

The logo for the Australian Hotels Association (WA) Essentials Bulletin. It features a white stylized 'H' icon on a red background, followed by the text 'Australian Hotels Association (WA)' and 'Essentials Bulletin' in white.

8 September 2017

Re: AHA(WA) State Budget Summary

The Treasurer, Hon Ben Wyatt has handed down the McGowan Government's first Budget since its election in March this year aimed at 'striking the balance of delivering on our election commitments, of creating jobs and getting the State's finances back on track.'

With current year deficit up to \$2.3 billion from a forecast \$1.5 billion and net debt projected to peak in 2019/20 at \$43.78 billion, economic conditions pointed to tough efficiencies being applied to bring the budget back into surplus.

AHA has welcomed the delivery of the Government's commitment to increasing Tourism Western Australia's budget to \$85 million over the budget years – in line with the Government's election commitment of \$425 million over 5 years.

The decision will allow the agency to make immediate, medium and long-term strategic decisions to boost visitation and fill the added capacity in the market. This includes increased funding for PCB to attract business events and conferencing and the delivery of a range of election commitments.

While tourism will benefit from a stable funding baseline, the path back to surplus has resulted in increases to payroll tax for big business but no change in land tax which follows already announced increases to utility fees and charges.

Industry will welcome new taxation measures which include a 4% increase in foreign owner duty surcharge on purchases of residential property by foreign individuals and entities and a new wagering tax to capture lost tax revenue through online betting.

Other budget repair measures include further public service redundancies with a 'Voluntary Targetted Separation Scheme' available for 3,000 FTE employees, public sector wage freezes and the continuation of machinery of government changes.

Overall the budget provides a positive and optimistic path back to a projected surplus of \$1.26 billion in 2020/21.

TOURISM

Despite budgetary pressure, the Government has delivered on its commitment to invest \$425 million over 5 years to grow and develop Western Australian tourism. The election commitment has seen baseline funding for destination marketing increase to \$45 million and events to \$40 million. The marketing budget in 2017-2018 has been topped up with

the already announced \$2 million this budget year to help fill hotel rooms in Perth.

Royalties for Regions funds will be invested in a range of projects including tourism which will provide for marketing and events for the regions. Infrastructure projects including initiatives to seal the Karratha to Tom Price Road and upgrade the South Coast Highway between Albany and Jerramungup will also allow for better connectivity and support tourism.

With the amalgamation of Tourism Western Australia into the new Department of Jobs, Tourism, Science and Innovation, tourism funds will be allocated to Tourism Western Australia through grants.

However, AHA recognises the importance of ensuring that budgeted funding for tourism is not eroded by future efficiencies and remains competitive in the face of future inflationary pressure.

2017-2018 Agency Budget by Service Area

	20176-17 Budget (Estimated Actual) \$'000	2017 – 18 Budget Estimate \$'000	2018 – 19 Forward Estimate \$'000	2019 – 20 Forward Estimate \$'000	2020 – 21 Forward Estimate \$'000
Destination					
Marketing	49,044	45,620	44,995	44,990	44,988
Event					
Tourism	29,101	39,999	39,997	39,997	39,997
Tourism					
Destination					
Development	14,146	14,179	8,782	7,048	7,048
TOTAL	92,291	99,798	93,774	92,035	92,033

Funded Commitments

Infrastructure

- Qantas Dreamliner Terminal - \$11.2 million has been allocated over 4 years to support non-stop flights between London and Perth beginning in March 2018.

Marketing

- Perth Stadium – increased flexibility in major events funding when the venue is opened in 2018 and the Pedestrian footbridge in 2019.
- WA Visitor Centres – the Royalty for Regions grants program to assist centres in adapting to the changing tourism environment will receive a \$1.2 million in 2017-2018 before being discontinued.

- Caravan and Camping Grants - \$1.2 million has been allocated for 2017-2018 and will not be continued.
- Aboriginal Tourism Development - \$2.3 million has been allocated and will not continue past 2018-2019.
- Perth Stadium – the development of the 60,000 seater stadium will allow Perth to attract major sporting and entertainment events of a much larger scale than it is currently able to host, and also better capitalise on existing events such as Australian Football League (AFL) games.
- Swan Valley Strategy - \$800,000 over 4 years to develop a tourism strategy to be overseen by Tourism WA.
- Amazing South Coast - \$1 million for the development of a tourism strategy to support the south-coast as a destination.
- Ferguson Valley Wellington Forest Marketing - \$300,000 to develop a marketing campaign to promote Ferguson Valley and Wellington Forrest
- Minninup Pool Tourist Caravan Park – \$500,000 over 2 years through Royalties for Regions towards infrastructure planning and environmental studies for a new caravan park at the pool.

Events

- Chelsea Football Club - Tourism WA has secured a match for 2018
- National Rugby League's (NRL) State of Origin Series – Tourism WA has secured game two
- Bledisloe Cup 2019
- Perth Racing Masters Carnival

TRANSPORT

A range of projects aimed at reducing congestions have been funding including :

- Stage 1 of the Government's rail project METRONET including the Thornlie-Cockburn link and Yanchep rail extension and purchase of 102 new rail cars.
- Widening of Kwinana Freeway northbound between Russell Road and Roe Highway.
- Widening the Mitchell Freeway southbound between Cedric Street and Vincent Street

TAXATION

Payroll Tax

As part of the government's bid to raise revenue from other sources, big business will be hit with higher progressive payroll tax scales from 1 July 2018. Businesses with payrolls of between \$100 million and \$1.5 billion will be taxed at a marginal rate of 6 percent, while those with a payroll exceeding \$1.5 billion will be taxed at a marginal rate of 6.5 percent. This is expected to raise \$435 million over the forward estimates period.

Land tax

No changes have been made to Land tax in recognition of the increases applied over the two previous budgets.

Gambling

To recoup lost taxes from online betting companies operating out of lower taxing jurisdictions, a point of consumption wagering tax will be applied at a rate of 15 per cent of net wagering revenue from January 2019. This measure is expected to raise a net \$52 million over the forward estimates period.

LIQUOR LICENSING

The Government is committed to progressing amendments to the Liquor Control Act 1988 through Parliament in late 2017 noting the following:

- continue to expand the suite of applications available online for the liquor and gambling industries, particularly in relation to permanent liquor licensing applications;
- identify and implement operational policy and process innovation to reduce regulatory burden and application processing times; and
- assist communities in reducing harm and ill-health due to the use of liquor, through declaring areas of the State as restricted areas and private residences as liquor restricted premises.
- The weighing and balancing of evidence in determining liquor licensing applications continue to be a challenge for the licensing authority.

FURTHER INFORMATION

Copies of the WA Government State Budget Overview, Budget Papers and Speech and media releases are available, HERE <https://www.ourstatebudget.wa.gov.au/>

For further information on the WA State Budget 2016-17 and its impact on the tourism, hotel accommodation and hospitality industry please contact Victoria Jackson, AHA Government Relations Manager on 9321 7701.

Kind regards

Bradley Woods

CEO/EXECUTIVE DIRECTOR



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