



AUSTRALIAN HOTELS ASSOCIATION

24 Brisbane Avenue Barton ACT 2600 • PO Box 4286 Manuka ACT 2603 • Australia
email: aha@aha.org.au • Facsimile: (02) 6273 4011 • Telephone: (02) 6273 4007
Web: www.aha.org.au

MEDIA RELEASE

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Hotels hit harder than most by wage increases

The \$19.40 per week national wage increase announced today will have a disproportionate impact on the hotel industry, which is more exposed to higher penalty rates for night time and weekend work.

Australian Hotels Association CEO Des Crowe said hotels would feel the impact of the increase at night time and on Sundays and public holidays, when employers must pay additional penalty wages.

“For the second year in a row the hospitality industry has been hit with a significant wage hike. This increase will impact the availability of work within the hotel industry. Higher wages costs mean employers may be forced to offer shorter hours or reduce staffing levels on certain shifts. Trading conditions have not been good in over the past year and the immediate future does not appear to promise any improvement.

“Any increase in wages is magnified in the hospitality industry, where larger proportion of work is performed outside normal business hours and subject to punitive penalty rates.”

The AHA also expressed disappointment with Fair Work Australia’s refusal to offer concessions to employers in disaster-affected regions.

“It is completely unfair for employers in disaster-affected regions to be subject to the full measure of this significant cost increase. The recent spate of natural disasters has created an imbalance between the number of regions suffering severe downturns and the rest of the country. Many hotels were forced into lengthy periods of closure and are now operating in depressed trading environments as their local communities recover. There is no simple procedure for disaster-affected businesses to seek relief from wage increases and the rejection of special case treatment by Fair Work Australia will be frustrating for many of our members.”

The increase was at the higher end of industry expectations given the low rate of inflation and a slowing of economic growth following the recent natural disasters. The compounding impact of the wage increase will lead hotel employers to consider ways to limit their exposure, Mr Crowe said.

“Hospitality is a round the clock industry but the Fair Work Act and the hospitality award conditions make it cost prohibitive to trade during certain times. Every time there is a wage increase, these impediments to maintaining or increasing working hours for employees in hotel sector is hit harder than other industries. Unless the hospitality economy improves dramatically in the coming months, many hotels will have trading difficulties with these added wage costs.”

Media enquiries:

Steven Fanner – Corporate Affairs Manager
02 6273 4007 or 0402 913 603