



# **Australian Hotels Association (AHA) and Tourism Accommodation Australia (TAA)**

**Exit from COVID-19 Restrictions:  
Ensuring a Sustainable and Safe Hospitality Environment**

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# 1 Executive Summary

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The AHA represents more than 5,000 hotels, pubs, bars and taverns which directly employ over 250,000 people, with an additional contractors and supply chain of a further 300,000 jobs. As a result of the COVID-19 pandemic, those 5,000 businesses have been effectively shut down since 23 March, 2020 – and at least 200,000 workers have been stood down.

## **An “exit strategy” is now required**

As the outbreak is brought under control, it is time to consider the “exit strategy” to recovery in a way that is both safe and sustainable. The AHA wishes to work with all governments to establish this “exit strategy” for the benefit of our businesses, our employees and the wider community. A proposal is set out below. The AHA proposes limited trading to resume in early June, with a gradual increase in capacity over the duration of 2020.

## **The “debt cliff” during shut-down**

Suggestions the industry is in hibernation are not realistic with operators continuing to pay rates, land tax, corporate tax and fixed overheads. During this shut-down period, hoteliers have rightly always placed the health of staff, patrons and the broader community first. However, Australian hotels have had - and continue to have - virtually zero revenue, and at the same time are accumulating an unsustainable volume of debt. This “debt cliff” is accruing at rates of \$15,000 to \$300,000 per month. The longer hotels are shut down, the more likely a business will not recover and jobs will be permanently lost.

## **The re-opening dilemma**

Unfortunately, the existing social distance rules of 1.5m and one person per 4sqm equate to about 25% capacity and are not sustainable for many hotels, particularly regional and country premises. For many, a 25% capacity limit would not even cover fixed costs for a venue e.g. electricity usage charges (A/C, refrigeration), workers compensation, broadcast licence fees, music licensing etc. A 25% capacity is only sustainable for the very short term. For the medium term, the AHA believes a capacity limit of 50% will enable the majority of venues to trade in a sustainable way.

## **Exit Strategy Stage One – Limited opening**

As stage one of the exit strategy, the AHA proposes a limited opening with health measures based on Safe Work Australia key principles to eliminate or reduce risk of transmission. Key features of limited opening include:

- Social distancing principles of 1.5 m and one person per 4 square metres
- Encourage and promote use of COVIDsafe app
- Staff training in safe work health practices
- Nominated Hygiene, Capacity and Distancing Supervisor
- Increased cleaning frequency of all touch points e.g. tables, handrails, taps, terminals
- Encourage the use of electronic payments wherever possible
- Reinstatement of about 60,000 direct jobs, plus thousands of jobs in the supply chain

## **Exit Strategy Stage Two – Review and amend**

From the data and observations gathered during Stage One, further easing of restrictions would be worked through as evidence comes to hand.

## 2 The AHA and TAA

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### Who we are

The Australian Hotels Association (AHA) is an association of employers registered under the Fair Work (Registered Organisations) Act. The AHA is the peak body for the pub, bar, tavern and accommodation hotel and resorts sector. Tourism Accommodation Australia (TAA) is a division of the AHA and is the peak body representing the interests of the accommodation hotel industry.

AHA and TAA members are serviced by branches in each state and territory. The AHA and TAA play a key role in areas such as workplace relations, tourism, hospitality, health, and safety. Australian hotels provide safe, regulated and responsible places where people can meet, socialise, eat, drink and sleep.

### Size and scope

The size and scope of the AHA and TAA includes:

- More than 5000 businesses ranging from country pubs to five-star hotels and resorts
- Provides 250,000 direct jobs plus additional 300,000 supply chain jobs
- Supports one million indirect jobs in the broader supply chain
- Generates \$12billion in economic benefit
- Supports more than 50,000 community groups

## 3 Business rationale

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### A question of balance

The AHA and TAA have always acted in the health interests of our staff, patrons and the community. We acknowledge the delicate balancing act recovery involves, however, it is important to acknowledge businesses are going under, and employees need work.

### Health advice from health experts and business advice from business experts

It is obvious the National Cabinet must rely on health advice from health experts in considering how and when businesses including hospitality should re-open safely – we all want to protect the health of the community. But we also appreciate the understanding of National Cabinet that the business sector has an advisory role to play as well on behalf of their businesses and the hundreds of thousands of people they provide jobs.

### Government relief and stimulus

The Australian federal, state and territory governments (National Cabinet) have implemented a range of safety measures to suppress the COVID-19 outbreak in Australia and also introduced a range of economic measures to try to balance against the necessary restrictive health measures in place. The National Cabinet has also acted on SME commercial leases.

