

# Economic reforms key for WA growth

**DEAN  
NALDER**



**N**ow more than ever, WA needs to undertake significant economic reform to create jobs quickly and stimulate a fragile economy.

It's worth remembering that before COVID-19, our domestic economy was fragile at best. Recent events have done even more economic damage making it now imperative to:

- Cut energy costs for businesses and households;
- Reform inefficient taxes and charges like stamp duty;
- Increase spending on major infrastructure and commit to big job-creating projects like Roe 8 & 9;
- Slash government red and green tape and identify and support establishment of critical industries and businesses.

Broader macro-economic issues coupled with poor economic decisions by the McGowan Government have adversely impacted many areas in our domestic economy.

Business investment fell seven per cent in 2018-19, continuing a six-year decline, while in January a record 151,000 households were under significant mortgage stress; that is, the expenses of running a house far outweighed the family's monthly income.

At the same time, WA's unemployment rate sat at 5.8 per cent, well above the 5.3 per cent national average. Our retail sector recorded the

steepest decline of all States, and the average price of a Perth home was more than 21 per cent below the 2014 peak.

While the domestic economy has been weak throughout Labor's tenure, we must now use the challenge of COVID-19 to make long-term structural change to put WA on the right economic setting for the coming decades.

Industry bodies and commentators have recommended public infrastructure spending to reboot the economy, an important measure in the short to medium term.

Immediately unlocking \$1.2 billion in readily available Commonwealth funding to build Roe 8 & 9 and provide thousands of jobs for West Australians would be a good start.

But we still need more ways to broaden our economy in the longer term. The reduction of energy costs for households and businesses is essential.

To underpin real jobs growth, we must attract industry to WA by providing access to cheap energy and long-term contracts.

WA is fortunate to have an abundant supply of wind, sunshine and natural gas which should provide us with a competitive advantage in energy, yet WA is only utilising a fraction of the domestic gas reserve. According to an Australian Energy Market Commission report released last December, we have the second-highest residential electricity charges in the country. WA needs leadership on State energy policy to better support our gas producers to facilitate utilisation of our domestic gas.

WA also needs broad-based tax reform focusing on inefficient taxes. Stamp duty alone is a barrier to home ownership and a deterrent for upsizing and downsizing. Deloitte analysis says reforming stamp duty would lead to a potential 60 per cent uplift in transactions and generate almost \$1 billion per annum in additional economic activity in WA.

We must also simplify government red and green tape to support and grow WA industry and encourage business investment.

Let's remove the need for business to deal with multiple government departments and agencies. A simple, single State-wide industry process is long overdue.

It is also critical that industrial estates have government approvals in place to provide certainty for investors and allow projects to start sooner and without unnecessary duplication.

COVID-19 has also thrown the spotlight on what remains of our manufacturing sector, sparking debate about whether we have become too reliant on foreign countries for critical supplies.

It's a perfect time to look at gaps in our supply chains and identify critical businesses that could be established, or perhaps re-established, in WA.

WA is the best place in the world to live and raise a family. COVID-19 provides an extraordinary opportunity to remove roadblocks so it can become one of the best places in the world to establish and grow a successful business.

**Dean Nalder is the WA shadow treasurer**