



Submission
May 2014

Economic Regulation Authority: Microeconomic reform inquiry

DRAFT REPORT FOR PUBLIC CONSULTATION

Contents

About CME	3
Recommendations	3
Context	5
Infrastructure	5
Reducing the cost of complying with regulation	9
State taxes	10
Retail trading hours	12
Conclusion	12

About CME

CME is the peak resources sector representative body in Western Australia funded by its member companies who generate 95 per cent of the value of all mineral and energy production and employ 80 per cent of the resources sector workforce in the State.

The Western Australian resources sector is diverse and complex covering exploration, processing, downstream value adding and refining of over 50 different types of mineral and energy resources.

The value of Western Australia's mineral and petroleum sector in 2013 reached a new record of \$113.8 billion –15 per cent above 2012 levels¹. Western Australia accounted for \$243 billion or 16 per cent of Australia's gross domestic product in 2012-13. Overall, the Western Australian resources sector accounted for approximately 11 per cent of Australian GDP².

Recommendations

- A state infrastructure plan should be collaboratively developed by the Government and private sector, and include prioritisation of the State's infrastructure needs.
- An arm's length body should be established by the State to advise on infrastructure strategies and improve the level of coordination between the Government and private sector for longer term infrastructure planning.
- A state economic infrastructure unit should be established with responsibility for the structuring of financing and risk sharing models for complex economic infrastructure.
- CME supports the recommendations that all election commitments be subject to a rigorous project evaluation process and the outcome of this evaluation be published.
- A more rigorous and transparent evaluation (ex-post and ex-ante) and prioritisation processes should be broadly established to ensure the most efficient use of Royalties for Region (RfR) funding and the greatest return will be delivered to the regions.
- CME supports the review of the RfR framework including the potential for regional projects to be presented to Government to compete for funding with other infrastructure priorities.
- Where a project has broader economic benefits, but is unlikely to be financially viable for private investors, hybrid and alternative funding models should be considered to support the project's development.
- Where government is the proponent it should assemble a blended project delivery team utilising expertise and experience from relevant government agencies and the private sector where relevant.
- An unsolicited proposal process should be established to encourage the private sector to approach the State Government with innovative solutions to fund infrastructure.
- The State Government's strategic asset review should be undertaken in consultation with industry.
- Capital recycling should be used as a means of developing Western Australia's infrastructure requirements.
- Cost-reflective tariffs and time of use metering should be implemented to ensure electricity consumers are provided price signals about electricity consumption and to incentivise appropriate private sector investment in electricity infrastructure.
- CME strongly supports initiatives that ensure regulation is fit for purpose and does not impose unnecessary and costly burdens upon industry.
- CME supports the Economic Regulation Authority (ERA) recommendation to appoint a lead reform agency to develop regulatory reform targets and monitor, enforce and publish performance against the targets. The outcome of which should be effective and efficient regulation, applied in the right instances at the least cost.

¹ WA Department of Mines and Petroleum *Mineral and Petroleum Industry 2013 review*, March 2014

² WA Department of State Development *WA Economic Profile*, February 2014

- CME supports the ongoing monitoring and review of existing and new legislation.
- CME recommends a default position of 'no new regulation' in the assessment of appropriate policy development.
- CME agrees with the ERA that it is imperative the WA Government applies tax measures that minimise distortion of decisions by taxpayers and reduce the cost of compliance and administration.
- CME maintains that payroll tax exemptions for apprenticeships and traineeships are critical to industries in the Western Australian economy with a heavy reliance on employment-based training arrangements, and must be maintained in their current form.
- CME supports the ERA draft report recommendation to reduce or abolish inefficient landholder transfer duty.
- CME recommends the State considers improving the timeliness of the duty assessment process.
- CME recommends the Western Australia landholder duty provisions be brought into line with landholder provisions in other states so as to not act as a disincentive to investment in Western Australian resources companies.
- CME supports deregulated trading hours in line with current and flexible work arrangements such as FIFO.

Context

This submission builds on previous CME submissions provided in the context of the Economic Regulation Authority (ERA) Microeconomic Reform in Western Australia Inquiry focusing on practical and relatively simple to administer items and responding to recommendations posed in the draft report where relevant to the priorities of the resources sector of Western Australia.

CME welcomes the opportunity to provide comment on microeconomic reform with the aim of improving productivity and efficiency and the streamlining of unnecessary regulation.