The Federal Government has encouraged banks to make loans available to assist with cash flow during the period of closure and the banks have also agreed to capitalise loan and interest repayments - we thank them for that. Other federal initiatives include JobKeeper, Cash Boost, increasing the instant asset write off and establishing a Treasury Business Liaison unit.

The state and territory governments have also implemented a range of relief and stimulus schemes including, e.g. payroll tax refund, waiving of licence fees, business support grants.

The breadth of these initiatives and speed at which they have been delivered are highly commended and much appreciated. However, the costs and debts for hotels continue to accumulate as weeks pass.

### **Debt accumulating while closed (sunk costs) – this is not hibernation**

Overwhelmingly, the vast majority of hotels are closed and have zero revenue; perhaps one director might be on JobKeeper. Some hotels are providing take-away meals, but this is primarily to keep kitchen staff engaged and are lucky to break even.

Sunk costs continue to accumulate each month the venue stays closed. As an indicator of the approaching “debt cliff”, some estimates for a typical AHA member pub (before rent or interest which can be in the hundreds of thousands p.a.) are provided below:

Item	Sunk costs per month whilst closed	“Debt cliff” after 6 months
Insurance	\$7,000	\$42,000
Accountant/Legal	\$1,500	\$9,000
Bank charges	\$250	\$1,500
Phone and internet	\$1,000	\$6,000
Motor vehicle repayments	\$1,000	\$6,000
Electricity network charges	\$3,000	\$18,000
Council rates	\$2,500	\$15,000
Land tax	\$10,000	\$60,000
Building security	\$1,000	\$6,000
Interest on borrowings for JobKeeper/sunk costs	\$500	\$3,000
Repairs and maintenance	\$1,000	\$6,000
Management expenses	\$2,000	\$12,000
Hire equipment	\$1,000	\$6,000
Sundry	\$1,000	\$6,000
<b>Total</b>	<b>\$32,750</b>	<b>\$196,500</b>

Needless to say that the sunk costs for accommodation hotels or large scale entertainment facilities will far exceed the sunk costs for a typical pub above.

### **Approaching the “debt cliff”**

This “debt cliff” is obviously required to be repaid. Loans and losses won’t disappear once the doors re-open. The longer the closure or capacity limits remain in place, the more the “debt cliff” stacks up. Some won’t make it through.

### **Fixed costs when re-open**

As mentioned briefly above, as well as the sunk costs, once re-open another range of relatively fixed costs will accumulate. These fixed costs are unrelated to patronage or sales and include; electricity usage charges (A/C, refrigeration), workers compensation, broadcast licence fees, music licensing and subscriptions, full-time and part-time staff.

The variable costs include the cost of goods (food and beverage), casual labour and payroll tax. Variable costs are easier to control as they are based on patronage and sales. But overwhelmingly, the sunk or fixed costs are the key factor.

## Cash flow issues

Whilst closed, there is also a massive cash flow issue relating to JobKeeper as reimbursement of the scheme does not occur until two-six weeks of wages have been paid. For a business with 30 staff to pay on JobKeeper, that requires debt of \$45,000 to \$135,000.

On re-opening, venues will also need to provide 'cash floats' ranging from \$50K to \$250K. That cash has now been spent on the costs associated with being closed. This cash for floats will have to be found – meaning more borrowings for many.

### What effect do capacity limits have on the capacity to re-open and stay open?

Advice from AHA members is the tougher the capacity limit, the harder it is for smaller venues to open. Generally, larger venues with more space will find it easier to spread patrons out and re-open earlier. There is a very strong view that the current "1 person per 4 sqm" rule severely limits the capacity of many venues to cover fixed costs.

## 4 Health safety

The AHA proposes the following control measures and check list so as to mitigate health risk, whilst enabling a sustainable hospitality environment.

