



Inquiry into Microeconomic Reform in Western Australia

Overview

WHAT WERE WE ASKED TO DO

The Treasurer of Western Australia asked the ERA to undertake an inquiry into microeconomic reform in Western Australia (MER Inquiry).

The purpose of the MER Inquiry was to identify a package of reforms the Western Australian Government could implement to improve the efficiency and performance, and hence productivity, of the Western Australian economy.

WHAT IS MICROECONOMIC REFORM? WHY DOES IT MATTER?

Microeconomic reforms are government policies or initiatives aimed at improving the productivity of specific industries or sectors in the economy.

Microeconomic reforms improve productivity by increasing the capabilities of the economy, or encouraging businesses and individuals to improve performance.

Productivity gains have real benefits to individuals and businesses, delivering higher incomes, profits and improved standards of living.

The ERA's report provides a package of reforms the Western Australian Government could implement to improve the efficiency and performance of the State's economy.

WHAT DID WE FIND?

The ERA examined the 17 different areas of the Western Australian economy shown below. These areas broadly fall into the categories of: infrastructure; addressing disincentives for businesses; and removing barriers to competition in product markets

The ERA made 46 recommendations for reform across the 17 areas examined.

Government project evaluation

Royalties for Regions

Electricity time-of-use charging

Public Private Partnerships

Unsolicited proposals

Divestment of Government assets

Fit-for-purpose investment

Innovative funding sources

State infrastructure strategy

Congestion charging

Regulatory burden

State taxes

Domestic gas reservation

Retail trading hours

Taxi regulation

Potato marketing

Government involvement in housing

THE POTENTIAL BENEFITS OF REFORM

STATE TAXES, TAXIS, & POTATO MARKETING

Quantifying the benefits of reform can be challenging: in many situations the ERA has not been able to source sufficient data or information to undertake a robust quantification.

The ERA estimates that the benefits from implementing the recommendations on State taxes, the taxi industry and potato marketing alone would be in the order of \$622 million per annum, or \$245 per year for every Western Australian resident.

Reforms to **State taxes, the taxi industry & potato marketing** could deliver benefits of

\$622
million
per year

\$245 per year
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Australian resident

INFRASTRUCTURE, REGULATORY BURDEN, RETAIL TRADING HOURS, & DOMESTIC GAS

The benefits from remaining reforms identified in the Final Report were not quantified. These benefits would be derived from better provisioning of infrastructure, more efficient use of existing infrastructure, reducing regulatory burden, deregulating retail trading hours, and rescinding the domestic gas reservation policy.

Better use & development of infrastructure

Reduced regulatory burden

A more efficient gas market

Greater choice in shopping hours

This fact sheet is part of a series on the ERA's 2014 Inquiry into Microeconomic Reform in Western Australia

The full report and additional fact sheets are available at erawa.com.au

CONTACT US

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