While the Western Australian resources sector has an important foothold in the global industry, it does not dominate any one market. It therefore remains susceptible to changes in policy that alter its attractiveness against resource sectors in other jurisdictions that compete for market share. Western Australia microeconomic reform is critical to maintaining our competitiveness in a global market.

Infrastructure

Planning, development and operating costs for infrastructure projects to support Western Australia's resources sector are high, driven by factors such as logistics for remote project locations as well as inefficient approvals processes, comparatively high taxation and royalties' regimes, and the industry being considered mature by global standards.

Good practice governance principles assist to promote efficiencies in long term planning, provision, financing and funding of infrastructure. CME's *Investment in Resources Sector Infrastructure* report identifies ways to improve long term planning and address infrastructure challenges in Western Australia.³ The report makes several recommendations broadly consistent with the ERA's draft recommendations, addressed in detail below.

Apply project evaluation processes to all major infrastructure projects

Long term, coordinated infrastructure planning frameworks are important for addressing the State's infrastructure requirements. Without coordinated planning and identification of infrastructure needs, ad hoc approaches to infrastructure development and delivery will continue.

There have been recent advances in infrastructure planning and coordination, such as the Regional Freight Network Transport Plan, draft State Planning Strategy and draft State Aviation Strategy. However, there remains a shortage of detailed planning across assets classes or portfolios.

The Department of Planning, Regional Development Commissions and Regional Development Australia are developing, or have developed, several regional planning and infrastructure documents. These include regional blueprints, planning and infrastructure frameworks and strategic plans. There is a lack of clarity on the use of, and linkage between, these documents, which appear to duplicate effort. Potentially conflicting views amongst agencies as to the intent of these plans can result in the failure to deliver outcomes over the longer term. Coordination of planning across all levels of government and between agencies therefore needs to be improved.

CME acknowledges the ERA's identification of the political cycle as a barrier to the development of a long term state infrastructure plan and the existing good practice infrastructure planning process theoretically provided through the Strategic Asset Management Framework. However, the ERA's findings of an ad hoc application of the existing planning and governance arrangements highlight the limitations in the established process.

CME reiterates the importance of a state infrastructure plan to guide coordination. **A state infrastructure plan should be collaboratively developed by the Government and private sector, and include prioritisation of the State's infrastructure needs.**

³ CME & PwC, *Investment in Resources Sector Infrastructure*, 2014, <http://www.cmewa.com/UserDir/CMEPublications/140116-INF-FINAL%20designer%20report-v0602.pdf>.

Improved planning and coordination should also be supported by an arm's length infrastructure body in Western Australia. CME is not persuaded by arguments from the ERA in opposition to such a body and considers an independent body would fill a gap in Western Australia's current planning and budget processes. As the ERA has highlighted, projects within the four year government forward estimates period receive significant attention from the Department of Treasury, whereas projects proposed for five to ten years into the future are typically not subject to detailed central scrutiny and coordination.

CME's *Investment in resources sector infrastructure* report identifies the following benefits of establishing an independent body, responsible for long term infrastructure planning and coordination:

- Improved collaboration between government and private sector to deliver strategic infrastructure planning;
- Better decision making through a structured, evidence-based assessment of needs and priorities;
- Greater sophistication in the way infrastructure is procured, financed and maintained; and
- Attraction of private investment through a clearly defined pipeline of projects.

A number of jurisdictions have processes in place or are undertaking studies to either privatise government assets or identify options to encourage private sector investment. **An arm's length body should be established by the State to advise on infrastructure strategies and improve the level of coordination between the Government and private sector for longer term infrastructure planning.**

Project evaluation is a critical part of decision making for infrastructure projects and for attracting private sector investment. Structuring economic infrastructure projects is complex, particularly when seeking to provide access to multiple users and to keep the project off the Government's balance sheet. In Western Australia there is no single team that structures complex economic infrastructure projects, particularly where the private sector takes on the demand risk. Rather, commercial structures are developed by individual government agencies managing particular projects.

While it is important to have strong involvement from relevant government agencies, which better understand the industry's strategic and technical issues, a dedicated and centralised economic infrastructure unit would support these agencies given the complexities of significant projects.

A State economic infrastructure unit should be established with responsibility for the structuring of financing and risk sharing models for complex economic infrastructure.

The economic infrastructure unit, staffed by experienced personnel who can administer different financial and commercial structures, would better develop the business case to evaluate a project's financial viability from the perspective of the private sector. The evaluation will enable the unit to identify how projects should be packaged and structured to attract interest from potential private infrastructure investors.

