

MEDIA RELEASE

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Greens deal ‘slams door’ on hotel investment

Australia risks losing billions of dollars in foreign hotel investments unless the Australian Greens refer the Federal Government’s controversial tax increase on Managed Investment Trusts (MITs) to a committee inquiry.

Tourism Accommodation Australia (TAA) Managing Director Rodger Powell has criticised the Labor-Greens deal to allow the MIT withholding tax to double to 15% with a 10% rate for environmentally-rated projects.

“The Greens have won nothing out of this concession”, Mr Powell said.

“No new hotels will be built in Australia, green or otherwise, by offshore investors with a 10 per cent or 15 per cent withholding tax on MITs, which are the primary vehicle used for much of the country’s hotel investment.

“We strongly urge the Greens to use their balance of power in the Senate to refer this Bill to a committee for inquiry. That way at least, we can be confident that proper processes will be followed including consideration of the Allen Consulting Group report that concluded this tax increase would be discourage investment and actually reduce the Government’s MIT tax revenues.

“There are no new hotels planned to be built in Australia which will be able to take advantage of the green discount offer. Hotels in Australia are generally not performing well enough to stimulate interest in new construction.

“Australian tourism needs reputable, long-term, patient investors to buy existing accommodation stock and refurbish it. Some investors have already done this but a lot more is needed.

“TAA supported Martin Ferguson’s tourism investment attraction initiative when it was announced because we need to do everything possible to let the world know Australian tourism is open for business.

The Government’s own tourism strategy says we need 70,000 more rooms, but this tax increase will undermine all the effort that goes into attracting this sort of investment.

“If this measure goes through it will effectively slam the door in the face of potential overseas investors in the Australian accommodation industry.”

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