

9 May 2014

Co-coordinator - ERA Microeconomic Reform Inquiry
PO Box 8469
PERTH BC WA 6849

Dear Sir/Madam,

Submission to the ERA Microeconomic Reform Inquiry

The Committee for Perth, established in 2006 is an influential, member based organisation driven by Perth's business and community leaders. We promote and enable change that improves the cultural diversity, economic prosperity, sustainability and world class amenity of Perth.

Our focus is on the liveability of Perth & Peel both now and into the future. We undertake our work through an evidenced based and solutions focused approach to reshape, reform and revitalize the region. This submission has been prepared by the Reforming Working Group on behalf of the Committee for Perth.

The draft report is a document that meets the requirements of the Inquiry Terms of Reference and its recommendations seek to provide a clear platform for improving the efficiency and performance of the Western Australian economy.

We have reviewed each of the recommendations and below are our responses as they relate to microeconomic reform and our focus on the liveability and prosperity of the Perth & Peel regions.

Infrastructure

1. Supported.
2. Supported.
3. Supported.
4. Unable to comment as it is not in our remit.
5. Not supported. A congestion charge applied to the CBD, in our view, is a blunt mechanism to address what is a region-wide and system-wide issue. Transport and congestion are critical issues that affect Perth's liveability and productivity. We are seeking a system-wide region-wide solution and have established our own Transport & Congestion Taskforce to examine the issues in detail. Any congestion charge would need a thorough investigation to be undertaken into the parameters and structure of the charge, the capacity of the public transport system to meet increased demand, the availability of transport alternatives and consideration of unintended consequences. The review should also consider how revenue raised from a congestion charge would be required to be spent. In this regard the Committee for Perth believes that revenue raised by a congestion charge should be required to be spent on improvements to public transport as well as walking and cycling infrastructure to reduce congestion, improve productivity and provide viable alternatives to commuting by car.

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6. Support in principle.
7. Support in principle.
8. Supported.
9. Supported.
10. Supported.

In regards to project evaluation processes, we believe that the recommendations could be strengthened by:

- Specifically recommending that an evaluation is completed of all projects currently included in the State Budget (where no evaluation has already been undertaken);
- Requesting that all major project evaluations are published (both future and current projects, such as MAX Light Rail);
- Recommending that a process is established for the prioritisation of infrastructure projects based on highest need and benefit; and
- Recommending that project evaluations are required to properly review the costs and benefits of infrastructure alternatives.

Reducing the cost of complying with regulation

11. Support in principle. We offer our high level support to this recommendation however note that the appointment of a lead agency model has had varying degrees of success in other states so a best practice model would need to be adopted.
12. Support.
13. Support in principle. Additional to the benefits outlined to government in the recommendation we suggest that a focus on ICT as a key customer service tool to enable 24/7 accessibility to government from the community by replacing manual systems and reducing office/telephone only systems. The one stop shop licensing system is seen as an exemplar.
14. Support.
15. Support.
16. Support in principle. We recommend a risk based approach to regulatory reform to achieve better outcomes for the economy. This recommendation requires further detail in order to be specific about under what conditions a working group would be established, how its personnel would be appointed along with its accountability and reporting responsibilities. The example of NGOs being consulted as part of taking on more responsibility for community service delivery is seen as an exemplar.
17. Support.
18. Support.
19. Support.
20. Support.
21. Support.
22. Support.
23. Support.
24. Support.
25. Support.

We note that the draft report identifies the need to improve co-operation between existing government agencies in order to reduce regulatory burden but does not include any specific recommendations to achieve this objective.

The Committee for Perth strongly supports improved co-operation and co-ordination between government agencies as well as between different levels of government

(particularly state and local). The Committee would therefore support the inclusion of a recommendation specifically aimed at enabling and improving co-operation between the levels of government and government departments operating in the state.

State taxes

Support in principle. The Committee for Perth believes that the efficiency of the State's taxation system should be improved and would support a detailed review of the State Taxation system to further examine the options and potential costs and benefits of reforming payroll tax, residential transfer duty and land tax

Retail trading hours

26. Support. We note that this is yet another step towards full deregulation which is our preferred position.

Taxi industry

27. Support in principle. We will be conducting further work in this area.

Potato marketing

28. Unable to comment as it is not in our remit.

Domestic gas reservation policy

29. Unable to comment as it is not in our remit.

Keystart

30. Do not support. We will be conducting further work in this area. While the Committee for Perth appreciates that the Keystart scheme has weaknesses in regards to the exposure of the state government to risk, it is our view that the supply of affordable housing in Western Australia and particularly in metropolitan Perth is a critical social issue that requires ongoing action and government intervention.

In this context we believe that it would be inappropriate to abolish the Keystart scheme without considerable additional research into the costs and benefits of Keystart, the social risks associated with abolishing the scheme and the identification of alternative policies and strategies that could be applied to meet the for affordable housing in Perth and Western Australia.

We believe that, while Keystart clearly exposes the State government to risk, it also provides a pathway for households to move out of social housing into home ownership and to alleviate rental stress. The Draft report identifies these benefits but states that 'these benefits are already addressed in a number of other Department of Housing policies that focus on the supply side of the market'.

The Committee for Perth is not aware of any research that supports has examined the supply benefits of particular Department of Housing policies in detail and we have concerns that the benefits of the policies identified in section 7.5.3.5 of the draft report will not be adequate to meet the gap in affordable housing access that may be created if Keystart is abolished.

The Committee is also concerned that no public submissions have been made on this issue and believes that given the high profile of this issue, the and the very large number

of people, businesses and organisations who could be affected by the abolition of the scheme, further consultation is necessary.

It is therefore suggested that Recommendation 31 is amended to suggest a detailed review of the costs and benefits of the Keystart scheme and the risks associated with abolishing the scheme and the identification of alternative policies and strategies that could be applied to meet the for affordable housing in Perth and Western Australia.

We appreciate being able to make a submission to such a detailed inquiry into microeconomic reform to enable the future prosperity of the state whilst reducing regulatory burden.

Yours sincerely

Marion Fulker
CEO