Subject all election commitments to rigorous project evaluation processes and publish the outcomes of all major project evaluations

CME supports the ERA's recommendation that election commitments be subject to rigorous project evaluation processes before being included in the State budget and that the outcomes of these evaluations should be made public. This recommendation is consistent with the need for an arm's length infrastructure body which would provide independent advice to government on longer term infrastructure priorities.

This measure would serve to de-politicise infrastructure investment decision-making, necessary in the execution of long-term projects that extend beyond budget and electoral cycles.

Commitment to state infrastructure projects should be made on the basis of priority, financial capability, and the net benefit to Western Australia. While the determination of appropriate projects would require the skills of experts, the identification of optimal projects requires a transparent process to ensure that state funds are spent effectively and efficiently.

Further, the inclusion of unassessed sub-optimal infrastructure projects can serve to push out other critical project funding and stress the State's budget. Western Australia is the only Australian jurisdiction where election commitments are generally exempt from the Regulatory Impact Assessment process; this omission is short-sighted.

CME supports the recommendations that all election commitments be subject to a rigorous project evaluation process and the outcome of this evaluation be published.

Royalties for regions

CME supports the return of a proportion of mining revenue to the regional communities in which they operate. This revenue is an important and necessary part of funding both economic and social infrastructure requirements in regions and delivers measurable and tangible benefits to communities.

CME agrees with the ERA that there are difficulties in measuring all project successes under the Royalties for Regions (RfR) program due to the size of grants and administration required. The allocation of a fixed amount of royalty revenues without clear knowledge of its specific end is not best practice for project planning or delivery.

With a large surplus of funds in the Royalty for Regions Fund readily available and critical projects completed, there have been instances where sub-optimal projects have been financed. **A more rigorous and transparent evaluation (ex-post and ex-ante) and prioritisation processes should be broadly established to ensure the most efficient use of RfR funding and the greatest return will be delivered to the regions.**

Many Regional Development Commissions have investment plans developed in regional consultation which prioritise projects and clearly define project costs. Having clear and transparent processes for allocated funding should be encouraged and continued to ensure the regions receive the most value for the revenue allocated.

While the policy intent of returning funds to the regions from where they are generated is sound, RfR operates as hypothecated funding binding future revenues to particular activity which has resulted in unintended consequences. RfR appropriations have more than doubled from around 3 per cent of general government revenue in 2009-10 to well over 5 per cent in 2013-14.

The hypothecation of revenue reduces budget flexibility which is important as the State strives to maintain its budget surplus and regain its AAA credit rating.

Addressing the inflexibility in the budget is more pertinent now as royalty income continues to grow and Western Australia continues to have returned to it a declining share of GST from the Commonwealth.

ERA notes the RfR fund has 'grown from less than 10 per cent to more than 20 per cent of the size of the Asset Investment Program over the six years of its operation'. Clearly this was not the intent of the RfR and this severe constraint on the State's budget flexibility is not sustainable given the current fiscal circumstances.

CME supports the review of the RfR framework including the potential for regional projects to be presented to Government to compete for funding with other infrastructure priorities. Requiring all infrastructure projects to compete on their merits will more optimally distribute limited government infrastructure funding and provide the greatest net benefit to Western Australians.

CME agrees with the Standing Committee on Estimates and Financial Operations 2009 report into RfR recommendation that 'remodelling of the RFR will reflect the financial circumstances of the State'.⁴ This should be a priority to ensure the economic sustainability of the policy into the future, without limiting the genuine funding required for critical regional projects.

⁴ Legislative Council Standing Committee on Estimates and Financial Operations, May 2009, Report 20 *Royalties for Regions Policy*.

Expand the use and scope of public private partnerships to procure public infrastructure

CME's *Investment in resources sector infrastructure* report noted hybrid structuring models can assist to make projects financially viable, secure private sector finance and reduce the financial impact on governments. There are also alternative solutions where governments can package existing revenues, or delay the transfer of demand risk, which assist to develop projects without a long term impact on net debt.

Where a project has broader economic benefits, but is unlikely to be financially viable for private investors, hybrid and alternative funding models should be considered to support the project's development.

There are four approaches enabling government to support resources sector infrastructure that could be structured so as to avoid government exposure to the full debt impact over the life of a project. These approaches are:

- viability gap funding;
- minimum guarantees;
- existing revenue streams as a funding source; and
- delaying demand risk transfer.