Check list		Y/N
<b>Venue Pre-Open clean</b>	<ul style="list-style-type: none"><li>• Prior to re-opening, conduct a deep clean of All contact surfaces and objects, e.g. counters, tables, doors, handles, keyboards, taps, chairs, tables, handrails, tills, phones, vending machines, terminals (e.g. Point of Sale, EFTPOS, EGM, ATM, EBT)</li><li>• <a href="https://www.safeworkaustralia.gov.au/doc/cleaning-prevent-spread-covid-19-fact-sheet">https://www.safeworkaustralia.gov.au/doc/cleaning-prevent-spread-covid-19-fact-sheet</a></li></ul>	
<b>"Covid-19 Contact Tracing App"</b>	<ul style="list-style-type: none"><li>• Encourage all staff and patrons to download the "Covid-19 Contact Tracing App"</li><li>• AHA to assist public support of the App via, e.g.:<ul style="list-style-type: none"><li>○ venue social media networks</li><li>○ posters and coasters in venue</li><li>○ via our partners, e.g. Sky racing, Foxtel, Nightlife</li><li>○ editorial comment in TV, newspapers and radio</li></ul></li><li>• <a href="https://apps.apple.com/au/app/coronavirus-australia/id1503846231">https://apps.apple.com/au/app/coronavirus-australia/id1503846231</a></li></ul>	
<b>Management Training</b>	<ul style="list-style-type: none"><li>• All management to undergo training and induction in safe work</li><li>• <a href="https://www.safeworkaustralia.gov.au/doc/5-things-do-your-workplace-covid-19-infographic">https://www.safeworkaustralia.gov.au/doc/5-things-do-your-workplace-covid-19-infographic</a></li><li>• <a href="https://www.safeworkaustralia.gov.au/doc/workplace-checklist-covid-19">https://www.safeworkaustralia.gov.au/doc/workplace-checklist-covid-19</a></li></ul>	
<b>Staff Training</b>	All staff to undergo infection control training (ongoing for all new staff), e.g. <ul style="list-style-type: none"><li>• <a href="https://www.health.gov.au/resources/apps-and-tools/covid-19-infection-control-training">https://www.health.gov.au/resources/apps-and-tools/covid-19-infection-control-training</a></li><li>• <a href="https://www.typsy.com/covid">https://www.typsy.com/covid</a></li><li>• <a href="https://hospitalityhygiene.com/">https://hospitalityhygiene.com/</a></li></ul>	
<b>Staff Hand washing</b>	<ul style="list-style-type: none"><li>• Staff to undertake frequent (e.g. each 30 minutes)) hand washing with soap and water for at least 20 seconds</li></ul>	

	<ul style="list-style-type: none"> <li>• <a href="https://www.who.int/gpsc/5may/How_To_HandWash_Poster.pdf?ua=1">https://www.who.int/gpsc/5may/How To HandWash Poster.pdf?ua=1</a></li> </ul>	
<b>Staff Consultation</b>	<p>Venues must consult with staff on health and safety matters, e.g.</p> <ul style="list-style-type: none"> <li>• Ensure staff understand they have a duty to take reasonable care for their own health and safety and to not adversely affect the health and safety of others</li> <li>• Ensure staff understand their point of contact with any questions or observations</li> <li>• Assessing the risk COVID-19 presents to the health and safety of staff and patrons</li> <li>• Deciding on the control measures to put in place to eliminate or minimise the risk of exposure to COVID-19</li> <li>• Deciding on the adequacy of facilities for the welfare of workers (e.g. hand washing facilities)</li> <li>• Considering other changes to the workplace as a result of COVID-19 which may affect health and safety</li> <li>• Allow staff to express their views and raise work health and safety issues that may arise directly or indirectly because of COVID-19</li> <li>• Consult with workers and ensure there is a means for them to raise any concerns about the steps you are taking to manage the risks.</li> <li>• Take the views of workers into account when making decisions and advise workers of the venues decision</li> <li>• Bearing in mind that working from home is generally impractical in hospitality, where possible facilitate working from home arrangements for staff where possible (e.g. book keeper)</li> </ul>	
<b>Staff infection check</b>	<ul style="list-style-type: none"> <li>• If possible, implement daily temperature checks on all staff</li> <li>• Direct all workers (whether they are at the workplace or not) to report to you if they have any of the following: <ul style="list-style-type: none"> <li>○ are experiencing any symptoms</li> <li>○ have been, or have potentially been, exposed to a person who has been diagnosed with COVID-19 or is suspected to have COVID-19 (even if the person who is suspected to have COVID-19 has not yet been tested)</li> <li>○ have undertaken, or are planning to undertake, any travel</li> </ul> </li> <li>• Stop workers working if they are displaying symptoms and advise them to seek medical advice.</li> <li>• Stop workers who have contracted COVID-19 from returning to the workplace until they provide evidence they are clear of the virus.</li> <li>• <a href="https://www.safeworkaustralia.gov.au/doc/what-do-if-worker-has-covid-19-infographic">https://www.safeworkaustralia.gov.au/doc/what-do-if-worker-has-covid-19-infographic</a></li> </ul>	
<b>Staff resources</b>	<p>Ensure staff are advised and aware of the various resources and support services available to them, e.g.</p> <ul style="list-style-type: none"> <li>• <a href="#">COVID-19 Information for workplaces</a></li> <li>• <a href="https://www.australia.gov.au">Australia.gov.au</a></li> <li>• <a href="#">Fair Work Ombudsman – Coronavirus and Australian workplace laws</a></li> <li>• <a href="#">Beyond Blue Coronavirus Mental Wellbeing Support Service</a></li> <li>• <a href="#">Heads Up – Healthy workplaces support</a></li> <li>• <a href="#">Lifeline</a></li> </ul>	

