



AUSTRALIAN HOTELS ASSOCIATION

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MEDIA RELEASE

22 November, 2008

CALL FOR PAYROLL TAX REBATE

The Australian Hotels Association has urged the Commonwealth Government to consider assisting its State counterparts to reward businesses that do not shed staff over the next six months with a payroll tax rebate.

Speaking at a small business summit in Melbourne yesterday, AHA National Chief Executive Officer, Bill Healey said he welcomed this week's statements by Reserve Bank Governor, Glenn Stevens that Australians should be confident we can ride out the current financial storm.

However, Mr Healey said this will not happen if the drop in consumer and business confidence push unemployment rates above the level projected in the mid-year budget forecasts.

"There are indications that businesses are looking to shed jobs after Christmas and this may push unemployment above the projected level of 5.5%," he said.

"If this occurs, consumers will slam on the spending brakes, undermining the benefits of the stimulus package, the 2009 tax cuts and new infrastructure spending."

Mr Healey said the Commonwealth Government should immediately consult with the States and Territories on the most appropriate way they can support businesses that do not shed staff in the coming months.

"The AHA is calling on the Government to relieve the payroll tax burden for the first three months of 2009 for businesses that do not shed staff," he said.

"While this might cost around \$4 billion in foregone State revenue, it would be offset by higher levels of GST, increased income tax revenue and a lower level of welfare payments that would result if unemployment was to surge.

"Consumer spending drives the Australian economy and much of this is now discretionary. A pre-Christmas announcement that helps reduce workers' concerns about their jobs will help them realise they have more money in their pockets because of lower interest rates and petrol prices.

"People with an average mortgage should have an extra \$10,000 in their pockets by the middle of 2009."

Mr Healey acknowledged that many small businesses are not required to pay payroll tax and hence, they may not directly benefit from the proposed rebate.

"Small businesses benefit from a growing economy and while they may not pay this tax, I am sure they rely on work from businesses which do," he said. "The proposed three-month timeframe will ensure that businesses do not factor the rebate into their long-range planning and it will also give the other interventions already announced by the Government time to stimulate economic growth.

"Surely this is a better solution than having people lose their jobs and going on to unemployment benefits."

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The Australian Hotels Association (AHA) is the pre-eminent tourism and hospitality industry organisation in Australia. It has around 5000 members operating general and accommodation hotels. It has a national office and branches in each State and Territory. It also has a discrete branch to represent the interests of its accommodation members that covers four and five-star properties.