Decision making on the appropriate structuring to attract private sector investment should be undertaken by the economic infrastructure unit proposed above. An economic infrastructure unit should be supported by stronger, cross-agency project delivery teams, which would assist to ensure economic infrastructure meets the needs of end users, who typically fund a project through user fees.

At present, most government agencies either operate or regulate the State's infrastructure rather than structuring the financial model of new investments. When the Government is both the proponent and project manager, which is often the case where it is developing proposals to build, own and operate economic infrastructure, the lead agency should have the relevant skills and experience to deliver the project as well as drawing on the skills and expertise of other agencies.

In Western Australia, these project specific delivery teams, which bring together key expertise from relevant agencies, are typically established for social infrastructure. This approach should be extended to economic infrastructure projects where a lead agency is responsible for project delivery.

The role of the Office of Strategic Projects, within the Department of Treasury, should be extended to the delivery of economic or resources sector infrastructure. The Office of Strategic Projects, within the Department of Treasury, works in collaboration with agencies, using blended project teams to deliver a range of major social infrastructure projects such as Fiona Stanley Hospital (in conjunction with the Department of Health), Perth Stadium (with the Department of Sport and Recreation) and Eastern Goldfields Regional Prison (with the Department of Corrective Services).

Where Government is the proponent it should assemble a blended project delivery team utilising expertise and experience from relevant government agencies and the private sector where relevant.

Develop a process and guidelines for unsolicited infrastructure proposals

CME supports the ERA's draft recommendation to develop a process and guidelines for unsolicited infrastructure proposals from the private sector.

An unsolicited proposal process should be established to encourage the private sector to approach the State Government with innovative solutions to fund infrastructure.

The assessment of unsolicited proposals should be conducted in line with probity principles designed to maintain impartiality, accountability, transparency and confidentiality. The probity principles also relate to managing conflicts of interest and obtaining value for money outcomes.

Conduct an investigation into the divestment of assets

CME supports the ERA's draft recommendation to conduct an investigation into the divestment of assets passing the threshold for private ownership and welcomes the State Government's progress towards the divestment of assets through the strategic asset review process. **The State Government's strategic asset review should be undertaken in consultation with industry.**

As part of the strategic asset review, consideration of future long term leasing or divestment of assets should be accompanied by suitable contractual or legislative frameworks to prevent abuse of any monopolistic position. Timely access for all users at reasonable commercial rates must be enshrined in any lease or divestment arrangement.

The divestment of Government owned assets should be undertaken in conjunction with a capital recycling strategy, which would see the government reinvest funds raised from asset divestments into new economic infrastructure.

Capital recycling should be used as a means of developing Western Australia's infrastructure requirements.

Capital recycling can attract competition from a larger pool of capital by offering projects already established and operating. As some infrastructure investors, such as superannuation funds, do not accept construction risk, the pool for new projects can be narrowed. Focusing instead on proven projects with an established demand profile can alleviate this narrowing of the pool.

CME supports the Federal Treasurer's announcement, on 28 March 2014, of a capital recycling initiative, which would see the Australian Government offer financial incentives to jurisdictions that sell assets and recycle the proceeds of these sales into new, productive infrastructure. Under the proposal, a federal incentive of 15 per cent of the assessed value of the asset proposed to be sold and recycled would be provided to the state. It is encouraging the State Government is considering this offer as part of its strategic asset review.

For Western Australia, the benefit of a capital recycling strategy is potentially greater than for other states given investment in new resources sector infrastructure is likely to stimulate additional royalty revenue through the development or expansion of resources sector projects. This will also create national benefits through increases in other government revenues and employment opportunities.

Implement cost reflective electricity tariffs and time of use metering

Western Australia's electricity markets should be open and competitive, using market related pricing methods to reward private sector risk and promote efficiency.

CME supports the ERA's recommendation to move to fully cost-reflective electricity tariffs for all customers. CME also supports future adoption of differentiated electricity pricing, such as time of use metering, to reflect the true costs of electricity generation.

Cost-reflective tariffs and time of use metering should be implemented to ensure electricity consumers are provided price signals about their electricity consumption and to incentivise appropriate private sector investment in electricity infrastructure.

The existing non-contestable, or 'franchise', market should also be deregulated to allow greater consumer choice and retailer competition across all levels of electricity consumption.

