



Media Statement

22 October 2018

Inquiry finds barriers to better business licensing in Western Australia

The Economic Regulation Authority has released its draft report into the State's business licensing system. The report includes nine recommendations to improve the operation and transparency of licensing across government.

There are more than 700 licensing schemes operating in Western Australia, and the state government manages around 2 million individual licences, not counting vehicle registrations and drivers' licences.

ERA Chair Nicky Cusworth said that the findings so far paint a mixed picture of the effectiveness of the State's business licensing system.

"Licensing schemes are public assets, just like infrastructure and other government assets, and we think they should be managed to reflect that.

"But we have found there is no consistent culture, or systematic framework, across regulatory agencies to ensure that business licences are actively managed and continuously improved," Ms Cusworth said.

If licensing schemes are not reviewed to ensure they are effective, problems may not be identified until things seriously go wrong.

"Many Western Australians will remember the Varanus Island explosion in 2007, which cut off 30 per cent of the State's gas supply and cost the economy up to \$3 billion," she said.

"One of the identified causes of that explosion was an inadequate pipeline licensing scheme."

The ERA has also found that changes and improvements to licensing schemes are sometimes not a priority, and that the consumer voice is often missing when schemes are designed and implemented.

"These findings are linked. Without data gained through thorough regular evaluation of licences, and a clear focus on the interest of the public who are the intended beneficiaries of most licensing schemes, it is hard to identify where changes are needed and to build a case for reform," Ms Cusworth said.

The ERA has made recommendations to make licensing review and reform easier, including a new licensing and reform unit to improve transparency and accountability across government. The ERA also proposes a simple checklist to help agencies assess whether they

are managing their licensing schemes well, and several indicators to help measure the performance of licensing schemes over time.

The Treasurer asked the ERA to inquire into options to improve state government business licensing in Western Australia in late 2017.

In its draft report, the ERA invites submissions on its draft recommendations, and asks for further information from regulators, consumers, licensees and interested organisations about their experiences with licensing schemes.

These submissions will help the ERA to prepare its final report and recommendations to the Treasurer by 22 February 2019.

Submissions can be made on the draft report until 4:00pm (WST) Friday, 30 November 2018.

The draft report, and information on how to make a submission is available on the ERA website at www.erawa.com.au/licensinginquiry

About the ERA:

The ERA is Western Australia's independent economic regulator. We aim to ensure the delivery of water, electricity, gas and rail services in Western Australia is in the long-term interest of consumers.

The ERA also undertakes inquiries, which provide recommendations to government on economic issues that are likely to have significant implications for the people and businesses of Western Australia.

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