



R&CA Proposal – Further Support for WA Hospitality Sector 5 February 2021

Background:

The West Australian Government deserves to be congratulated for their handling of the Covid-19 Pandemic and their ongoing support for the broader hospitality sector, with the continual easing of restrictions leaving West Australia as one of the least restricted states prior to the most recent outbreak. However, since the announcement of the new outbreak in WA and lockdowns are eased, hospitality businesses will continue to be subject to changing restrictions would leave them the most restricted state across Australia.

R&CA believes that moving to a 1 person per 2 sqm indoors and lifting caps on larger venues is vital to ensure the continued viability of the sector as JobKeeper payments taper off.

Finally, as these restrictions are in place over what is traditionally one of the busiest seasons for hospitality venues, the impact is far more severe than restrictions over quieter periods such as winter. For many venues, these busier months serve as a boom period that will help businesses survive through the following winter in 2021.

Due to the impact of these restrictions on hospitality businesses, R&CA has outlined key stimulus & recovery measures that should be adopted to assist the sector in recovering and help operators plan their business with greater certainty.

1. Targeted Micro-economic Stimulus

R&CA believes the WA Government should introduce a targeted voucher, available to every household, aimed at encouraging people to spend in their local restaurant, café or catering businesses. R&CA is calling on government to provide up to \$100 towards the cost of a restaurant bill for households of two or more, or up to \$50 for single person households, which can be given in single or multiple vouchers of smaller amounts, [similar to what was announced in NSW](#).

R&CA believes the NSW scheme, worth \$500m, will bring in over \$1.5billion in economic activity to the NSW economy.

This measure would provide targeted support for the hospitality industry through a home-grown version of the UK's current "Eat Out to Help Out" initiative. The scheme would be available for in-house dining well as takeaway options (and pre-packaged meals) and contactless food delivery where the

consumer paid the businesses directly (not to an intermediary or third-party delivery service).

There are 866,766 households in West Australia as per the 2016 Census, with 204,202 being single person households.

The cost of this program would cost approximately \$76.5 million to the state budget but could bring as high as \$250 million in added economic activity to the WA economy.

2. Cash grants to support re-opening

To supplement the existing cash grants that are available, businesses will need significant further assistance to be able to meet the cost of re-opening including stock ordering and other upfront costs.

There are 3,807 Cafes and Restaurants and 384 Catering Companies and Function Venues in West Australia

R&CA believes that hospitality venues should be able to access re-opening grants of \$10,000 for small business and \$25,000 per larger business under a hospitality specific top-up to existing support measures

The cost to of this program to the state budget would be approximately \$50 million

3. Payroll Tax

Payroll tax is undoubtedly one of the most significant disincentives to hire staff and a disincentive to increase wages across the hospitality sector in WA. Unfortunately, WA businesses pay one of the highest payroll tax rates in the country.

Payroll tax also discourages tourism businesses from retaining staff when the JobKeeper wage subsidy scheme ends due to the significant additional costs they would incur.

R&CA believes the WA Government should consider increasing the tax threshold to \$1.2 million (from the current \$1 million threshold) and introduce a 15 per cent rebate on payroll tax liability for businesses with taxable wages below \$4m. This measure would encourage more tourism businesses, including restaurants, cafes and catering companies to retain staff after March 2021.

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