Reducing the cost of complying with regulation

Reducing the cost of doing business and strengthening international competitiveness remain the highest order concerns of the resources sector. The sector has taken substantial steps to reduce its costs over the past 18 months and continues to do so.

The majority of the mineral commodities of the state face considerable external pressure with low commodity prices and increasing competition from emerging and lower-cost markets despite the ongoing strong performance of some bulk commodities. In this environment, a reduction in government-imposed costs is essential to enable WA resources sector growth to continue to drive national economic performance.

CME strongly supports initiatives that ensure regulation is fit for purpose and does not impose unnecessary and costly burdens upon industry. This includes careful assessment of potential direct costs such as administrative and compliance costs, as well as indirect costs such as project delays, which in many cases can be much more significant than the direct costs associated with new regulations.

Appointment of a lead reform agency

CME supports the ERA recommendation to appoint a lead reform agency to develop regulatory reform targets and monitor, enforce and publish performance against the targets. The outcome of which should be effective and efficient regulation, applied in the right instances at the least cost.

Regulation administration – so called quasi-regulation – can present more difficulties and complexities for industry and individuals than compliance with the regulation itself. It should be an immediate priority for the lead agency to set the right whole-of-government culture for adherence to good process and to set transparent policy making principles.

CME considers an overarching principle must be for government to commit to administer regulations in an efficient and effective manner. It is important also to ensure ongoing monitoring and review of existing legislation to enable a regulatory environment that reflects contemporary needs and supports sustainable growth.

Setting of KPIs

CME supports the ongoing monitoring and review of existing and new legislation. This will enable a regulatory environment that reflects contemporary needs and supports sustainable growth.

Additional ERA recommendations on reducing the cost of regulation

CME fully supports ERA draft recommendations focused on measures to effect improved transparency, more rigorous stakeholder consultation, the setting of targets and indicators and the monitoring of their effectiveness, across all government regulation development.

It will be important when addressing customer service charters that the standards are transparent and include clearly articulated timeframes to provide certainty to industry on when Government decisions relating to industry activity will be made. For example, a 30 day decision timeframe KPI can still be met where a stop-the-clock provision is enacted at 29 days. The final decision could then not be made for many months officially failing to meet the KPI.

To promote the continued growth and investment in the Western Australian resources sector, while ensuring a robust assessment of impacts to protect environmental assets, Western Australia needs an approvals framework that is accountable, transparent, timely, and above all adheres to the principles of procedural fairness.

CME supports the Western Australian Government's election commitment to establish a Statutory Approvals Tracking System utilised across all lead and approvals agencies, enabling industry to access information on projects and approvals applications from a single location.

CME recommends a default position of 'no new regulation' in the assessment of appropriate policy development. New regulation proposals need to be subject to rigorous assessment before being allowed to come to pass.

State taxes

It is broadly acknowledged the efficiency, compliance and administrative costs of taxes can be minimised by applying the core principles of good tax design. Key to this is taxes should be efficient and simple. Where taxes are not efficient and simple, they will unintentionally distort the behaviour of individuals and often result in less economically efficient outcomes.

A well designed tax system should have a minimal effect on the behaviour of both businesses and individuals. It should further promote an economic climate that enhances productivity, creates jobs, income and opportunities.

In order to facilitate improvements in the present state taxation system, **CME agrees with the ERA that it is imperative WA Government applies tax measures that minimise distortion of decisions by taxpayers and reduce the cost of compliance and administration.**

CME has consistently supported genuine reform of the Australian taxation system, both Federal and State, and continues to do so to provide for an efficient and effective tax regime. Taxation is an essential function of government and reform cannot be achieved in a piecemeal fashion. Any change to one part of the taxation regime must be approached with full consideration of all other taxes and charges at both a State and Federal level.

While the current inquiry's terms of reference, CME notes the significant impact any changes to the currently Western Australian State royalty regime as a result of the Mineral Royalty Rate Analysis will have on the overall tax competitiveness and the perceptions of Western Australia as an investment jurisdiction.

Any significant changes or tax increases cause market uncertainty, detracting from Western Australia as a safe, stable and attractive place in which to invest. Western Australia's ability to attract capital for exploration and future development could be significantly harmed, impacting the State for decades to come.

The options provided by the ERA draft report to increase the efficiency, base and stability of taxes are a step in the right direction. Given the importance of tax reform across the whole tax environment, CME urges the State Government to be actively engaged in the Australian Government's White Paper tax reform process as it develops throughout 2014-15.

