



Northern Territory Branch
AUSTRALIAN HOTELS ASSOCIATION



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JOINT MEDIA STATEMENT:

TAX HIKE JEOPARDISES VIABILITY OF PUBS & CLUBS

The decision by the NT Government to substantially increase taxes for licensed clubs and hotels will have a major and devastating impact on the 75 licensed clubs and hotels effected.

Des Crowe CEO of the AHANT indicated that the sector was not invited by Treasury to present detailed economic modelling on the true impact of this tax hike prior to the Government finalising their decision. What other Territory business could survive an increase in your tax payable of 30% to 60%?

Small and large community clubs located throughout the Territory will be impacted by the Government's announced tax hike, "This is going to hurt community clubs all over the Territory and will seriously impact funding support for sporting organisations. Committees of Licensed Clubs were cautious in their approach to recently invest in their businesses and under the current regime there was an opportunity to get a return on investment.

"The concern now is that decisions made in good faith will now be weakened by this higher tax rate," said Russell Reid, Vice President of ClubsNT.

In terms of the broader impact on industry, Mr Crowe states, "The news is very disturbing for new entrants into the hotel and club sector who have just opened or are about to open.

"These multi-million dollar investments have been made based on the previous taxation regime and this decision is likely to impact what developments proceed. Like all other hotel and club businesses they will have lenders downgrading business valuations, cash flows will be reduced and further sector investment will now not commence," said Mr Crowe.

In 2016 the club and hotel sector were invited by the Government to invest in additional gaming infrastructure in an effort to stimulate spending and employment growth. After having banked \$13 million in up front licence payments and venues investing tens of millions in infrastructure upgrades, the Government has now jeopardised any return on such investments by this tax hike.

The other major concern is that the club and hotel sector carry the burden of the tax increases, paying three times the tax rate of the two internationally owned Casinos. It is unclear if the Casinos have also been hit with additional tax hikes in order to further contribute to Government revenue.