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Media Release

REPORT: ECONOMIC IMPACTS OF STIMULUS FOR HOSPITALITY AND ACCOMMODATION SECTOR

The Australian Hotels Association (AHA) and Tourism Accommodation Australia (TAA) have released exclusive modelling that outlines the economic benefit of providing assistance to Australia's hospitality and accommodation sector in response to the impact of COVID-19.

A draft report from Ernst & Young (EY) titled *Economic impacts of stimulus for the Accommodation and Food Services Sector* focused on two policies to support the hospitality and accommodation sector – the extension of JobKeeper until March 2021 and the suspension of Fringe Benefits Tax (FBT) on accommodation, meal, beverage and entertainment expenses for three years.

AHA National CEO Stephen Ferguson said the report was critical to building the evidence base for continued economic support, which has been a key requirement of Treasury and Government.

“The draft report shows that depending upon final Government policy settings, three of the four JobKeeper scenarios examined indicate economic returns range from 1.42 to 3.38 times the initial cost to Government,” Mr Ferguson said.

“In regard to suspending FBT, EY found that accommodation, meal and beverage entertainment only forms a relatively small portion of the total fringe benefits tax collected by the Government, but suspending FBT for our sector would produce economic returns ranging from 3.25 to 3.81 times the direct cost to Government.”

TAA CEO Michael Johnson said the need for additional assistance is clear, particularly as several states deal with a second wave of COVID-19.

“The EY report noted that 84 per cent of businesses reported decreased revenue, with more than half (53 per cent) reporting revenue decreases of 50 per cent or greater - this is the highest proportion of any industry to report revenue decreases in this range,” Mr Johnson said.

“The report also showed that female workforce participation in our sector is well above the national average with 60 per cent of workers being female, as well as high levels of employment for younger Australians, with 47 per cent of workers being under the age of 25.”

“AHA and TAA research also shows that 15 per cent of businesses reported that their operations could be supported for less than a month with current available cash at hand.”



“Worryingly, it also showed a national average fall in accommodation hotel room revenue of 77 per cent and a plunge in occupancy rates of 66 per cent.”

“Forward looking data shows occupancy rates below 50 per cent of capacity based on current bookings over the 90-day period from 15 June to 12 September.”

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