Payroll taxes

CME agrees with the ERA report that payroll tax thresholds distort decisions, acting as a disincentive for economic activity and growth, as do current State government arrangements with transfer duties.

CME maintains that payroll tax exemptions for apprenticeships and traineeships are critical to industries in the Western Australian economy with a heavy reliance on employment-based training arrangements, and must be maintained in their current form. Acknowledging ERAs argument that direct grants to employers who employ workers in certain groups can also encourage positive behaviours in a transparent manner, payments of grants do not provide as much certainty or stability for industry as current exemptions.

The resources sector plays a crucial part in training with apprentices and trainees making up around 5 per cent of the workforce of CME member companies. In many operations, members would be unable to bear the significant costs that any changes from the current system would mean for their operations.

Any increases in payroll taxes, such as the removal of payroll tax exemptions for apprenticeships and traineeships, would present an additional financial impost at a time when the resources sector is already struggling with increasing costs of doing business. It may also influence the hiring intentions of companies and have a negative impact on productivity through training activities that would be foregone.

Land tax

As noted in the ERA draft report, land tax is generally considered a more efficient form of tax levied by government, due to it being placed on an immovable asset and therefore less distortionary than other taxes. However, the land tax that applies in Western Australia to resources projects by local government authorities can be complex and inconsistently applied.

Local government rates have been an ongoing concern over the last decade for resources companies in Western Australia as differential rate increases have been inequitable, unpredictable and not administered smoothly. CME has welcomed the introduction of the GRV policy trial to attempt to build more predictability and reliability in local government rating applications.

CME will continue working with the Department of Local Government and Communities to ensure appropriate key performance indicators are put in place to effectively evaluate the Western Australian Government's gross rental valuation policy trial prior to its conclusion in July 2015.

Understanding the impact on industry of any policy shift, will require close ongoing consultation with industry.

Stamp duty

CME is pleased to see a consideration in the draft report recommendations of reducing or abolishing the inefficient landholder transfer duty. Stamp duty on the purchase of properties discourages turnover and potentially restricts mobility which has been a key concern of WA resources businesses for a number of years.

If stamp duty is not abolished, **CME recommends the State considers improving the timeliness of the duty assessment process.** The lack of time limits on the Office of State Revenue currently leads to significant inefficiencies and delays (commonly measurable in years) in finalising taxation outcomes and directly causing significant compliance costs. The lack of appeal process around the new interim assessment laws is not good governance and should also be reviewed.

Landholder provisions

CME recommends the Western Australia landholder duty provisions under Chapter 3 of the Duties Act 2008 be brought into line at least with landholder provisions in other states so as to not act as a disincentive to investment in Western Australian resources companies.

Queensland, NSW and Victoria landholder provisions do not charge duty on 'mining information' (such as geological data) as if it is an interest in land – this should be removed from the tax net as it unfairly taxes information that should not be caught under land provisions.

Other states also only impose a duty as a percentage of the otherwise payable duty rate on takeover provisions (i.e. only 10 per cent of the calculated duty) which are in place specifically to encourage investment and mergers and acquisitions activity. Conversely, Western Australia imposes full duty on the \$2 million unimproved value listed takeover test which, when compared with other states provisions, would materially affect investment and acquisition decisions in land-rich Western Australian entities.

Resources sector investment dollars are mobile and projects must compete both internationally and interstate for investment. Any consideration of tax reform must ensure Government fiscal policy does not adversely impact the Western Australian resources sector's competitiveness by the imposition of additional taxes and maintaining those which are prejudicial to the mining industry and encumber business decisions.

Retail trading hours

CME supports deregulated trading hours in line with current and flexible work arrangements such as FIFO. Social patterns are changing with flexible and non-traditional working hours, including FIFO work practices, growth of dual income and single-parent households. Customers should be able to shop where and when it suits them and not have those choices restricted through government regulation.

Considerable work has, and continues to be done by government agencies to make metro-Perth and the regions attractive places to live; flexible retail arrangements can be a strong factor in this.

Conclusion

CME welcomes the opportunity to provide feedback to the Economic Regulation Authority's microeconomic reform draft report to improve the efficiency and performance of the Western Australian economy.

If you have any further queries regarding the above matters, please do not hesitate to contact Shannon Burdeu, Manager – Economics & Tax on (08) 9220 8514 or s.burdeu@cmewa.com.

Authorised by	Position	Date	Signed
Reg Howard-Smith	Chief Executive	9/5/2014	