<b>Social Distancing (Stage One)</b>	<ul style="list-style-type: none"> <li>• 1.5m social distancing</li> <li>• 1 person per 4sqm</li> <li>• Groups, functions or tables limited as per state/territory regulations</li> </ul>	
<b>Patron movement</b>	<ul style="list-style-type: none"> <li>• Single entry point with a different exit point where possible</li> <li>• Floor markings and/or bollards to assist in orderly bar service</li> <li>• Where practical, encourage patrons to be seated</li> <li>• Limiting waiter food service to tables</li> <li>• Place distance markers or bollards at all queuing points</li> <li>• Common sense to apply in service areas for periods of short duration</li> </ul>	
<b>Nominated Hygiene, Capacity and Distancing Supervisor</b>	<p>Nominated staff member with responsibility to ensure:</p> <ul style="list-style-type: none"> <li>• regular cleaning and disinfection of all staff and patron touch points each 30 minutes</li> <li>• capacity limits are enforced</li> <li>• social distancing requirements are enforced</li> </ul>	
<b>Patron health</b>	<ul style="list-style-type: none"> <li>• Hand sanitiser available for patrons</li> <li>• Consider patron temperature checks on entry</li> <li>• Consider ID recording on entry</li> <li>• Implement extensive approved signage throughout the venue</li> <li>• <a href="https://www.health.gov.au/resources/publications?f%5B0%5D=field_publication_type%3A2181">https://www.health.gov.au/resources/publications?f%5B0%5D=field_publication_type%3A2181</a></li> </ul>	
<b>Review touch points</b>	<ul style="list-style-type: none"> <li>• Review all staff and patron touch points and aim to reduce frequently touched surfaces (touch points) where possible</li> <li>• Encourage the use of electronic payments wherever possible</li> <li>• Where possible, provide stylus-type devices at terminals, point of sale</li> <li>• Single use menus, or plastic covered and cleaned after each use</li> <li>• Venues to promote menus and ordering on mobile devices if feasible</li> </ul>	
<b>Cleaning frequently touched surfaces (touch points)</b>	<ul style="list-style-type: none"> <li>• Usual cleaning schedules will need to be increased</li> <li>• To minimise the risk of exposure, staff cleaning and disinfecting should wear disposable gloves and wash their hands with soap and water, or use alcohol-based hand sanitiser</li> <li>• Touch points to be cleaned and disinfected each 30 minutes include, e.g. e.g. doors, handles, keyboards, taps, chairs, tables, handrails, tills, phones, vending machines, terminals (e.g. Point of Sale, EFTPOS, EGM, ATM, EBT)</li> <li>• Touch points such as tables and counters to be cleaned and disinfected before and after use by customers</li> </ul>	
<b>Communal items (stage one)</b>	<ul style="list-style-type: none"> <li>• No food buffets</li> <li>• No communal free food or snacks</li> <li>• No communal cutlery trays</li> <li>• No communal water stations</li> </ul>	
<b>Not permitted (stage one)</b>	<p>Until further advice by Health Departments, the following are not permitted:</p> <ul style="list-style-type: none"> <li>• Children’s playgrounds</li> <li>• Nightclubs</li> </ul>	
<b>Deliveries and contractors</b>	<ul style="list-style-type: none"> <li>• Non-essential visits should be cancelled or postponed</li> <li>• Deliveries and other contractors should be given clear instructions of your requirements while they are on site</li> </ul>	

	<ul style="list-style-type: none"> <li>• Minimise the number of workers attending to deliveries and contractors as much as possible</li> <li>• Make hand washing facilities or alcohol-based hand sanitiser available for workers after physically handling deliveries</li> <li>• Direct visiting truck drivers to remain in vehicles and use contactless methods such as mobile phones to communicate with your workers wherever possible</li> </ul>	
<b>Monitor and Review</b>	<ul style="list-style-type: none"> <li>• Venues should regularly monitor and review measures to ensure they remain current and effective</li> <li>• Licensees should keep their knowledge of the COVID-19 situation up-to-date and follow advice from authoritative sources such as the Australian Government Department of Health and check frequently for any updates to safety advice</li> </ul>	

## 5 Conclusion

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### Striking the right balance

The AHA and TAA understand the delicate balance for the National Cabinet in managing health and business outcomes during this crisis. The AHA wishes to work with governments on the exit strategy for hotels and how best to mitigate health risks while maximising economic outcomes.

The AHA and TAA believe a staged approach will provide governments, health officials and AHA with knowledge that will assist further decision making as the COVID-19 outbreak becomes increasingly under control.

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