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MEDIA STATEMENT

Where to for Australian tourism to stay in the game

The Australian Tourism Industry Council (ATIC) said the economic and social calamity bearing down on the Australian tourism industry and its predominant small to medium business structure, has been thrown financial 'life support' by the Morrison Government' trying to counter COVID-19 impacts.

ATIC represents thousands of local tourism enterprises, where a feature of our industry is over 90% of 300,000 registered tourism businesses are small to medium enterprises and sole traders that collectively employ 1 million people.

ATIC Executive Director Simon Westaway said the fresh series of Commonwealth subsidised measures for small business enterprise under the Coronavirus SME Guarantee Scheme is undeniably a package of major significance at a critical time that can practically support many tourism businesses and try to hold onto jobs.

Mr Westaway said industry will also need to rapidly absorb today's Commonwealth declaration that all non-essential travel within Australia should be cancelled at this time. This is alongside the mass new series of financial and regulatory measures now on the table to help support our country, our people and seek to retain jobs and keep business doors open against this backdrop.

"The Australian tourism industry has and must walk in lock step with authorities as our nation best tackles the public health response and get on top of the spread of COVID-19," Mr Westaway said.

"As individuals as much as single businesses and as a community we all now have our role to play. Without getting on top of COVID-19 future sustained confidence in travel will not fully return. These are the toughest of times and resilience alongside keeping doors open and our people in roles are our major priorities.

"The rapid and dramatic changes in travel advisories, to the recent closure of some state and territory borders would of course be seen as unfathomable just months ago. But in these times our industry, a genuine economic and social pillar in Australia, must take the appropriate resilience measures in order to push through to the other side.

"ATIC urges industry to absorb what is now before it, a myriad of information and hone in on elements of current financial and economic packages that can help keep individual businesses resiliently stay in business, keep their people and be positioned to provide a future quality tourism proposition."

Mr Westaway said Australian tourism enterprises and participants of the visitor economy are amongst those most exposed to the public health led response to COVID-19 with free-falling domestic and international visitor numbers, a halt in spending and future bookings and collective travel bans and restrictions.

"This is well targeted government support that can directly appeal and benefit many Australian tourism SMEs at no more critical time and will provide a new buffer against the calamitous state our great industry and now much of our economy finds itself", Mr Westaway said.

The COVID-19 SME Guarantee Scheme's core elements included offering wage subsidies and the vital provision of underwriting of SME loans to a 50% level as a government guarantee with annual turnovers of up to \$50 million and an upfront 6-months freeze on repayments. He said the measures would be embraced by industry.

It follows on the heels of Commonwealth and major banks and lenders implementing measures to back eligible SME including a 6-month deferral of loan repayments.

“We welcome and encourage the federal bureaucracy to urge along the rapid flow of this new direct tourism SME support to as many as businesses as possible from the Scheme’s full commencement,” Mr Westaway said.

He said the vast majority of Australian tourism enterprises can capture the wage-subsidy addressing SMEs in one of two welcome ways on initial reading. Firstly, those with annual turnovers up to \$50 million, will be paid as a cash payment equivalent to 100 per cent of the withholding tax reported over 2 financial quarters and could now reach a maximum cash boost of \$100000, a major step-up from the previous \$25,000 ceiling.

“The predominance of tourism businesses are micro sized (5 employees or under) and have no withholding tax obligations. ATIC understands now a minimum payment of \$20,000 provides the sought-after cash injection that thousands of tourism providers can chase,” Mr Westaway said,

“The public health, safety and well-being of our fellow Australians must always remain our number one national priority and none more so than at this time. Our industry has stood solidly as one behind the all-of-government decisions that are designed to ensure this remains the case in facing the headwinds of COVID-19.”

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