

MEDIA RELEASE

Budget offers some positives for tourism, business events and hotels, but also negatives – Tourism Accommodation Australia

13 May 2015: Tourism Accommodation Australia (TAA) welcomed the increase in funding for Tourism Australia and the Business Events sector, and praised the accelerated depreciation measures for small businesses, but believes changes to Working Holiday Makers taxation arrangements and increases to visa charges will have serious negative effects for the accommodation sector.

TAA welcomed the increase in Tourism Australia's 2015-16 budget to \$137.3 million compared with \$129.75 million in 2014-15. This will include a small staffing increase and a continuation of the roll-out of the 'There's nothing like Australia' campaign across all major markets, along with new funding for the Restaurant Australia marketing campaign.

There will also be a strong push to promote Australia as a business events destination targeting New Zealand, the USA and China.

"The continued increase in Tourism Australia's promotion and marketing funding is imperative if we are to reap the benefits of the lower Australian dollar and grow demand for the new wave of Australian hotels that are coming on line across the country over the next five years," said Carol Giuseppi, Acting CEO of Tourism Accommodation Australia.

"Australia is experiencing its largest hotel expansion in two decades, and with the end of the mining boom, it is imperative that tourism and business events are targeted to create new demand. Australia has significant new convention facilities either opened or under construction, and given that it takes a number of years to secure major conventions and exhibitions, this is a crucial time to be marketing Australia's business events capabilities to the world.

"Trade and Tourism Minister Andrew Robb has been very successful opening up Australia to key markets in Asia through liberalised Free Trade Agreements and it is important that we complement these advances with a positive and dynamic tourism marketing program.

"The benefits of a strong Australian tourism presence have already been seen in the sustained growth in inbound over the past few years, with over 760,000 Chinese visitor arrivals in 2013-14 spending around \$6.5 billion or \$8,600 per visitor, and that has had a direct benefit for accommodation, food and retail sectors."

Ms Giuseppi said Government figures showed that real travel expenditure by international visitors to Australia had increased by 11 per cent since the start of 2012, whereas real travel expenditure by Australian residents travelling abroad had decreased by 11 per cent. Overall, this has contributed to a sharp improvement in the trade balance of tourism-related services.

Ms Giuseppi also welcomed initiatives aimed at small business, with the reduction in taxation and immediate tax deduction benefits for items under \$20,000 likely to benefit smaller hotels, particularly in regional and remote areas.

“It is vital for hotels to constantly update their facilities, and the new depreciation measures will enable small hotels to immediately upgrade items such as coffee machines, tables, chairs, fridges, beds and plant equipment. The measures will not only improve cash flow for hoteliers, it will significantly benefit the guest experience,” said Ms Giuseppi.

However, regional and remote hoteliers would be particularly affected by the Government’s change to tax residency rules from 1 July 2016. Working Holiday Makers (WHM), generally made up of backpackers, would be disadvantaged from coming to, and staying in, Australia as a result of the decision to tax their earnings at 32.5 per cent from their first dollar of income.

“Backpackers make up a large percentage of the workforce in hotels in resort, regional and remote areas, and the previous WHM arrangements were an important incentive for backpackers to come to Australia and stay a lengthy period of time,” said Ms Giuseppi.

“They not only contribute significantly to employment in the accommodation sector, they are also amongst the greatest advocates for Australian holidays back in their home markets. The backpacker of today is likely to return with their friends, families and credit cards in years to come. This is a regressive decision that will affect the accommodation sector at a time when the hotel industry is going to need access to larger pools of labour during its rapid expansionary phase.”

Increases to the visa application charge (VAC) for a range of visas from 1 July 2015 would also have a negative effect on inbound tourism, said Ms Giuseppi.

Tourism Accommodation Australia (TAA) represents the interests of the 24 Australian Accommodation Chains and over 800 individual members in the Hotel, Serviced Apartment, Integrated Resort, Motel and Vacation Ownership sectors. Servicing owners, operators, managers, franchises and other industry stakeholders, TAA is a division of the Australian Hotels Association, a federally registered organisation of employers representing hotels since 1836.

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