade for the business community. Take a cautious approach to future decision making on the project.
Work with industry to identify parts of the High Wide Load road corridor network where enhanced functionality is needed and prioritise addressing these bottlenecks.
Ensure regulation helps, not hinders, innovation and investment
Develop a policy and framework that allows businesses and regulators to propose and establish regulatory sandboxes.
Ensure local government regulations and charges do not disadvantage WA organisations by simplifying local laws, streamlining approvals processes and enhancing transparency around rates policies.
Re-integrate WA into the global economy
Expand efforts to support small and medium sized businesses seeking to diversify their import and / or export markets.
Address the decline in migration and associated reduction in economic growth: · Develop a strategy to grow WA's population. · Review all relevant State policy settings, including in relation to visa and tax policy.