



17 March 2020

Hon Josh Frydenberg MP
Prime Minister
Parliament House
Canberra ACT 2600

Dear Prime Minister,

Hospitality Stimulus Package re Covid-19

I understand the Treasury is working on a 2nd stimulus package. The AHA and wider hospitality industry are bracing for a shutdown of hospitality for a period of perhaps 4 weeks. I have set out below a couple of brief suggestions that I was hoping might be considered.

Capitalise business loans

- Capital will be critical to rebuilding hospitality businesses after a shutdown
- Deferral of repayments for at least the period of shutdown (plus a short period after) would provide capital for recovery
- Proposal - we request the Government to encourage/mandate banks to offer businesses the chance to capitalise their loans for a period e.g. 3 months – effectively a 3 month extension of the period of the loan
- E.g. a hotels usual monthly loan repayments over 3 months is \$30,000 (including principal and interest) – that \$30,000 be added to the back end of the loan

Rebates for wages paid during lockdown

- It is critical that the hospitality industry has retained its workforce during any period of lockdown
- Without revenue, employers cannot be expected to incur the full loss of paying wages – which represents 30% of usual costs
- Proposal - If employees are paid by their employer during the shutdown then the employer receives e.g. a “100%” rebate up to an average annualised salary capped at e.g. “\$65K” - The variables of “100%” and “\$65K” illustrative only – as we don’t have the budget you have in mind
- This has the benefit of employers taking the role of Centrelink, and workers not having to attend Centrelink and bog down that workforce
- N.B. this rebate should also be paid for skilled migrants gainfully employed

Superannuation

- On recovery, getting cash back into the economy is essential
- Proposal - could e.g. June 2020 (or later) superannuation be redirected into the pay packets of employees as a one off stimulus?
- This should occur only when hospitality is back open so that those employees who have been stood down have the benefit as well
- Importantly, this stimulus measure is no cost to government and the money is spent by those who earned it – of whom many have debts arising from the shut down

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'S. Ferguson', written in a cursive style.

STEPHEN FERGUSON
AHA NATIONAL CEO